

Reg. No. T06FC6835J

Friends Provident International Limited,
Singapore Branch

Investment-Linked Fund

Report for the financial year ended 30 November 2019

Friends Provident International Limited, Singapore Branch

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

STATEMENT BY DIRECTORS

In our opinion, the financial statements of the Investment-Linked Fund of Friends Provident International Limited, Singapore Branch (the "Singapore Branch") as set out on pages 6 to 8 present fairly, in all material respects, the state of affairs of the Investment-Linked Fund of the Singapore Branch as at 30 November 2019 and the capital movements for the financial year from 1 December 2018 to 30 November 2019, in accordance with the stated accounting policies.

Director

Director

20 February 2020

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

INDEPENDENT AUDITOR'S REPORT

Our Opinion

In our opinion, the accompanying financial statements of the investment-linked fund as set out on page 5 (the "Fund") 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 Fund comprise:

- the Capital and Income Account for the financial year from 1 December 2018 to 30 November 2019;
- the Statement of Assets and Liabilities as at 30 November 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 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 Fund 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 FUND**

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

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 Fund's 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 Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's 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 FUND**

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 the 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 the Fund 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, 20 February 2020

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

LIST OF INVESTMENT-LINKED FUNDS

For the financial year ended 30 November 2019

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

| <u>Fund</u> | <u>Commencement Date</u> |
|-------------------------------|--------------------------|
| JPMorgan Liquidity SGD (R101) | 30 September 2010 |

The fund is a segregated Investment-Linked Fund dedicated to customers of the Singapore Branch. The segregated Investment-Linked Fund is invested in the underlying funds.

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

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 30 November 2019

| | JPMorgan Liquidity SGD (R101) |
|---|--|
| | S\$ |
| Capital and Income Account | |
| For the year 1 December 2018 to 30 November 2019 | |
| Value of Fund as at 1 December 2018 | 2,139,251 |
| Amounts received by the Fund for creation of units | 2,187,507 |
| Amounts paid by the Fund for liquidation of units | (2,195,731) |
| Net amounts paid by the Fund | (8,224) |
| Unrealised appreciation in value of investments | 8,604 |
| Gain on sale of investments | 51 |
| Investment income | 32,834 |
| Management fees | (27,193) |
| Other expenses | (2,950) |
| Increase in net asset value for the year | 11,346 |
| Value of Fund | |
| As at 30 November 2019 | 2,142,373 |
| Statement of Assets and Liabilities | |
| As at 30 November 2019 | |
| <u>Assets</u> | |
| Investments in funds | 2,142,073 |
| Other debtors | 2,550 |
| Total assets | 2,144,623 |
| <u>Liabilities</u> | |
| Other creditors | 2,250 |
| Total liabilities | 2,250 |
| Value of Fund | |
| As at 30 November 2019 | 2,142,373 |

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 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 Fund of the Singapore Branch as at 30 November 2019 comprise:

| <u>Funds</u> | <u>Commencement date</u> | <u>Units in issue as at 30 November 2019</u> | <u>Net asset value per unit S\$</u> |
|-------------------------------|------------------------------|--|---|
| JPMorgan Liquidity SGD (R101) | 30 September 2010 | 2,506,169 | 0.85 |

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Investment-Linked Fund 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 fund for creation of units

The amounts received by the fund 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 fund for liquidation of units

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 November 2019

2. Summary of significant accounting policies (continued)

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 charge for the Fund is 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 debtors may include interest receivable while other creditors may 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.