

Reg. No. T06FC6835J

Friends Provident International Limited,
Singapore Branch

Investment-Linked Funds

Report for the financial year ended 30 June 2021

Friends Provident International Limited, Singapore Branch

Index

	Page
Statement by Directors	1
<hr/>	
Independent Auditor's Report	2
<hr/>	
List of Investment-Linked Funds	5
<hr/>	
Capital and Income Account and Statement of Assets and Liabilities	6
<hr/>	
Notes to the Financial Statements	15
<hr/>	

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

STATEMENT BY DIRECTORS

In our opinion, the financial statements of the Investment-Linked Funds of Friends Provident International Limited, Singapore Branch (the "Singapore Branch") set out on pages 6 to 16 present fairly, in all material respects, the state of affairs of the Investment-Linked Funds of the Singapore Branch as at 30 June 2021 and the capital and income movements for the financial year from 1 July 2020 to 30 June 2021 in accordance with the stated accounting policies.

Director

Director

21 September 2021

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

INDEPENDENT AUDITOR'S REPORT

Our Opinion

In our opinion, the accompanying financial statements of the investment-linked funds as set out on page 5 (the "Funds") of Friends Provident International Limited, Singapore Branch (the "Branch") are prepared, in all material respects, in accordance with the stated accounting policies as set out in Note 2 to the financial statements (the "Notes").

What we have audited

The financial statements of the Funds comprise:

- the Capital and Income Accounts for the financial year from 1 July 2020 to 30 June 2021;
- the Statement of Assets and Liabilities as at 30 June 2021; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Branch in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2 to the financial statements which describes the basis of accounting. The financial statements are prepared to assist the Branch to comply with MAS Notice 307 Investment-Linked Policies. As a result, the financial statements may not be suitable for another purpose.

This report is intended for the sole benefit and use of the Branch and is not intended to nor may it be relied upon by any other party, other than the Branch. We accept no liability or responsibility to any other party to whom this report is disclosed or otherwise made available to.

This report relates solely to the financial statements of the Funds of the Branch and does not extend to the financial statements of the Branch taken as a whole. Our report is not modified in respect of this matter.

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

INDEPENDENT AUDITOR'S REPORT

Other Information

Management is responsible for the other information. The other information comprises the Statement by Directors and List of Investment-Linked Funds, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and those Charged with Governance for the Financial Statements

The Branch's management is responsible for the preparation of these financial statements in accordance with the accounting policies as set out in Note 2 to the financial statements, and for such internal control as the Branch's management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Branch's management is responsible for assessing the Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Branch's management either intends to terminate the Funds or to cease the Funds' operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Funds' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each Fund to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause any or all of the Funds to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Public Accountants and Chartered Accountants
Singapore, 21 September 2021

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

LIST OF INVESTMENT-LINKED FUNDS

The Statements of Assets and Liabilities, Capital and Income Accounts and a summary of significant accounting policies and other explanatory notes of the following Investment-Linked Funds are covered in this report:

<u>Funds</u>	<u>Commencement Date</u>
Franklin US Government (R179)	28 July 2015
Janus Henderson Horizon China Opportunities (R205) <i>- Previously known as Janus Henderson Horizon China (R205)</i>	12 April 2017
JPM Emerging Markets Small Cap (R150)	22 January 2014
JPM Global Growth (R187) <i>- Previously known as JPM Global Unconstrained Equity (R187)</i>	17 August 2016
JPM USD Money Market VNAV (R175)	28 July 2015
Mellon Global Bond (GBP) (R142)	29 August 2012
Premier Miton Cautious Multi Asset (GBP) (R141) <i>- Previously known as LF Miton Cautious Multi Asset (GBP) (R141)</i>	29 August 2012
Premier Miton Cautious Multi Asset (USD) (R116) <i>- Previously known as LF Miton Cautious Multi Asset (USD) (R116)</i>	22 February 2012
Templeton Asian Bond (R129)	25 April 2012
Templeton BRIC (R119)	22 February 2012
Templeton Emerging Markets (R110)	05 October 2011
Templeton Global Bond (SGD HDG) (R123)	29 March 2012
Templeton Global Bond (USD) (R131)	27 June 2012
Templeton Global Total Return (EUR) (R188)	17 August 2016
Templeton Global Total Return (SGD HDG) (R124)	29 March 2012
Templeton Global Total Return (USD) (R115)	22 February 2012
Templeton Latin America (R138)	29 August 2012

These funds are segregated Investment-Linked Funds dedicated to customers of the Singapore Branch. The segregated Investment-Linked Funds are invested in the underlying funds.

The name of Janus Henderson Horizon China (R205) changed to Janus Henderson Horizon China Opportunities (R205) with effect from 1 July 2020.

The name of JPM Global Unconstrained Equity (R187) changed to JPM Global Growth (R187) with effect from 1 April 2021.

The names of LF Miton Cautious Multi Asset (GBP) (R141) and LF Miton Cautious Multi Asset (USD) (R116) changed to Premier Miton Cautious Multi Asset (GBP) (R141) and Premier Miton Cautious Multi Asset (USD) (R116) respectively with effect from 27 November 2020.

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 30 June 2021

	Franklin US Government (R179)	Janus Henderson Horizon China Opportunities (R205)
	S\$	S\$
Capital and Income Account		
For the year 1 July 2020 to 30 June 2021		
Value of Fund as at 1 July 2020	1,272,205	886,408
Amounts received by the Fund for creation of units	530,984	143,098
Amounts paid by the Fund for liquidation of units	(746,119)	(311,014)
Net amounts paid by the Fund	(215,135)	(167,916)
Unrealised (diminution)/appreciation in value of investments	(84,161)	109,953
(Loss)/ Gain on sale of investments	(7,735)	106,424
Investment income	27,781	-
Management fees	(14,024)	(12,028)
Other expenses	(2,582)	(1,565)
(Decrease)/ Increase in net asset value for the period	(80,721)	202,784
Value of Fund		
As at 30 June 2021	976,349	921,276
Statement of Assets and Liabilities		
As at 30 June 2021		
<u>Assets</u>		
Investments in funds	975,665	922,251
Cash and bank balances	716	4,549
Total assets	976,381	926,800
<u>Liabilities</u>		
Other creditors	32	5,524
Total liabilities	32	5,524
Value of Fund		
As at 30 June 2021	976,349	921,276

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 30 June 2021

	JPM Emerging Markets Small Cap (R150)	JPM Global Growth (R187)
	S\$	S\$
Capital and Income Account		
For the year 1 July 2020 to 30 June 2021		
Value of Fund as at 1 July 2020	2,292,012	805,889
Amounts received by the Fund for creation of units	430,418	991,504
Amounts paid by the Fund for liquidation of units	(690,396)	(412,232)
Net amounts (paid)/ received by the Fund	(259,978)	579,272
Unrealised appreciation in value of investments	832,606	351,243
Gain on sale of investments	130,650	87,425
Management fees	(32,217)	(16,265)
Other expenses	(1,787)	(2,954)
Increase in net asset value for the period	929,252	419,449
Value of Fund As at 30 June 2021	2,961,286	1,804,610
Statement of Assets and Liabilities		
As at 30 June 2021		
<u>Assets</u>		
Investments in funds	2,961,149	1,806,712
Cash and bank balances	234	8,713
Total assets	2,961,383	1,815,425
<u>Liabilities</u>		
Other creditors	97	10,815
Total liabilities	97	10,815
Value of Fund As at 30 June 2021	2,961,286	1,804,610

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 30 June 2021

	JPM USD Money Market VNAV (R175)	Mellon Global Bond (GBP) (R142)
	S\$	S\$
Capital and Income Account		
For the year 1 July 2020 to 30 June 2021		
Value of Fund as at 1 July 2020	2,656,616	1,083,490
Amounts received by the Fund for creation of units	2,899,167	998,819
Amounts paid by the Fund for liquidation of units	(3,237,429)	(243,687)
Net amounts (paid)/ received by the Fund	(338,262)	755,132
Unrealised diminution in value of investments	(117,332)	(66,678)
Gain/ (Loss) on sale of investments	19,139	(874)
Investment income	-	6,068
Management fees	(27,210)	(16,564)
Other expenses	(3,784)	(2,253)
Decrease in net asset value for the period	(129,187)	(80,301)
Value of Fund As at 30 June 2021	2,189,167	1,758,321
Statement of Assets and Liabilities As at 30 June 2021		
<u>Assets</u>		
Investments in funds	2,156,705	1,755,989
Cash and bank balances	1,179	44,600
Other debtors	31,355	-
Total assets	2,189,239	1,800,589
<u>Liabilities</u>		
Other creditors	72	42,268
Total liabilities	72	42,268
Value of Fund As at 30 June 2021	2,189,167	1,758,321

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 30 June 2021

	Premier Miton Cautious Multi Asset (GBP) (R141)	Premier Miton Cautious Multi Asset (USD) (R116)
	S\$	S\$
Capital and Income Account		
For the year 1 July 2020 to 30 June 2021		
Value of Fund as at 1 July 2020	541,709	1,453,724
Amounts received by the Fund for creation of units	114,568	259,902
Amounts paid by the Fund for liquidation of units	(193,674)	(175,015)
Net amounts (paid)/ received by the Fund	(79,106)	84,887
Unrealised appreciation in value of investments	105,470	361,161
Gain on sale of investments	32,944	10,702
Management fees	(7,636)	(20,366)
Other expenses	(1,276)	(1,613)
Increase in net asset value for the period	129,502	349,884
Value of Fund As at 30 June 2021	592,105	1,888,495
Statement of Assets and Liabilities		
As at 30 June 2021		
<u>Assets</u>		
Investments in funds	591,947	1,886,416
Cash and bank balances	-	2,141
Other debtors	27,031	-
Total assets	618,978	1,888,557
<u>Liabilities</u>		
Other creditors	26,873	62
Total liabilities	26,873	62
Value of Fund As at 30 June 2021	592,105	1,888,495

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 30 June 2021

	Templeton Asian Bond (R129)	Templeton BRIC (R119)
	S\$	S\$
Capital and Income Account		
For the year 1 July 2020 to 30 June 2021		
Value of Fund as at 1 July 2020	1,505,580	957,574
Amounts received by the Fund for creation of units	119,629	118,118
Amounts paid by the Fund for liquidation of units	(329,800)	(249,992)
Net amounts paid by the Fund	(210,171)	(131,874)
Unrealised (diminution)/ appreciation in value of investments	(65,468)	241,576
(Loss)/ Gain on sale of investments	(3,152)	73,043
Management fees	(16,178)	(13,116)
Other expenses	(1,342)	(1,471)
(Decrease)/ Increase in net asset value for the period	(86,140)	300,032
Value of Fund As at 30 June 2021	1,209,269	1,125,732
Statement of Assets and Liabilities As at 30 June 2021		
<u>Assets</u>		
Investments in funds	1,210,632	1,132,309
Cash and bank balances	5,565	-
Total assets	1,216,197	1,132,309
<u>Liabilities</u>		
Other creditors	6,928	6,577
Total liabilities	6,928	6,577
Value of Fund As at 30 June 2021	1,209,269	1,125,732

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 30 June 2021

	Templeton Emerging Markets (R110)	Templeton Global Bond (SGD HDG) (R123)
	S\$	S\$
Capital and Income Account		
For the year 1 July 2020 to 30 June 2021		
Value of Fund as at 1 July 2020	10,448,779	1,627,128
Amounts received by the Fund for creation of units	3,468,524	354,581
Amounts paid by the Fund for liquidation of units	(2,322,190)	(588,881)
Net amounts received/ (paid) by the Fund	1,146,334	(234,300)
Unrealised appreciation in value of investments	3,714,408	62
Gain/ (Loss) on sale of investments	153,286	(92,428)
Investment income	-	68,026
Management fees	(161,412)	(17,540)
Other expenses	(3,332)	(2,370)
Increase/ (Decrease) in net asset value for the period	3,702,950	(44,250)
Value of Fund As at 30 June 2021	15,298,063	1,348,578
Statement of Assets and Liabilities		
As at 30 June 2021		
<u>Assets</u>		
Investments in funds	15,341,141	1,351,338
Cash and bank balances	-	5,063
Total assets	15,341,141	1,356,401
<u>Liabilities</u>		
Other creditors	43,078	7,823
Total liabilities	43,078	7,823
Value of Fund As at 30 June 2021	15,298,063	1,348,578

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 30 June 2021

	Templeton Global Bond (USD) (R131)	Templeton Global Total Return (EUR) (R188)
	S\$	S\$
Capital and Income Account		
For the year 1 July 2020 to 30 June 2021		
Value of Fund as at 1 July 2020	1,560,535	571,186
Amounts received by the Fund for creation of units	109,885	50,920
Amounts paid by the Fund for liquidation of units	(579,870)	(127,013)
Net amounts paid by the Fund	(469,985)	(76,093)
Unrealised diminution in value of investments	(57,013)	(18,104)
Loss on sale of investments	(14,728)	(7,333)
Management fees	(15,024)	(6,260)
Other expenses	(1,600)	(762)
Decrease in net asset value for the period	(88,365)	(32,459)
Value of Fund As at 30 June 2021	1,002,185	462,634
Statement of Assets and Liabilities As at 30 June 2021		
<u>Assets</u>		
Investments in funds	995,590	462,649
Other debtors	23,710	-
Total assets	1,019,300	462,649
<u>Liabilities</u>		
Other creditors	17,115	15
Total liabilities	17,115	15
Value of Fund As at 30 June 2021	1,002,185	462,634

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 30 June 2021

	Templeton Global Total Return (SGD HDG) (R124)	Templeton Global Total Return (USD) (R115)
	S\$	S\$
Capital and Income Account		
For the year 1 July 2020 to 30 June 2021		
Value of Fund as at 1 July 2020	6,629,387	7,228,765
Amounts received by the Fund for creation of units	1,229,058	787,186
Amounts paid by the Fund for liquidation of units	(1,477,983)	(2,194,224)
Net amounts paid by the Fund	(248,925)	(1,407,038)
Unrealised diminution in value of investments	(68,532)	(256,036)
Loss on sale of investments	(415,058)	(59,130)
Investment income	403,767	-
Management fees	(76,591)	(74,709)
Other expenses	(3,028)	(2,423)
Decrease in net asset value for the period	(159,442)	(392,298)
Value of Fund As at 30 June 2021	6,221,020	5,429,429
Statement of Assets and Liabilities As at 30 June 2021		
<u>Assets</u>		
Investments in funds	6,215,429	5,434,767
Cash and bank balances	5,796	-
Other debtors	-	35,095
Total assets	6,221,225	5,469,862
<u>Liabilities</u>		
Other creditors	205	40,433
Total liabilities	205	40,433
Value of Fund As at 30 June 2021	6,221,020	5,429,429

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 30 June 2021

	Templeton Latin America (R138)
	S\$
Capital and Income Account	
For the year 1 July 2020 to 30 June 2021	
Value of Fund as at 1 July 2020	537,590
Amounts received by the Fund for creation of units	71,973
Amounts paid by the Fund for liquidation of units	(276,971)
Net amounts paid by the Fund	(204,998)
Unrealised appreciation in value of investments	169,834
Loss on sale of investments	(17,544)
Management fees	(6,819)
Other expenses	(1,626)
Increase in net asset value for the period	143,845
Value of Fund	
As at 30 June 2021	476,437
Statement of Assets and Liabilities	
As at 30 June 2021	
<u>Assets</u>	
Investments in funds	476,938
Other debtors	15,476
Total assets	492,414
<u>Liabilities</u>	
Other creditors	15,977
Total liabilities	15,977
Value of Fund	
As at 30 June 2021	476,437

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2021

1. Units in issue and net asset value

1.1 The units in issue and the net asset value per unit of the Investment-Linked Funds of the Singapore Branch as at 30 June 2021 comprise:

<u>Funds</u>	<u>Commencement Date</u>	<u>Units in issue as at 30 June 2021</u>	<u>Net asset value per unit S\$</u>
Franklin US Government (R179)	28 July 2015	673,760	1.45
Janus Henderson Horizon China Opportunities (R205)	12 April 2017	428,559	2.15
JPM Emerging Markets Small Cap (R150)	22 January 2014	1,076,703	2.75
JPM Global Growth (R187)	17 August 2016	552,093	3.27
JPM USD Money Market VNAV (R175)	28 July 2015	1,450,400	1.51
Mellon Global Bond (GBP) (R142)	29 August 2012	666,284	2.64
Premier Miton Cautious Multi Asset (GBP) (R141)	29 August 2012	252,567	2.34
Premier Miton Cautious Multi Asset (USD) (R116)	22 February 2012	1,259,854	1.50
Templeton Asian Bond (R129)	25 April 2012	950,273	1.27
Templeton BRIC (R119)	22 February 2012	403,607	2.79
Templeton Emerging Markets (R110)	05 October 2011	5,513,071	2.77
Templeton Global Bond (SGD HDG) (R123)	29 March 2012	1,548,600	0.87
Templeton Global Bond (USD) (R131)	27 June 2012	755,162	1.33
Templeton Global Total Return (EUR) (R188)	17 August 2016	238,999	1.94
Templeton Global Total Return (SGD HDG) (R124)	29 March 2012	7,091,349	0.88
Templeton Global Total Return (USD) (R115)	22 February 2012	3,794,176	1.43
Templeton Latin America (R138)	29 August 2012	215,610	2.21

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Investment-Linked Funds of the Singapore Branch are presented in Singapore dollar. The financial statements have been prepared on the historical cost basis, except for investments which are carried at fair value.

2.2 Investments

All purchases of investments, which include unit trusts, quoted equities and bonds, are recognised on their trade dates, i.e. the date the commitment exists to purchase the investments. The investments are initially recorded at cost, being the fair value of the consideration given. The attributable transaction costs are recognised in the Capital and Income Account when incurred. Subsequent to initial recognition, the investments are recorded at fair value and the unrealised gains or losses on re-measurement to fair value are taken to the Capital and Income Account. The fair value is determined by using open market valuation at the year-end date.

2.3 Amounts received by the funds for creation of units

The amounts received by the funds comprise the gross premiums received by the Singapore Branch (after deducting charges which include bid-offer spread) and switches by the policyholders from other funds.

**FRIENDS PROVIDENT INTERNATIONAL LIMITED, SINGAPORE BRANCH
INVESTMENT-LINKED FUNDS**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial period ended 30 June 2021

2. Summary of significant accounting policies (continued)

2.4 Amounts paid by the funds for liquidation of units

The amounts paid by the funds for liquidation of units comprise the sale of units in the Investment-Linked Funds for the payment of death claims or surrenders and for switches by the policyholders to the other funds.

2.5 Gains/losses from sale of investments

All sales of investments are recognised on their trade dates, the date the fund commits to sell the investments. The cost of disposal of investments is determined on the weighted-average cost basis. Realised gains/losses from the sale of investments are taken to the Capital and Income Account.

2.6 Management fee

The annual management charges for each Fund are accrued on a monthly basis and payable to the Singapore Branch.

2.7 Income and expenses

Income and expenses are accounted for on an accrual basis. Investment income consists of dividend income, interest income and other income. Dividend income is recognised in the Capital and Income Account when the right to receive payment is established. Interest income from investments and other income are recognised on an accrual basis. For segregated funds, income and expense balances are apportioned monthly based on the Singapore Branch's unit holding at the month end.

2.8 Foreign currencies

Foreign currency transactions are translated into the functional currency, British Pound, at exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date.

Assets and liabilities are translated from the functional currency into the presentation currency, Singapore dollar, at the closing rate at the reporting date, and income and expenses are translated at average exchange rates for the year. Differences in exchange are taken to the Capital and Income Account.

2.9 Other debtors and creditors

Other debtors and creditors arise as a result of outstanding settlement of creations and liquidations of investment units respectively as at year end. Other debtors may include interest receivable while other creditors may also include bank overdrafts.

2.10 Cash and bank balances

Cash and bank balances represents deposits with financial institutions, which are subject to an insignificant risk of change in value.