

Reg. No. T06FC6835J

Friends Provident International Limited,  
Singapore Branch

Investment-Linked Funds

Report for the financial year ended 30 September 2019

## Friends Provident International Limited, Singapore Branch

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

**STATEMENT BY DIRECTORS**

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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 15 present fairly, in all material respects, the state of affairs of the Investment-Linked Funds of the Singapore Branch as at 30 September 2019 and the capital movements for the financial year from 1 October 2018 to 30 September 2019, in accordance with the stated accounting policies.

Director

Director

19 December 2019

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

**INDEPENDENT AUDITOR'S REPORT**

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***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 October 2018 to 30 September 2019;
- the Statements of Assets and Liabilities as at 30 September 2019; 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-Life Insurance 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**

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***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***

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 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, 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 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**

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***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, 19 December 2019

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

**LIST OF INVESTMENT-LINKED FUNDS**

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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>Fund</u>	<u>Commencement Date</u>
Aberdeen Standard SICAV I Asia-Pacific Equity (R111)	05 October 2011
Aberdeen Standard SICAV I Chinese Equity (R143)	17 July 2013
Aberdeen Standard SICAV I Indian Equity (R128)	25 April 2012
Aberdeen Standard SICAV I Technology Equity (R144)	17 July 2013
Allianz Emerging Asia Equity (R215)	31 January 2018
Allianz GEM Equity High Dividend (R213)	13 September 2017
Allianz Japan Equity (R174)	25 March 2015
Allianz Total Return Asian Equity (R147)	17 July 2013
BMO Global Convertible Bond (R220)	04 April 2018
BMO Responsible Global Equity (USD) (R195)	26 October 2016
Jupiter Financial Innovation (R158)	15 May 2014
Jupiter Merlin Real Return Portfolio (R180)	27 January 2016
Jupiter Merlin Real Return Portfolio (SGD HDG) (R184)	10 August 2016

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 F&C Global Convertible Bond (R220) and F&C Responsible Global Equity (USD) (R195) changed to BMO Global Convertible Bond (R220) and BMO Responsible Global Equity (USD) (R195) respectively with effect from 12 November 2018.

The name of Jupiter Global Financials (R158) changed to Jupiter Financial Innovation (R158) with effect from 3 December 2018.

The name of Aberdeen Global Asia-Pacific Equity (R111), Aberdeen Global Chinese Equity (R143), Aberdeen Global Indian Equity (R128) and Aberdeen Global Technology Equity (R144) changed to Aberdeen Standard SICAV I Asia-Pacific Equity (R111), Aberdeen Standard SICAV I Chinese Equity (R143), Aberdeen Standard SICAV I Indian Equity (R128) and Aberdeen Standard SICAV I Technology Equity (R144) with effect from 11 February 2019.

**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 September 2019*

	Aberdeen Standard SICAV I Asia-Pacific Equity (R111)  S\$	Aberdeen Standard SICAV I Chinese Equity (R143)  S\$
<b>Capital and Income Account</b>		
<b>For the year 1 October 2018 to 30 September 2019</b>		
Value of Fund as at 1 October 2018	14,501,608	2,131,413
Amounts received by the Fund for creation of units	1,700,998	257,597
Amounts paid by the Fund for liquidation of units	(2,440,571)	(739,187)
Net amounts paid by the Fund	(739,573)	(481,590)
Unrealised appreciation/ (diminution) in value of investments	312,734	(20,668)
Gain on sale of investments	209,747	117,690
Investment income	-	1,745
Management fees	(169,617)	(22,427)
Other expenses	(3,717)	(1,236)
Increase in net asset value for the year	349,147	75,104
<b>Value of Fund</b>		
<b>As at 30 September 2019</b>	<b>14,111,182</b>	<b>1,724,927</b>
<b>Statement of Assets and Liabilities</b>		
<b>As at 30 September 2019</b>		
<u>Assets</u>		
Investments in funds	14,098,594	1,729,898
Cash and bank balances	13,980	8,345
Total assets	14,112,574	1,738,243
<u>Liabilities</u>		
Other creditors	1,392	13,316
Total liabilities	1,392	13,316
<b>Value of Fund</b>		
<b>As at 30 September 2019</b>	<b>14,111,182</b>	<b>1,724,927</b>



**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 September 2019*

	Aberdeen Standard SICAV I Indian Equity (R128)	Aberdeen Standard SICAV I Technology Equity (R144)
	S\$	S\$
<b>Capital and Income Account</b>		
<b>For the year 1 October 2018 to 30 September 2019</b>		
Value of Fund as at 1 October 2018	4,933,007	4,571,737
Amounts received by the Fund for creation of units	821,585	1,881,993
Amounts paid by the Fund for liquidation of units	(1,219,061)	(813,645)
Net amounts (paid)/ received by the Fund	(397,476)	1,068,348
Unrealised appreciation in value of investments	85,333	97,938
Gain on sale of investments	243,767	201,925
Investment income	2,743	-
Management fees	(57,006)	(61,026)
Other expenses	(1,936)	(5,001)
Increase in net asset value for the year	272,901	233,836
<b>Value of Fund</b>		
<b>As at 30 September 2019</b>	<b>4,808,432</b>	<b>5,873,921</b>
<b>Statement of Assets and Liabilities</b>		
<b>As at 30 September 2019</b>		
<u>Assets</u>		
Investments in funds	4,814,554	5,923,075
Cash and bank balances	-	7,763
Total assets	4,814,554	5,930,838
<u>Liabilities</u>		
Other creditors	6,122	56,917
Total liabilities	6,122	56,917
<b>Value of Fund</b>		
<b>As at 30 September 2019</b>	<b>4,808,432</b>	<b>5,873,921</b>

**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 September 2019*

	<b>Allianz Emerging Asia Equity (R215)</b>	<b>Allianz GEM Equity High Dividend (R213)</b>
	<b>S\$</b>	<b>S\$</b>
<b>Capital and Income Account</b>		
<b>For the year 1 October 2018 to 30 September 2019</b>		
Value of Fund as at 1 October 2018	569,320	5,967,419
Amounts received by the Fund for creation of units	52,871	1,565,898
Amounts paid by the Fund for liquidation of units	(245,471)	(2,625,533)
Net amounts paid by the Fund	(192,600)	(1,059,635)
Unrealised appreciation/ (diminution) in value of investments	50,797	(29,832)
Loss on sale of investments	(73,299)	(95,138)
Investment Income	1,480	6,479
Management fees	(6,027)	(71,077)
Other expenses	(1,927)	(3,358)
Decrease in net asset value for the year	(28,976)	(192,926)
<b>Value of Fund As at 30 September 2019</b>	<b>347,744</b>	<b>4,714,858</b>
<b>Statement of Assets and Liabilities</b>		
<b>As at 30 September 2019</b>		
<u>Assets</u>		
Investments in funds	348,789	4,725,088
Cash and bank balances	-	21,462
Other debtors	72,183	-
Total assets	420,972	4,746,550
<u>Liabilities</u>		
Other creditors	73,228	31,692
Total liabilities	73,228	31,692
<b>Value of Fund As at 30 September 2019</b>	<b>347,744</b>	<b>4,714,858</b>

**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 September 2019*

	<b>Allianz Japan Equity (R174)</b>	<b>Allianz Total Return Asian Equity (R147)</b>
	<b>S\$</b>	<b>S\$</b>
<b>Capital and Income Account</b>		
<b>For the year 1 October 2018 to 30 September 2019</b>		
Value of Fund as at 1 October 2018	3,191,842	919,686
Amounts received by the Fund for creation of units	2,211,595	97,411
Amounts paid by the Fund for liquidation of units	(1,362,296)	(55,382)
Net amounts received by the Fund	849,299	42,029
Unrealised diminution in value of investments	(202,177)	(1,651)
(Loss)/ Gain on sale of investments	(7,417)	7,823
Investment income	-	558
Management fees	(43,738)	(10,838)
Other expenses	(6,676)	(1,467)
Decrease in net asset value for the year	(260,008)	(5,575)
<b>Value of Fund As at 30 September 2019</b>	<b>3,781,133</b>	<b>956,140</b>
<b>Statement of Assets and Liabilities</b>		
<b>As at 30 September 2019</b>		
<u>Assets</u>		
Investments in funds	3,781,577	957,144
Cash and bank balances	-	5,757
Total assets	3,781,577	962,901
<u>Liabilities</u>		
Other creditors	444	6,761
Total liabilities	444	6,761
<b>Value of Fund As at 30 September 2019</b>	<b>3,781,133</b>	<b>956,140</b>

**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 September 2019*

	<b>BMO Global Convertible Bond (R220)</b>	<b>BMO Responsible Global Equity (USD) (R195)</b>
	<b>S\$</b>	<b>S\$</b>
<b>Capital and Income Account</b>		
<b>For the year 1 October 2018 to 30 September 2019</b>		
Value of Fund as at 1 October 2018	253,073	548,306
Amounts received by the Fund for creation of units	67,043	214,145
Amounts paid by the Fund for liquidation of units	(95,662)	(177,760)
Net amounts (paid)/ received by the Fund	(28,619)	36,385
Unrealised appreciation/ (diminution) in value of investments	1,643	(13,022)
(Loss)/ Gain on sale of investments	(3,437)	21,419
Investment income	1,496	3,457
Management fees	(2,786)	(6,326)
Other expenses	(964)	(1,838)
(Decrease)/ Increase in net asset value for the year	(4,048)	3,690
<b>Value of Fund</b>		
<b>As at 30 September 2019</b>	<b>220,406</b>	<b>588,381</b>
<b>Statement of Assets and Liabilities</b>		
<b>As at 30 September 2019</b>		
<u>Assets</u>		
Investments in funds	219,927	588,891
Cash and bank balances	500	4,977
Total assets	220,427	593,868
<u>Liabilities</u>		
Other creditors	21	5,487
Total liabilities	21	5,487
<b>Value of Fund</b>		
<b>As at 30 September 2019</b>	<b>220,406</b>	<b>588,381</b>

**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 September 2019*

	<b>Jupiter Financial Innovation (R158)</b>	<b>Jupiter Merlin Real Return Portfolio (R180)</b>
	<b>S\$</b>	<b>S\$</b>
<b>Capital and Income Account</b>		
<b>For the year 1 October 2018 to 30 September 2019</b>		
Value of Fund as at 1 October 2018	8,424,735	2,756,909
Amounts received by the Fund for creation of units	1,479,675	202,968
Amounts paid by the Fund for liquidation of units	(1,550,127)	(1,509,101)
Net amounts paid by the Fund	(70,452)	(1,306,133)
Unrealised diminution in value of investments	(628,922)	(113,744)
Gain on sale of investments	296,907	98,996
Investment income	1,384	5,691
Management fees	(95,735)	(20,763)
Other expenses	(2,946)	(2,856)
Decrease in net asset value for the year	(429,312)	(32,676)
<b>Value of Fund As at 30 September 2019</b>	<b>7,924,971</b>	<b>1,418,100</b>
<b>Statement of Assets and Liabilities</b>		
<b>As at 30 September 2019</b>		
<u>Assets</u>		
Investments in funds	7,961,558	1,419,134
Cash and bank balances	24,027	-
Total assets	7,985,585	1,419,134
<u>Liabilities</u>		
Other creditors	60,614	1,034
Total liabilities	60,614	1,034
<b>Value of Fund As at 30 September 2019</b>	<b>7,924,971</b>	<b>1,418,100</b>

**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 September 2019*

	<b>Jupiter Merlin Real Return Portfolio (SGD HDG) (R184)</b>
	<b>S\$</b>
<b>Capital and Income Account</b>	
<b>For the year 1 October 2018 to 30 September 2019</b>	
Value of Fund as at 1 October 2018	4,008,071
Amounts received by the Fund for creation of units	1,883,866
Amounts paid by the Fund for liquidation of units	(1,491,843)
Net amounts received by the Fund	392,023
Unrealised appreciation in value of investments	15,631
Gain on sale of investments	23,038
Management fees	(49,752)
Other expenses	(6,024)
Decrease in net asset value for the year	(17,107)
<b>Value of Fund</b>	
<b>As at 30 September 2019</b>	<b>4,382,987</b>
<b>Statement of Assets and Liabilities</b>	
<b>As at 30 September 2019</b>	
<u>Assets</u>	
Investments in funds	4,339,119
Cash and bank balances	26,983
Other debtors	51,496
Total assets	4,417,598
<u>Liabilities</u>	
Other creditors	34,611
Total liabilities	34,611
<b>Value of Fund</b>	
<b>As at 30 September 2019</b>	<b>4,382,987</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 September 2019*

**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 September 2019 comprise:

<u>Funds</u>	<u>Commencement date</u>	<u>Units in issue as at 30 September 2019</u>	<u>Net asset value per unit S\$</u>
Aberdeen Standard SICAV I Asia-Pacific Equity (R111)	05 October 2011	7,009,083	2.01
Aberdeen Standard SICAV I Chinese Equity (R143)	17 July 2013	320,569	5.38
Aberdeen Standard SICAV I Indian Equity (R128)	25 April 2012	1,139,919	4.22
Aberdeen Standard SICAV I Technology Equity (R144)	17 July 2013	8,426,618	0.70
Allianz Emerging Asia Equity (R215)	31 January 2018	517,802	0.67
Allianz GEM Equity High Dividend (R213)	13 September 2017	5,772,122	0.82
Allianz Japan Equity (R174)	25 March 2015	2,633,350	1.44
Allianz Total Return Asian Equity (R147)	17 July 2013	828,910	1.15
BMO Global Convertible Bond (R220)	04 April 2018	127,939	1.72
BMO Responsible Global Equity (USD) (R195)	26 October 2016	235,196	2.50
Jupiter Financial Innovation (R158)	15 May 2014	4,042,008	1.96
Jupiter Merlin Real Return Portfolio (R180)	27 January 2016	973,399	1.46
Jupiter Merlin Real Return Portfolio (SGD HDG) (R184)	10 August 2016	4,331,546	1.01

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

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 September 2019*

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**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.

Where Singapore policyholders are not the only investors in a fund, an apportionment method is applied. This apportionment method is based on Singapore policyholders' unit holdings as a percentage of the total unit holdings of the fund. In the instance that the fund is wholly owned by Singapore investors there is no apportionment method applied.

Customers invested in a fund that went through segregation would have been informed by the Company's customer services department.

**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.

**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.



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

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 30 September 2019*

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**2. Summary of significant accounting policies (continued)**

**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 balance sheet 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 units respectively as at year end. 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.