

A GUIDE TO UNDERSTANDING AUDITING AND ASSURANCE:

SINGAPORE LISTED COMPANIES

FEBRUARY 2021

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TABLE OF CONTENTS

FOREWORD	4
THE PURPOSE AND SCOPE OF AUDITS AND REVIEWS	5
WHY ARE AUDITS AND REVIEWS REQUIRED?	5
WHAT DO USERS NEED TO UNDERSTAND ABOUT FINANCIAL STATEMENTS?	5
WHAT DOES ASSURANCE MEAN?	6
WHAT IS THE IMPACT OF THE LEVEL OF ASSURANCE?	7
WHAT IS AN AUDIT OF FINANCIAL STATEMENTS?	8
WHAT IS A REVIEW OF FINANCIAL STATEMENTS?	8
RELATIONSHIPS IN FINANCIAL REPORTING	9
WHAT IS THE ROLE OF THE AUDIT COMMITTEE?	10
WHAT INFORMATION IS AUDITED?	11
WHAT INFORMATION IS REVIEWED?	11
WHAT IS AUDITOR INDEPENDENCE?	12
UNDERSTANDING WHAT EXTERNAL AUDITORS CAN PROVIDE	13
DIFFERENCE BETWEEN INTERNAL AND EXTERNAL AUDIT	13
ASSURANCE ON NON-FINANCIAL INFORMATION	13
SUSTAINABILITY REPORTING	13
WHAT IS AUDIT QUALITY?	13
HOW CAN FINANCIAL STATEMENT USERS ASSESS AUDIT QUALITY?	14
WHAT ROLE DO LISTED COMPANIES HAVE IN OBTAINING QUALITY AUDITS?	15
THE AUDITOR'S REPORT	16
UNMODIFIED AUDIT OPINIONS AND REVIEW CONCLUSIONS	16
WHAT DOES A "TRUE AND FAIR VIEW" MEAN?	16
BASIS FOR OPINION	16
KEY AUDIT MATTERS	17
EMPHASIS OF MATTER AND OTHER MATTER PARAGRAPHS	18
GOING CONCERN	18
OTHER INFORMATION	18
CONTENTS OF PARAGRAPHS FOR SPECIFIC MATTERS IN THE AUDITOR'S REPORT	19
HOW CAN YOU TELL IF THE AUDITOR'S REPORT IS CLEAN OR NOT?	21
DOES A CLEAN AUDITOR'S REPORT MEAN A CLEAN BILL OF HEALTH FOR THE COMPANY?	22
MODIFIED AUDITOR'S OPINIONS	23
BASIS FOR MODIFIED OPINION	23
THE AUDIT AND REVIEW PROCESS	25
WHAT DO AUDITORS AND REVIEWERS DO?	25
WHAT IS A MATERIAL MISSTATEMENT?	26
WHAT DO AUDITORS DO IF THEY FIND NON-COMPLIANCE WITH LAWS AND REGULATIONS?	26
WHAT DO AUDITORS DO WITH RESPECT TO FRAUD?	27
WHAT DO AUDITORS DO IN REGARD TO THE GOING CONCERN ASSUMPTION?	28
APPENDIX 1 – GLOSSARY	29
APPENDIX 2 – EXAMPLE OF INDEPENDENT AUDITOR'S REPORT	30

FOREWORD

Audit quality and value have been a focus of ongoing public commentary in recent years. This includes inquiries into a suite of issues, such as the basis and sufficiency of auditor independence, audit market competition and the scope and purpose of audits. On occasion, these have resulted in calls for legislative or regulatory change.

CPA Australia holds the view that, in order to appreciate the merits and impact of proposed changes, investors and other stakeholders must first understand the existing reporting and auditing frameworks. EY believes that high-quality audits are vital to inspiring confidence and trust across the capital markets, serving the public interest, and ultimately building a better working world. It is with these convictions that CPA Australia and EY in Singapore collaborated to jointly develop this publication, A guide to understanding auditing and assurance: Singapore listed companies.

This is CPA Australia's first Guide that captures the auditing and assurance landscape in Singapore, including all the current requirements impacting the auditor's report. This Guide uses plain language to explain the value and purpose of auditing and assurance. This will assist shareholders, investors and other readers of financial statements who are not experts in auditing and assurance, to interpret and make use of this information in their decision-making.

This Guide is one part of CPA Australia's ongoing commitment to serving the public interest by contributing to enhanced financial literacy in Singapore and across the Asia Pacific.



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THE PURPOSE AND SCOPE OF AUDITS AND REVIEWS

WHY ARE AUDITS AND REVIEWS REQUIRED?

Shareholders of listed companies are usually quite separate from those managing and governing the companies they own.¹ They need a reliable and independent source of financial information based on which to assess the company, and the performance of management and **those charged with governance**. It is the same for other stakeholders of companies, such as creditors, lenders, employees, analysts, prospective shareholders, regulators, governments and communities. Audits and reviews enhance the credibility of the information contained within the **financial statements**,² comprising:

- the financial statements;
- notes to the financial statements; and
- the directors' declaration about the financial statements and notes.

This information enables shareholders and other stakeholders to make assessments and decisions, such as investing, divesting, lending or contracting with the company, with confidence and on a consistent basis.

In Singapore, an audit of a listed company's financial statements is required annually.

This framework is concerned with general purpose financial statements (hereafter referred to as "financial statements") including consolidated financial statements. Such financial statements are prepared and presented at least annually and are directed towards the common information needs of a wide range of users.

Some of these users may require, and have the power to obtain, information in addition to that contained in the financial statements. Many users, however, have to rely on the financial statements as their major source of financial information and such financial statements should, therefore, be prepared and presented with their needs in view.³

WHAT DO USERS NEED TO UNDERSTAND ABOUT FINANCIAL STATEMENTS?

Auditors consider the information needs of users of financial statements when determining what is important (material) to those users, which drives what the auditor will focus on. It is reasonable for the auditor to assume that users of the financial statements:⁴

- a) have a reasonable knowledge of business, economic activities and accounting, as well as a willingness to study the information in the financial statements with reasonable diligence;
- b) understand that the financial statements are prepared, presented and audited to levels of materiality;
- c) recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- d) make reasonable economic decisions on the basis of the information in the financial statements.

¹This guide refers to audits and reviews of listed company financial statements in Singapore. The concepts of audit and review are also applicable to other types of entities such as private companies, companies limited by guarantee and public sector entities.

²As defined under the Singapore Companies Act, Chapter 50, section 201 and the Singapore Financial Reporting Standards (International) 1-1 *Presentation of Financial Statements* paragraph 10.

³Fifth Schedule *Companies Act (Accounting Standards) Regulations*

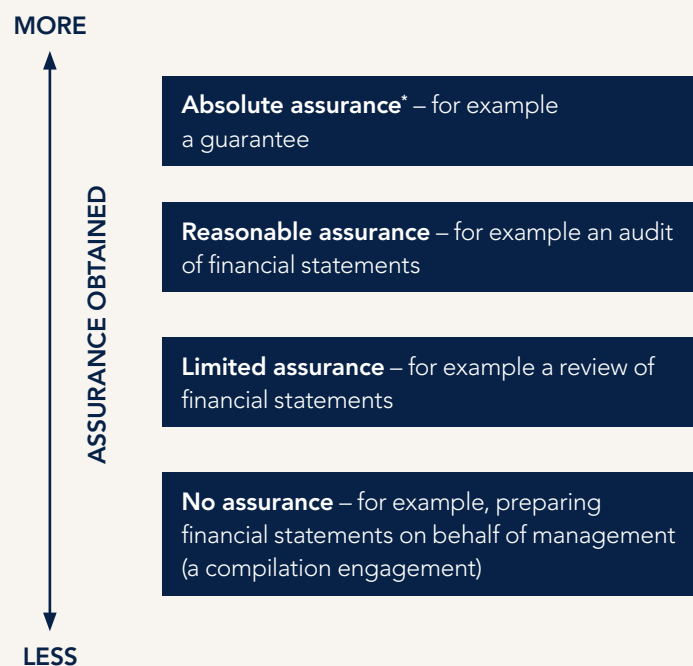
⁴Source: SSA 320 *Materiality in Planning and Performing the Audit*, paragraph 4.

WHAT DOES ASSURANCE MEAN?

The term **assurance** refers to the expression of a conclusion by an **assurance practitioner** that is designed to enhance the degree of confidence of its intended users other than the responsible party about the outcome of the evaluation or measurement of a subject matter against criteria. An audit is a form of assurance engagement which provides an opinion giving **reasonable assurance** on the **financial statements**.

An auditor is an assurance practitioner who conducts an audit. Therefore, an **auditor's report** provides a conclusion that increases the confidence that users can place in a company's financial statements. There are differing levels of assurance, which result in different types of conclusions, depending on the type of work that the assurance practitioner performs.

The following diagram illustrates different levels of assurance, in some of the different activities performed by accountants:



*Auditors do not give absolute assurance.

WHAT IS THE IMPACT OF THE LEVEL OF ASSURANCE?

TYPE OF ASSURANCE	FOR EXAMPLE	NATURE OF KEY WORK PERFORMED	EXAMPLE FORM OF CONCLUSION
Reasonable assurance	An audit of financial statements	Gathering of sufficient appropriate audit evidence based on an assessment of risk and materiality to support the auditor's opinion.	<p>In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50, and Singapore Financial Reporting Standards (International) so as to give a true and fair view of the company's financial position as at year end and of its financial performance for the year then ended.⁵</p> <p>This is commonly referred to as positive assurance.</p>
Limited assurance	A review of a half-year financial statements	Primarily enquiries and analytical review, with less detailed procedures, based on an assessment of risk and materiality to support the auditor's conclusion.	<p>Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with Singapore Financial Reporting Standards (International) 1-34 <i>Interim Financial Reporting</i>.⁶</p> <p>This is commonly referred to as negative assurance.</p>
No assurance	<ul style="list-style-type: none"> Preparing financial statements (compilation engagement). 	<ul style="list-style-type: none"> Preparation of the financial statements. 	<ul style="list-style-type: none"> No conclusion provided.
	<ul style="list-style-type: none"> Agreed-upon procedures. 	<ul style="list-style-type: none"> Performing an agreed set of procedures. 	<ul style="list-style-type: none"> Factual findings from performing the procedures reported but no opinion (either positive or negative) is provided to the users on the work that has been undertaken.

⁵Auditing Standard SSA 700 *Forming an Opinion and Reporting on Financial Statements* provides the requirements for the auditor's report.

⁶Singapore Standard on Review Engagements SSRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* provides the requirements for the review report.

WHAT IS AN AUDIT OF FINANCIAL STATEMENTS?

An audit of a listed company's financial statements is a **reasonable assurance** engagement where the auditor provides an opinion about whether the financial statements are prepared in accordance with the *Singapore Companies Act*, Chapter 50 and Singapore Financial Reporting Standards (International). This includes giving a **true and fair view** of the financial position of the company at year end, and of its financial performance for the period ended on that date, and complying with the Singapore **Accounting Standards**. Full-year financial statements of Singapore listed companies are required by law to be audited. Other types of entities such as non-listed companies and charities are also required to have their financial statements audited, with the exception of companies meeting certain exemptions criteria.

While the reasonable assurance obtained in an audit is a high level of **assurance**, it is not absolute assurance (that is, it is not a certification that the financial statements are completely correct).

Obtaining absolute assurance is not possible in financial statements audits for a number of reasons, including:

- It would be impractical for the auditor to test and audit every transaction or balance.
- Preparation of the financial statements involves judgements and estimates by management and may be contingent on future events, which means that valuation of assets or liabilities in the financial statements often cannot be determined precisely.

WHAT IS A REVIEW OF FINANCIAL STATEMENTS?

A review of quarter or half-year financial statements, referred to as interim financial statements in the accounting standards,⁷ is a **limited assurance** engagement where the auditor provides a conclusion to the users of the financial statements as to whether the auditor has become aware of any matter that makes them believe that the interim financial statements are not prepared in all material aspects in accordance with Singapore Financial Reporting Standards (International) 1-34 *Interim Financial Reporting*.

⁷Singapore Financial Reporting Standards (International) 1-34 *Interim Financial Reporting*.

RELATIONSHIPS IN FINANCIAL REPORTING

The following diagram illustrates the relationship between shareholders and other stakeholders, management, **those charged with governance** and the auditor. Those charged with governance are those responsible for overseeing the strategic direction and accountability obligations of the company, including the financial reporting process. In a listed company this includes the board of directors, which may include some executive members, and the audit committee.

In Singapore, the Code of Corporate Governance requires directors to ensure that external auditors attend a company's Annual General Meeting (AGM) to address shareholders' queries about the conduct of the audit and the preparation and content of the auditor's report.⁸



⁸Code of Corporate Governance (2018) Provision 11.3.

WHAT IS THE ROLE OF THE AUDIT COMMITTEE?

The Singapore Exchange Securities (SGX) requires⁹ listed companies to have an audit committee¹⁰, which is a sub-committee of the board of directors. The audit committee oversees the appointment or removal of the external auditor, the fees payable for both audit and non-audit work, rotation of the audit engagement partner, the scope and adequacy of the external audit, the independence and performance of the external auditor and the impact of any proposed non-audit services on the auditor's independence.

Consequently, the audit committee usually arranges the appointment of the auditor, which is then confirmed by the members at the AGM. The audit committee typically meets with the auditor during the year to discuss details such as scheduling, risks, financial reporting issues, the auditor's findings, matters to be included as "Key Audit Matters" in the **auditor's report** and other matters relevant to the audit of the **financial statements**. At the end of the audit, the auditor often provides a more detailed, in-depth confidential report to the audit committee.

Audit committees also oversee the corporate reporting processes, internal control framework, the preparation of the financial statements, including the appropriateness of the accounting judgements or choices exercised by management in preparing those financial statements, and the internal audit function.

The Financial Reporting Surveillance Programme ("FRSP") was established to enforce the duties of directors in relation to financial reporting. Specifically, the directors of the company are required to present and lay before the company at its annual general meeting, financial statements that:¹¹

- a) comply with the prescribed **Accounting Standards** in Singapore; and
- b) give a **true and fair view** of the profit or loss; and the state of affairs of the company.

The FSRP is primarily focused on the compliance with the Accounting Standards. Enquiries are made by ACRA to the directors when a desktop review of the financial statements indicates possible non-compliance(s). ACRA is empowered to request for information or produce any books or documents in connection with the review.¹² ACRA may also call upon an auditor of the company to assist in queries or investigations.

⁹SGX listing rules.

¹⁰SGX Code of Corporate Governance Principle 10.

¹¹*Singapore Companies Act*, Chapter 50, Section 201(2) and 201(5).

¹²*ACRA Act*, Section 31(1), Section 6(1)(a) and Second Schedule to the *ACRA Act*.

WHAT INFORMATION IS AUDITED?

Only certain sections of a company's annual report are audited. The **auditor's report** provides an opinion on the **financial statements** but not on the "Other Information" contained in the annual report.

"Other Information" is financial or non-financial information, other than the financial statements and the auditor's report thereon, included in an entity's annual report. "Other Information" is not audited, but the auditor considers whether it contains material inconsistencies with the financial statements, or knowledge gained through the audit, or appears to be materially misstated. This provides some comfort to shareholders. See section on "The Auditor's Report - Other Information".¹³

This is important to remember as the directors provide their review of the operating and financial performance of the company in the Operating and Financial Review, which forms part of the Other Information included in the annual report. As the directors' report is intended to complement and support the financial statements, it may appear to be part of the audited financial information.

The financial statements may be published as part of an integrated report,¹⁴ which addresses how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term, by reporting on inputs, outputs and outcomes in relation to six capitals, of which financial capital is just one.

WHAT INFORMATION IS REVIEWED?

Interim financial statements¹⁵ are typically required for half-year unless quarterly reporting for each of the first three quarters is required by SGX. A review of interim financial statements may be required by **those charged with governance**.

The work conducted in a review is primarily comprised of making enquiries of persons responsible for financial and accounting matters and performing analytical procedures, and so the scope of a review is substantially less than the scope of an audit.

ANNUAL REPORT

	Financial Statements	Directors' Statement	Other Information
Audited	✓		
NOT Audited*		✓	✓

*Material inconsistencies with financial statements and auditor's understanding of the company identified only.

¹³SSA 720 *The Auditor's Responsibilities Relating to Other Information* requires the auditor to obtain the final version of the annual report, if possible before signing their report, and consider if there is any material inconsistency with the financial statements or the knowledge they obtained on the audit.

¹⁴Integrated reports are prepared using the International Integrated Reporting (<IR>) Framework issued by the International Integrated Reporting Council (IIRC).

¹⁵The interim financial statements are defined under Singapore Financial Reporting Standards (International) 1-34 *Interim Financial Reporting*.

WHAT IS AUDITOR INDEPENDENCE?

Independence is the cornerstone of the auditing profession. An independent auditor is free from external influence or bias and is therefore able to maintain integrity, make objective judgements and exercise appropriate professional scepticism during the audit. Auditors must comply with the Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (the ACRA Code) issued by the Accounting and Corporate Regulatory Authority (ACRA), including maintaining independence of mind and appearance, meaning that auditors must not only act independently, but also be independent. These requirements are more rigorous and stringent for public interest entities, including listed companies.

Many of the laws, regulations and professional standards applicable to audits, such as those in the Singapore Companies Act, Chapter 50, and the ACRA Code set out independence requirements that auditors of relevant companies need to meet. For listed companies in Singapore, there are additional requirements to other entities, including:¹⁶

- rotation of lead and review auditors every seven years;
- five years and three years cooling off period (where the auditor does not participate in the audit in any way or directly influence the outcome of the engagement) for lead and review auditors respectively;
- restrictions on auditors holding board positions or employment at companies they have audited;
- prohibitions on contingent fees, financial interests in the client or related entity, loans to or from the client, deposits with the client, close business relationships and offering or accepting inducements, gifts or hospitality;
- prohibitions on the provision of certain services to listed company audit clients, such as:
 - assuming management responsibility;
 - serving as General Counsel;
 - accounting and bookkeeping services, including preparing accounting records and preparing **financial statements**;
 - promoting, dealing in, or underwriting client shares
 - recruiting services for a director, officer or senior management who will have significant influence over accounting records if material to the financial statements,
 - valuation services, preparing tax calculations, internal audit services and designing or implementing IT systems.
- limitation of fees from the company and related entities to no more than 15% of total fees received by the firm over two consecutive years.

¹⁶ Accountants (Public Accountants) Rules, Fourth Schedule.

UNDERSTANDING WHAT EXTERNAL AUDITORS CAN PROVIDE

DIFFERENCE BETWEEN INTERNAL AND EXTERNAL AUDIT

Internal audit is an appraisal activity which may be established within the company and functions usually under the oversight of the company's audit committee. It is a management tool and forms part of the company's internal control structure. In general, the focus of an internal audit is to evaluate the adequacy and effectiveness of the company's internal controls.

By contrast, under the Singapore Companies Act, Chapter 50, an external audit is required to be undertaken by a registered company auditor, who is independent of the company, to express an opinion on the annual financial statements and an opinion (audit) or conclusion (review) on the interim financial statements. The Singapore Companies Act, Chapter 50, sets the requirements for appointment, removal, registration, independence and rotation of the auditor.

ASSURANCE ON NON-FINANCIAL INFORMATION

Audit is a form of **assurance** providing **reasonable assurance** on financial information. Assurance may provide either reasonable or **limited assurance** on a wide and expanding range of subject matters. Assurance reports can provide stakeholders with confidence in subject matters ranging from:

- compliance with legislation and regulations
- integrated reports under the <IR> Framework
- sustainability reports under the GRI Framework
- prospectuses
- design, implementation and operating effectiveness of controls.

SUSTAINABILITY REPORTING

Sustainability reports of the environmental, social and governance factors (ESG factors) shows the risk and opportunities within sight, managed for future returns, and complements the financial reporting that listed companies are already doing.

Sustainability reporting is required by all listed companies annually, since the financial year ending on 31 December 2017, and should include the following primary components:

- a) Material ESG factors;
- b) Policies, practices and performance;
- c) Targets;
- d) Sustainability reporting framework; and
- e) Board statement.

Where the company is not able to report on any primary components, it must state so and explain what it does instead and the reasons for doing so.

See [SGX Reporting Resources for Sustainability Reporting](#).

WHAT IS AUDIT QUALITY?

Audit quality is challenging to define, measure and observe as most of the valuable work auditors do happens before a company's **financial statements** are released to the public (see also "What do auditors do?").

The International Auditing and Assurance Standards Board (IAASB) has issued a Framework for Audit Quality which says:

"Audit quality encompasses the key elements that create an environment which maximises the likelihood that quality audits are performed on a consistent basis."

HOW CAN FINANCIAL STATEMENT USERS ASSESS AUDIT QUALITY?

As audit quality is difficult to measure and evaluate, shareholders and other stakeholders largely rely on the Board and audit committee to satisfy themselves that the auditor provides sufficient audit quality to give confidence in the **auditor's report**. Sources of information which may be useful in assessing the audit include:

- Transparency reports,¹⁷ which cover information on the audit firm published on their website annually, including the audit firm's:
 - internal quality control system and its effectiveness;
 - independence practices and internal independence reviews;
 - total revenue and revenue relating to audits;
 - legal and governance structures;
 - continuing professional development; and
 - voluntary reporting of actions to improve and maintain audit quality, audit quality indicators (such as: partner to staff ratio, staff turnover, technical resources support), internal review or external inspection findings and other relevant matters.
- ACRA Practice Monitoring Programme's key inspection findings, published annually.
- ACRA's report on industry average and range for Audit Quality Indicators.
- Answers to questions at the AGM¹⁸ about:
 - reasoning for the key audit matters identified and procedures conducted to address them;
 - whether the company's audit was reviewed by ACRA in their audit inspections and, if so, what the outcomes were;
 - any modification to the auditor's report; and
 - any Emphasis of Matter, Other Matter or Material Uncertainty relating to **Going Concern** paragraphs.
- Information included in the key audit matters, including whether they are relevant to the company rather than being boiler plate.

¹⁷European Union's Regulation 537/2014 requires Singapore statutory auditors of public interest entities to publish annual transparency reports.

¹⁸Code of Corporate Governance (2018) Provision 11.3

WHAT ROLE DO LISTED COMPANIES HAVE IN OBTAINING QUALITY AUDITS?

Audit firms are ultimately responsible for performing quality audits, however the IAASB's Framework for Audit Quality recognises the importance of the contribution and support of regulators, audited companies and other stakeholders in achieving quality audits that support reliable financial statements in the capital markets. The quality of financial reporting by the company can have a significant impact on the effectiveness of the audit. Directors and audit committees have an important role in ensuring the company provides a sound basis for a quality audit, including having appropriate governance arrangements, processes and controls, and providing sufficient challenge to management and the auditor. The directors are responsible for the financial statements and need to be cognisant of their own responsibilities when assessing the information in the financial statements so that they challenge the accounting treatments, seek explanations and professional advice appropriately, rather than relying on the external auditor.

The directors must take reasonable steps to comply with, or secure compliance with, the financial reporting and audit requirements of the provisions of Singapore Companies Act, Chapter 50, including the requirement to keep proper accounting and other records. This includes ensuring that the company's records will sufficiently explain the transactions and financial position of the company and enable true and fair financial statements and any other documents required to be attached thereto to be prepared conveniently and properly audited. Further, directors are responsible for devising and maintaining a system of internal accounting controls sufficient to provide **reasonable assurance** that assets are safeguarded against loss from unauthorised use and disposition, and transactions are properly authorised and recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

The directors' declaration for listed companies states whether:

- in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due;
- the **financial statements** and notes comply with **accounting standards**, and give a **true and fair view** of the financial position and performance of the company and any consolidated entity; and
- the directors have been given the declarations required by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO).

Directors need to read and understand the financial statements, in order to ensure that the information they contain is consistent with the directors' knowledge of the company's financial position and affairs, and ensure that material matters known to the directors, or that should be known to them, are not omitted.

In relation to the audit, directors and audit committees need to:

- provide the auditor with all explanations and information that they require for the audit;
- bring to the auditor's attention transactions, risks and difficult accounting judgements that may affect the financial statements;
- ensure that the independence of the auditor is not compromised in fact or appearance, including a review by the audit committee of non-audit services and whether they affect auditor independence¹⁹ and inclusion of the auditor's independence declaration in the directors' report; and
- ensure that the audit fees are adequate to enable conduct of a quality audit.

¹⁹Required for listed companies under SGX Code of Corporate Governance Practice Guidance 10.

THE AUDITOR'S REPORT

UNMODIFIED AUDIT OPINIONS AND REVIEW CONCLUSIONS

The **auditor's report** contains the auditor's opinion on the financial statements, in addition to a range of other information to explain the context in which that opinion has been reached. A **review report** contains the auditor's conclusion on the interim financial statements, which provides a lower level of **assurance** than an opinion, and also explains the context in which that conclusion was reached.

An unmodified auditor's opinion for listed companies states that in the auditor's opinion the financial statements are in accordance with the provisions of the Singapore Companies Act, Chapter 50, and Singapore **Accounting Standards** so as to give a "**true and fair view**" of the company's financial position as at year end and of its financial performance for the year then ended. This is often referred to as a "clean" audit opinion.

Auditor's reports containing an unmodified auditor's opinion are the most common type of report a user is likely to come across. This is in part because management usually addresses most of the matters which the auditor has raised by adjusting the financial information or including further disclosures when finalising the content of the financial statements before it is issued.

Likewise, an unmodified review conclusion for a listed company's interim financial statements effectively states that nothing has come to the auditor's attention that makes them believe that the interim financial statements are not prepared, in all material respects, in accordance with Singapore Financial Reporting Standards (International) 1-34 *Interim Financial Reporting*.

Illustrative Auditor's Report

Appendix 2 contains an illustrative example of an auditor's report, providing an unmodified opinion, with an explanation of each section

WHAT DOES A "TRUE AND FAIR VIEW" MEAN?

Financial statements which give a "true and fair view" are those which present an accurate and unbiased picture of the company's financial performance and position. This type of opinion is provided under a fair presentation framework, in which simply complying with the requirements of the financial reporting framework is not enough. A **fair presentation framework** also requires management to provide disclosures beyond those specifically required by the reporting framework, being the Singapore Accounting Standards or, in rare circumstances, depart from a requirement of that framework.

BASIS FOR OPINION

The auditor's report includes a basis for opinion paragraph, which provides important context about the auditor's opinion that:

- states that the audit was conducted in accordance with Singapore Standards on Auditing;
- refers to the section of the auditor's report that describes the auditor's responsibilities under the Singapore Standards on Auditing;
- includes a statement that the auditor is independent of the company in accordance with the relevant ethical requirements and has fulfilled the auditor's other ethical responsibilities; and
- states whether the auditor believes that the audit evidence they obtained is sufficient and appropriate to provide a basis for the auditor's opinion.

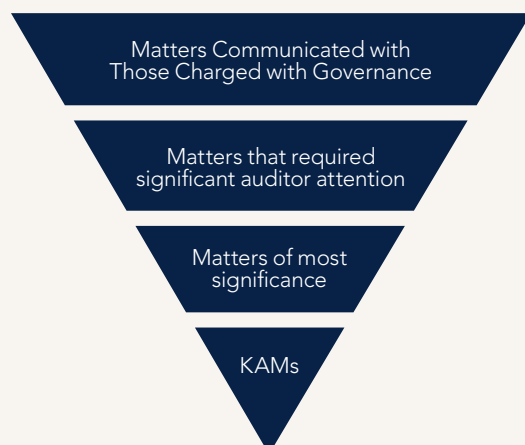
When the auditor modifies the opinion on the financial statements, the heading "Basis for Opinion" is amended in accordance with the type of modified opinion (see Modified auditor's opinions below) and, the auditor includes a description of the matter giving rise to the modification within this section.

KEY AUDIT MATTERS

Auditors of listed companies are required under the Singapore Standards on Auditing²⁰ to report “key audit matters” (KAMs).

These are matters which are, in the auditor’s professional judgement, of most significance in the audit.

KAMs are selected from matters communicated with the directors or audit committee that required significant auditor attention in performing the audit. KAMs may include areas of higher assessed risk of **material misstatement** or significant risks and significant auditor judgements relating to areas of significant management judgement.



The KAMs section includes, at a minimum:

- why the matter was considered to be a KAM
- reference to the related disclosure
- how the matter was addressed in the audit.

Standardised wording, which is used in the rest of the **auditor’s report**, is not used in the KAM and the auditor needs to present the KAM in their own style and format.

Some auditors include additional information in their report, such as:

- the materiality benchmark, value or percentage applied
- the scope of the audit, which may include how materiality and KAMs influenced the scope
- the outcomes of the audit procedures in response to KAMs.

The provision of this additional information is voluntary in order to assist users in better understanding the auditor’s work. It may be provided because of their firm’s policy to ensure consistency in their auditor’s reports across jurisdictions.

²⁰SSA 700 *Forming an Opinion and Reporting on a Financial Statements* requires key audit matters to be communicated and SSA 701 *Communicating Key Audit Matters in the Independent Auditor’s Report* specifies what to communicate in the auditor’s report and the form and content of such communication.

EMPHASIS OF MATTER AND OTHER MATTER PARAGRAPHS

In some circumstances, the auditor will include additional wording in the auditor's report directing users to information that is not included in KAMs, but in their view is fundamental to understanding the financial statements. This may be either:

- an "Emphasis of Matter" paragraph drawing the readers' attention to matters included in the financial statements, such as a note disclosure; or
- an "Other Matter paragraph" which draws the readers' attention to matters that are not included in the financial statements.

It is important to note that an "Emphasis of Matter" or "Other Matter" paragraph is not a modification to the auditor's opinion (see Modified auditor's opinions below).

GOING CONCERN

If a material uncertainty exists relating to events or conditions that may cast significant doubt on a company's ability to continue as a **going concern**, either:

- the auditor's report includes a section "Material Uncertainty Related to Going Concern" if the uncertainty is adequately disclosed in the financial statements; or
- the auditor issues a qualified or adverse opinion (see Modified auditors' opinions below) if the financial statements do not adequately disclose the matter.

If the financial statements are prepared on the going concern basis of accounting, but the use of the basis was inappropriate, the auditor will issue an adverse opinion.

The auditor is required to challenge the adequacy of disclosures for "close calls" and assess if a key audit matter on going concern should be included when an event or condition casts a significant doubt on the company's ability to continue as a going concern, but due to mitigating circumstances the company concluded that no material uncertainty exists, so the financial statements can be prepared on a going concern basis. The going concern basis is used when the company is expected to continue in business without the threat of liquidation for the foreseeable future, which management is required to assess for at least the next 12 months, after the end of the reporting period.²¹

OTHER INFORMATION

Although the auditor is not responsible for auditing other information in the annual report, which is not in the **financial statements**, they are required to read the other information and consider whether there is a material inconsistency between that other information and either the financial statements or the auditor's knowledge obtained in the audit.²²

If the company refuses to correct a material inconsistency, the auditor describes the inconsistency in an "Other Information" section of the auditor's report. The auditor may also withdraw from the engagement if it is possible under applicable laws and regulations.

If the auditor's report has already been issued and **those charged with governance** do not agree to correct the "Other Information", then the auditor must bring the inconsistency identified to the users' attention by other means.

²¹SFRS(I) 1-1 Presentation of Financial Statements, paragraph 26.

²²SSA 720 The Auditor's Responsibilities Relating to Other Information.

CONTENTS OF PARAGRAPHS FOR SPECIFIC MATTERS IN THE AUDITOR'S REPORT

TYPE OF PARAGRAPH	MATTERS INCLUDED
Key Audit Matters	<p>Matters which required significant auditor attention, selected from matters communicated with those charged with governance, which may include:²³</p> <ul style="list-style-type: none"> • areas of higher assessed risk of material misstatement, or significant risks, such as areas of significant management judgement or significant unusual transactions • significant auditor judgements relating to areas in the financial statements that involved significant management judgement, including accounting estimates that have been identified as having high estimation uncertainty and accounting policies inconsistent with the industry that have a significant effect on the financial statements • the effect on the audit of significant events or transactions with related parties or that are outside the normal course of business for the company or that otherwise appear to be unusual, that may have required management to make difficult or complex judgements in relation to recognition, measurement, presentation or disclosure.
Emphasis of Matter	<p>Matter presented or disclosed in the financial statements that in the auditor's judgement, is of such importance that it is fundamental to users' understanding of the financial statements and is not included in KAM, which includes but is not limited to:</p> <ul style="list-style-type: none"> • where required by the auditing standards in certain circumstances • an uncertainty relating to the future outcome of exceptional litigation or regulatory action • a significant subsequent event that occurs before the auditor's report is signed • early application of a new accounting standard that has a material effect on the financial statements • a major catastrophe that has had, or continues to have, a significant effect on the company's financial position.

²³For examples of key audit matters see Institute of Singapore Chartered Accountant's website.

CONTENTS OF PARAGRAPHS FOR SPECIFIC MATTERS IN THE AUDITOR'S REPORT (CONT.)

TYPE OF PARAGRAPH	MATTERS INCLUDED
Other Matter	<p>Matters the auditor considers necessary to communicate other than those that are presented or disclosed in the financial statements that, in the auditor's judgement, are relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report, are not prohibited by law or regulation and are not included in KAM, such as:</p> <ul style="list-style-type: none"> • an explanation in the rare circumstances where it is not possible for the auditor to withdraw from the engagement despite a pervasive limitation of scope imposed by management • that another set of financial statements has been prepared by the same company in accordance with another general purpose framework and that the auditor has issued a report on those financial statements • that the auditor's report is intended solely for the intended users, and should not be distributed to or used by other parties, if the auditor's report is intended to meet the information needs of specific users • if management amends the financial statements and a new auditor's report is issued, reference to the note in the financial statements that more extensively discusses the reason for the amendment of the previously issued financial statements and to the earlier report provided by the auditor • if the financial statements of the prior period were audited by a predecessor auditor, details of that auditor's report, or if they were unaudited, the fact that the comparative figures are unaudited.
Material Uncertainty relating to Going Concern	<p>A section in an auditor's report, containing an unmodified opinion, about a material uncertainty relating to going concern which the company has adequately disclosed in the financial statements. This section:</p> <ul style="list-style-type: none"> • draws attention to the note in the financial statements that discloses the relevant events or conditions that give rise to the uncertainty and management's plans to deal with those events or conditions • states that these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern but that the auditor's opinion is not modified.
Other information	<p>A section which:</p> <ul style="list-style-type: none"> • identifies other information contained in the annual report which is not audited, such as the directors' report, the sustainability report, the corporate governance report and any voluntary reporting, such as an integrated report. • identifies whether that other information was obtained prior to the date of the auditor's report or is expected to be received afterwards. • describes any uncorrected material misstatement in the other information if information included in an annual report is inconsistent with the audited financial statements (for example, if the figures in the OFR within the directors' report are inconsistent with those disclosed in the financial statements).

HOW CAN YOU TELL IF THE AUDITOR'S REPORT IS CLEAN OR NOT?

To determine if an **auditor's report** is "clean" or whether it has been modified, you need to look at the opinion section at the top of the auditor's report. An unqualified or clean auditor's report will state that in the auditor's opinion the financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50, and the Singapore **Accounting Standards** so as to give a **true and fair view** of the financial position of the company as at year end, and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

If the audit opinion is modified it can be either:

- Qualified opinion: a clean opinion is provided "except for" the matter identified.
- Disclaimer: the auditor cannot provide an opinion because the auditor has not been able to obtain sufficient appropriate audit evidence to provide a basis for that opinion.
- Adverse opinion: because of the significance of the matter, the accompanying financial statements do not give a true and fair view of the financial position of the Company as at 31 December 20XX and of its financial performance and its cash flows for the year then ended in accordance with the provisions of the Singapore Companies Act, Chapter 50, and Singapore Financial Reporting Standards (International). (See also "Modified auditor's opinions").

Even where there is a clean opinion, it is important to look for and pay attention to the KAMs raised and any Emphasis of Matter, Other Matter or Material Uncertainty relating to Going Concern paragraphs, which can each highlight matters of significance contained in the financial statements.

DOES A CLEAN AUDITOR'S REPORT MEAN A CLEAN BILL OF HEALTH FOR THE COMPANY?

Auditor's reports are intended to increase the degree of confidence users have in the information in the financial statements. It is not about the soundness of the business strategies, its future viability or whether it is a safe investment.

An unmodified auditor's opinion means investors or other stakeholders can assess the company based on its financial statements, with more confidence that the information is materially correct and unbiased, than if the report was modified or if there were no auditor's report.

The directors are required to include a formal statement on the solvency of the company in the financial statements upon which the auditor's opinion is expressed.²⁴ Auditors assess the appropriateness of the **going concern** assumption underpinning this solvency statement and the preparation of the financial statements, but this cannot be taken as a conclusion on the future prospects of the company nor does it reflect the business risks which could impact the company's financial performance and outcomes (see "What do auditors do in regard to going concern?").

The directors' report addresses these matters in the OFR, which the SGX Listing Rules require to comprise a review of the operating and financial performance of the issuer (including listed companies) and its principal subsidiaries in the last financial year, including:

- a) Any development subsequent to the release of the issuer's preliminary financial statements, which would materially affect the issuer's operating and financial performance;
- (b) An analysis of the business outlook;
- (c) Prospectus-type information relating to the background of directors and key management staff; and
- (d) Prospectus-type information relating to risk management policies and processes.

However, the OFR is not required to be audited.

See SGX Mainboard Rules Practice Note 7.4 Guide for Operating and Financial Review.

²⁴ Singapore Companies Act, Chapter 50, Twelfth Schedule, paragraph 1(b).

MODIFIED AUDITOR'S OPINIONS

Modified auditor's opinions are issued when the auditor believes the financial statements contain a **material misstatement**, or when the auditor is unable to obtain enough evidence to form an opinion. Such an opinion should be a red flag for readers, as it indicates that part or all of the financial statements cannot be relied upon. The following table sets out the different types of modified auditor's opinions that may be issued in these situations.

BASIS FOR MODIFIED OPINION

The basis for modified opinion section provides greater clarification to the reader of the **auditor's report** about why the auditor expressed a modified opinion. The basis for a qualified opinion due to a misstatement or an adverse opinion describes the matter giving rise to the modification, and the misstatement by either quantifying the financial effects of the misstatement, explaining how qualitative disclosures are misstated or by describing the nature of any omitted information and including the omitted disclosures. The basis for a qualified opinion due to insufficient evidence, or a disclaimer provides the reasons for the auditor's inability to obtain sufficient appropriate audit evidence.

TYPE OF MODIFIED AUDIT OPINION	DESCRIPTION	SITUATIONS WHERE THIS TYPE OF REPORT MAY BE ISSUED	EXAMPLES
Qualified or “except for” opinion	The opinion states the financial statements are in accordance with the provisions in the Singapore Companies Act, Chapter 50, and the Singapore Financial Reporting Standards (International) so as to give a true and fair view of the financial position of the company as at year end and its financial performance for the year then ended, except for the effect of a specific matter or matters.	A qualified opinion is issued when a specific part of the financial statements contains a material misstatement or adequate evidence cannot be obtained in a specific, material area, but is not pervasive to the rest of the financial statements.	The auditor has a different view on the valuation of a material asset than that applied by management in the financial statements, but the rest of the financial statements were found to be free of material misstatements.
Disclaimer of opinion	The auditor does not express an opinion on the financial statements because of the significance of the matters described. They are unable to obtain sufficient appropriate audit evidence to provide a basis for an opinion.	A disclaimer of opinion indicates that either: <ul style="list-style-type: none"> the auditor cannot obtain sufficient appropriate evidence on which to base an opinion on the financial statements overall and the possible effects on the financial statements could be both material and pervasive; or the auditor cannot form an opinion due to the cumulative effect on the financial statements of potential interaction of multiple uncertainties. 	The company’s financial reporting information system was corrupted and key data was lost, so that sufficient appropriate evidence is not available to support all of the account balances and material disclosures in the financial statements.
Adverse opinion	The opinion states that the auditor believes the accompanying financial statements do not give a true and fair view of the financial position of the Company as at year end and of its financial performance and its cash flows for the year then ended in accordance with the provisions of the Singapore Companies Act, Chapter 50, and Singapore Financial Reporting Standards (International).	An adverse opinion is issued when the auditor identifies misstatements which are both material and pervasive to the financial statements.	The auditor believes that due to a significant economic downturn, a credit provider’s management has inadequately provided for impairment of the company’s loan portfolio which represents a very significant proportion of their assets. The auditor believes that the financial assets are overstated, such that the misstatements are both material and pervasive to the financial statements.

THE AUDIT AND REVIEW PROCESS

WHAT DO AUDITORS AND REVIEWERS DO?

The audits and reviews of Singapore companies are conducted in accordance with the Singapore Standards on Auditing (SSAs) and the Singapore Standards on Review Engagements (SSREs) respectively, which are issued by the Institute of Singapore Chartered Accountants (ISCA) and comprise a suite of standards for audits of financial statements and a single standard for reviews of half-year financial statements. Auditors are required to comply with the SSAs when conducting an audit.

These standards closely follow the international auditing standards so that what auditors are required to do is consistent across jurisdictions applying the International Standards on Auditing (ISAs).

The following diagram illustrates at a very high level what is involved in financial statements audits, and the order in which activities usually take place during the year:



WHAT IS A MATERIAL MISSTATEMENT?

Auditors' work is concerned with identifying **material misstatements**, rather than any misstatement in the **financial statements**. Material misstatements are those that are

significant enough to affect the decisions made by the users of the financial statements. This can be in terms of the quantitative or qualitative significance of misstatements.

QUANTITATIVE	<p>The quantities or dollar amounts in the financial statements. For example, quantitatively material misstatements could include:</p> <ul style="list-style-type: none"> • Impairment of assets • Overstating revenue • Missing/not recorded liabilities • Understating expenses
QUALITATIVE	<p>The nature of items in the financial report. For example, qualitatively material misstatements could include:</p> <ul style="list-style-type: none"> • Not disclosing certain related party transactions • Not disclosing management's remuneration <p>These disclosures are important in evaluating how the company has been managed, although they may be small quantitatively in comparison to the scale of the company's overall operations.</p>

WHAT DO AUDITORS DO IF THEY FIND NON-COMPLIANCE WITH LAWS AND REGULATIONS?

If an auditor suspects or discovers non-compliance with laws or regulations, other than those which are inconsequential, they must take action and cannot turn a blind eye. Whether the non-compliance is by company staff, management or external parties, auditors must respond in a timely way so that the adverse consequences to stakeholders and the general public are rectified, remediated or mitigated.

The auditor needs to be satisfied that the company has taken appropriate and timely action to address the consequences and deter further non-compliance, and the company has disclosed the matter to an appropriate authority where required by law or regulation or where necessary in the public interest. If not, auditors are required to follow an escalation process, initially through an appropriate level of management.

If the company's response is inadequate, management is involved or there will be actual or potential substantial harm to stakeholders or the general public, the auditor must take further action. This may warrant disclosing the matter to an appropriate authority and/or withdrawing from the engagement, in which case they must apply to ACRA for consent to resign. The auditor continues to hold office until consent has been granted and, if consent is given, informs any incoming auditor of the circumstances of their resignation. Disclosure to an appropriate authority is not considered a breach of the duty of confidentiality if the auditor is acting in good faith.

WHAT DO AUDITORS DO WITH RESPECT TO FRAUD?

Auditors consider the possibility that fraudulent activities can result in material misstatement in the financial statements and take this into account in planning and performing their work.

Fraud as defined in the **auditing and assurance standards** is an intentional act by one or more individuals among management, **those charged with governance**, employees or third parties, involving the use of deception to obtain unjust or illegal advantage.

An audit is not an investigation intended to uncover all instances of fraud. However, an auditor is required to treat fraud risks as significant risks and must obtain an understanding of the company's related controls. Therefore, an audit is only likely to detect instances of fraud that result in material misstatement, although there is no guarantee that an audit will detect any material frauds perpetrated against the company due to the nature of fraud.

As fraud is usually coupled with some form of concealment or deception, the risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error. Fraudsters may employ forgery, deliberately fail to record transactions, or make misrepresentations to the auditor, which may be even more difficult to detect when accompanied by collusion. The auditor's ability to detect a material misstatement due to fraud depends on factors such as the skill of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated and the seniority of those individuals involved. In addition, frauds which are not material to the financial audit are unlikely to be detected by the external auditor.

WHAT DO AUDITORS DO IN REGARD TO THE GOING CONCERN ASSUMPTION?

The **going concern** assumption is that a company will continue in business for the foreseeable future. The going concern assumption has a significant impact on how a company's **financial statements** are presented (see "If going concern doesn't apply").

In preparing the financial statements, management assesses whether the company will be able to continue in business for the foreseeable future, which is at least twelve months from the end of the reporting period. The directors' declaration in the financial statements include the directors' opinion about whether there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The auditor performs work to evaluate the appropriateness of management's use of the going concern basis of accounting as part of the audit. The auditor considers a period of at least twelve months from the date of the financial statements.

If the going concern basis doesn't apply

Companies that are not a going concern, when management intends to liquidate the company or to cease trading, or has no realistic alternative but to do so, need to report on a different basis from companies that are a going concern – for example, assets and liabilities would be recognised at their immediate sale value/liquidation value rather than their value in future use.

The auditor:

- evaluates management's assessment of the company's ability to continue as a going concern, including whether it reflects all relevant information of which the auditor is aware as a result of the audit;
- concludes on the appropriateness of management's use of the going concern basis of accounting;
- concludes on whether a material uncertainty exists, related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern; and
- determines whether the financial statements adequately disclose any material uncertainty.

The going concern assumption involves judgements about events taking place in the future, which are inherently uncertain. Where there is significant uncertainty in the company's ability to continue as a going concern and this has been disclosed by management in the notes to the financial statements, the auditor includes wording in the auditor's report to direct users to the applicable note disclosure, in a "material uncertainty related to going concern" paragraph.

If the auditor ultimately does not agree with management's assumptions regarding going concern, the result would be a modified opinion (see "The auditor's report").

APPENDIX 1 – GLOSSARY

Accounting standards:

Mandatory standards applied in preparing financial statements. In Singapore, these standards are issued by the Accounting Standards Council and are formally referred to as “Singapore Financial Reporting Standards (International)”. Internationally accounting standards are issued by the International Accounting Standards Board (IASB).

Assurance:

The expression of a conclusion that is intended to increase the confidence of users in subject matter against criteria (see also “What does assurance mean?”).

Assurance practitioner:

A professional assurance services provider.

Auditor’s report:

The final report that sets out the auditor’s opinion (see also “The auditor’s report”, and an example of an auditor’s report in Appendix 2).

Auditing and assurance standards:

Mandatory standards applied by assurance practitioners in audits, reviews and other assurance engagements. In Singapore these standards are issued by the Institute of Singapore Chartered Accountants, and internationally by the International Auditing and Assurance Standards Board.

Fair presentation framework:

Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Framework. The application of Singapore Accounting Standards, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.

Financial statements:

Four primary financial statements for the current and comparative financial period (statement of profit and loss and other comprehensive income, statement of financial position, statement of changes in equity, and cash flow statement), plus the notes to the financial statements.

Going concern:

An entity that is expected to continue in operation for the foreseeable future, taken to be a 12-month period from the date of the financial statements (see also “What do auditors do in regard to going concern?”).

Limited assurance:

A level of assurance that is meaningful, but lower than reasonable assurance (see also “What does assurance mean?”).

Material misstatement:

An inaccuracy or omission in the financial statements that is significant enough to affect the decisions made by users.

Reasonable assurance:

A high but not absolute level of assurance (see also “What does assurance mean?”).

Review report:

The final report that sets out the review conclusion (see also “The auditor’s report”).

Those charged with governance:

The person(s) or organisation(s) (for example, a corporate trustee) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process. In a listed company this includes the board of directors, which may include some executive members, and the audit committee.

True and fair view:

Presenting an accurate and unbiased picture of a company’s financial performance and position in the financial statements.

APPENDIX 2 – EXAMPLE OF INDEPENDENT AUDITOR’S REPORT

INDEPENDENT AUDITOR’S REPORT

Who is the report for?

The report is addressed to the members or shareholders of the company

Independent Auditor’s Report to the Members of XYZ Holdings (Singapore) Limited.

What does the report cover?

This section sets out the basic details of the engagement – the applicable reporting period, name of the company, and what was audited

Opinion

We have audited the financial statements of XYZ Holdings (Singapore) Limited (the “Company”), which comprises the balance sheet as at 31 December 20XX, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

What was the audit outcome?

The auditor sets out their overall finding in the opinion. This is an example of an unmodified or ‘clean’ audit opinion.
See also “The auditor’s report” for information on modified opinions.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) SFRS(I) so as to give a true and fair view of the financial position of the Company as at 31 December 20XX and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

How did the auditor form their opinion?

The auditor provides important context about the auditor’s opinion.

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 Statement section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Which matters were significant in the audit?

The auditor outlines the matters most significant in the audit of the financial statements of the current period.

Key Audit Matters

Key audit matters (KAMs) are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the contexts of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of each KAM

Example: Valuation of Financial Instruments.

The company’s investments in structured financial instruments represent [x%] of the total amount of its financial instruments. Due to their unique structure and terms, the valuation of these instruments is based on entity-developed internal models and not on quoted prices in active markets. Therefore, there is significant measurement uncertainty involved in this valuation. As a result, the valuation of these instruments was significant to our audit.

[Description of the auditor’s procedures in addressing the KAM in the audit in accordance with Singapore Standards on Auditing (SSAs) 701 *Communicating Key Audit Matters in the Independent Auditor’s Report*]

What is done on sections of the annual report which are not audited?

The auditor explains the procedures they have conducted with respect to the other information in the annual report.

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, 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 statement, 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.

What is the Directors' role?

This describes the Directors' responsibilities for the preparation of the financial statements, the internal controls in the company and assessing the company's ability to continue as going concern.

Responsibilities of Management and Directors for the Financial Statements:

Management is responsible for the preparation of the financial statements that gives a true and fair view in accordance with the provisions of the Act and SFRS(I) and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company'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 liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

What is the Auditor's role?

The auditor sets out their responsibility for auditing the financial statements and provides a brief description of what this means (see also "What do auditors and reviewers do?")

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.

A further description of our responsibilities for the audit of the financial statements is located at the Singapore Standards on Auditing 700. This description forms part of our auditor's report.

Who is the Auditor?

The auditor provides their name and firm.

Auditor's name and signature]

[Name of Firm]

Public Accountants and Chartered Accountants

Singapore

[Date of the auditor's report]

