

A large, abstract graphic of a network or sphere made of interconnected blue nodes and lines, positioned in the upper right background.

# Singapore

## Accounting

FUNDS AND FUND MANAGEMENT 2009

### 1.1 Requirement to produce financial statements

#### Requirement to maintain the books and records in the local jurisdiction

The manager is required to keep such books as will sufficiently explain the transactions and financial position of the unit trust and enable true and fair accounts to be prepared from time to time. (Securities and Futures (Offer of Investments) (Collective Investment Schemes) Regulations (SFR) 8(1)(a) (v).)

#### Production of financial statements by collective investment funds

Under the Code on Collective Investment Schemes issued pursuant to section 321 of the Securities and Futures Act (Chapter 289) (the CIS), the manager is responsible for the preparation of the annual financial statements, semiannual financial statements, and semiannual performance statements, (CIS 4.2 (b)).

Annual audited financial statements are required to be prepared and sent to unitholders within three months from the end of each financial year -(SFR 8(1)(b) (iii) and CIS 3.3 (b) (ii)). Un-audited semiannual financial statements are required to be prepared and sent to unitholders within two months from the end of the financial period covered by the report (SFR 8(1)(b) (iii) (A) and (C) and CIS 3.3 (b) (i)).

In accordance with the statement of Recommended Accounting Practice 7 (RAP 7) issued by the Institute of Certified Public Accountants of Singapore, which deals with accounting related matters applicable to unit trusts in Singapore, there is a requirement to include as part of the annual report and financial statements, a statement by the managers together with a report of the trustees. Both the reports should be duly signed by the managers and trustees respectively.

#### Choice of period/year-end for collective investment funds

Unit trust funds can choose their own year-end.

### Requirement for comparatives

Where the annual financial statements for unit trust funds are prepared in accordance with RAP 7, comparative figures should be given for all items in the statement of total return, balance sheet, portfolio statement and notes. Similarly where financial statements are prepared under Singapore Financial Reporting Standards, there is a requirement to show comparatives.

### Restrictions on the currency under which financial statements must be prepared

There is no restriction on the currency under which financial statements of unit trusts may be presented. The currency of the fund may be specified in the prospectus and trust deed.

### Accounting publications specific to the funds industry (as issued by accounting bodies or the regulators)

The statement of Recommended Accounting Practice 7 sets out recommendations for the managers of unit trusts, as to how they should prepare both annual and semiannual unit trust financial statements for unitholders. Pursuant to the CIS paragraph 7.1.1, semiannual, and annual report should be prepared in accordance with RAP 7. RAP 7 was approved by the Council of the Institute of Certified Public Accountants of Singapore in March 2002. A revised RAP 7 was issued in February 2007.

### Use of short form accounts

RAP 7 provides for short form accounts.

### Umbrella schemes

Umbrella unit trusts require one set of financial statements. However, financial information on each sub-fund is to be provided separately and included within the umbrella unit trust's financial statements.

### Classes of shares

Financial statements are required which incorporate all classes of shares/units for a single entity.

There are no specific provisions to produce financial statements for individual classes of shares.

## 1.2 Requirement to audit financial statements

In accordance with the Securities and Futures Regulations, annual audited financial statements are required to be prepared and sent to unitholders within three months from the end of each financial year.

Generally, there is no requirement for interim financial statements to be audited.

The annual audit is to be carried out by a public accountant as defined in the Singapore Companies Act (Cap. 50).

## 1.3 Publication of financial statements

Annual audited financial statements are required to be prepared and sent to unitholders within three months from the end of each financial year. Un-audited semiannual financial statements reports are required to be prepared and sent to unitholders within two months from the end of the financial period covered by the report. There is no requirement to file the financial statements of unit trusts with the local regulator, the Monetary Authority of Singapore.

## 1.4 Accounting standards

RAP 7 sets out recommendations on the way in which the managers of unit trusts should prepare financial statements.

The recommendations of RAP 7 have been arrived at after considering requirements of the Singapore Financial Reporting Standards (FRS). FRS generally follows the requirements of International Financial Reporting Standards.

## 1.5 Contents of financial statements

Requirements for inclusion in annual financial statements:

For a fund incorporated as a company in Singapore	Required by GAAP
A statement which includes all income less expenses plus realized and unrealized gains and losses	Yes
A statement which only includes income less expenses	No
A statement which only includes income less expenses plus realized gains and losses	No
Statements of net assets and liabilities	Yes
Statement of changes in net assets	Yes
Cash flow statement	Yes
Statement of accounting policies	Yes
3-year net asset value table	No

For a fund incorporated as a company in Singapore	Required by GAAP
5-year net asset value table	No

For a unit trust constituted in Singapore as an authorized unit trust - Requirements under RAP 7:

- Statement of total return
- Balance sheet
- Portfolio statement
- Notes to the financial statements including material accounting policies used in preparing the financial statements.

## 1.6 Accounting treatments and disclosures

The following items must be included in the annual financial statements of unit trusts:

For a unit trust constituted in Singapore as an authorized unit trust	Required by RAP7
Futures are shown on balance sheet using the grossed up notional amount	No
Futures are shown on the balance sheet based on the margin outstanding	No
Futures are shown on the balance sheet based on the margin outstanding and the margin paid to date	No
Organization costs are written off immediately	Yes
Organization costs are amortized over one year	No
Organization costs are amortized over more than one year	No
Issue costs are charged to the statement of operations	Yes
Issue costs are netted off against creation proceeds	No
Contingent deferred sales charges are recorded as income	No
Contingent deferred sales charges are netted off against redemption proceeds	No
Holdings in other collective investment funds are consolidated if the fund holds > 50% of the underlying collective investment fund's shares	No
Methods used in financial statement presentation to measure listed investments are:	
Cost	No
Market value	Yes

For a unit trust constituted in Singapore as an authorized unit trust	Required by RAP7
The financial statements distinguish between income and capital	No

## Appendix

### Reference material

The following details the relevant laws and regulations for collective investment funds and fund management companies:

### Accounting pronouncements

Recommended Accounting Practice 7

### Regulator

- Monetary Authority of Singapore
- Securities and Futures Act (Chapter 289) and Regulations
- Code on Collective Investment Schemes

### Stock exchange

Singapore Exchange Limited.

### Taxation authority

Inland Revenue Authority of Singapore

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