

Reg. No. T06FC6835J

Friends Provident International Limited,
Singapore Branch

Investment-Linked Funds

Report for the financial year ended 30 April 2017

Friends Provident International Limited, Singapore Branch

Index

	Page
Statement by Directors	1
<hr/>	
Independent Auditor's Report	2
<hr/>	
List of Investment-Linked Funds	5
<hr/>	
Capital and Income Account and Statement of Assets and Liabilities	6
<hr/>	
Notes to the Financial Statements	14
<hr/>	

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

STATEMENT BY DIRECTORS

In our opinion, the financial statements of the Investment-Linked Funds of Friends Provident International Limited, Singapore Branch (the "Singapore Branch") set out on pages 6 to 16 present fairly, in all material respects, the state of affairs of the Investment-Linked Funds of the Singapore Branch as at 30 April 2017 and the capital movements for the financial period from 1 May 2016 (or date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 April 2017, in accordance with the stated accounting policies.

Director

Director

28 July 2017

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

INDEPENDENT AUDITOR'S REPORT

Our Opinion

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

What we have audited

The financial statements of the Funds comprise:

- the Statements of Assets and Liabilities as at 30 April 2017;
- the Capital and Income Accounts for the financial period from 1 May 2016 (or date of commencement of the respective investment-linked funds, whichever is later) to 30 April 2017; 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 describe the basis of accounting. The financial statements are prepared to assist the Branch to comply with MAS Notice 307 Investment Linked-Life Insurance Policies. As a result, the financial statements may not be suitable for another purpose.

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

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

Other Information

Management is responsible for the other information. The other information comprises the Statement by Directors and List of Investment-Linked Funds, and excludes 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 and will 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 on the other information, 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 set out in Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

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

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

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

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

Public Accountants and Chartered Accountants
Singapore, 28 July 2017

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

LIST OF INVESTMENT-LINKED FUNDS

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

<u>Funds</u>	<u>Commencement Date</u>
Baring Australia (M56)	02 February 2009
Baring Eastern Europe (P48)	02 February 2009
Baring Eastern Europe (R185)	17 August 2016
Baring High Yield Bond (R117)	22 February 2012
Baring Hong Kong & China (R125)	25 April 2012
Fidelity America (R163)	13 November 2014
Fidelity Euro Blue Chip (R149)	22 January 2014
Fidelity Euro Bond (J87)	30 September 2010
Fidelity Euro Bond (R203)	12 April 2017
Fidelity Euro Cash Fund (R201)	23 November 2016
Fidelity Global Multi Asset Tactical Moderate (EUR) (R27)	02 February 2009
Fidelity Global Multi Asset Tactical Moderate (USD) (R26)	02 February 2009
Fidelity Global Property (USD) (R178)	28 July 2015
Fidelity Global Telecommunications (J97)	30 September 2010
Fidelity US Dollar Cash Fund (R200)	23 November 2016

With the exception of Baring Eastern Europe (R185), Baring High Yield Bond (R117), Baring Hong Kong & China (R125), Fidelity America (R163), Fidelity Euro Blue Chip (R149), Fidelity Euro Bond (R203), Fidelity Euro Cash Fund (R201), Fidelity Global Property (USD) (R178) and Fidelity US Dollar Cash Fund (R200) which are segregated Investment-Linked Funds, the funds are invested as one part of the sub-fund of Friends Provident International Limited (the Company). These represent the elements of the sub-funds that are dedicated to customers of the Singapore Branch. The segregated Investment-Linked Funds and sub-funds are, in turn, invested in the underlying funds.

Fidelity Euro Cash Fund (R201) and Fidelity US Dollar Cash Fund (R200) were new funds launched during the year exclusively for Singapore policyholders.

Baring Eastern Europe (P48) and Fidelity Euro Bond (J87) have been fully segregated to Baring Eastern Europe (R185) and Fidelity Euro Bond (R203) respectively as at 30 April 2017, and are no longer available to customers of the Company's Singapore Branch.

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

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 30 April 2017

	Baring Australia (M56)	Baring Eastern Europe (P48)*
	S\$	S\$
Capital and Income Account		
For the year 1 May 2016 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 April 2017		
Value of Fund as at 1 May 2016 (or the date of commencement of the respective Investment-Linked Funds, whichever is later)	244,904	604,843
Amounts received by the Fund for creation of units	29,080	464,298
Amounts paid by the Fund for liquidation of units	(4,873)	(1,151,620)
Net amounts received/ (paid) by the Fund	24,207	(687,322)
Unrealised appreciation in value of investments	40,360	392,381
Loss on sale of investments	(21,027)	(312,993)
Other income	3,495	7,003
Management fees	(3,117)	(3,898)
Other expenses	(38)	(14)
Increase in net asset value for the year	19,673	82,479
Value of Fund As at 30 April 2017	288,784	-
Statement of Assets and Liabilities		
As at 30 April 2017		
<u>Assets</u>		
Investments in funds	289,452	-
Other debtors	1,540	-
Total assets	290,992	-
<u>Liabilities</u>		
Other creditors	2,208	-
Total liabilities	2,208	-
Value of Fund As at 30 April 2017	288,784	-

* 'Baring Eastern Europe (P48)' has been fully segregated to 'Baring Eastern Europe (R185)' as at 30 April 2017, and is no longer available to customers of the Company's Singapore Branch.

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

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 30 April 2017

	Baring Eastern Europe (R185)*	Baring High Yield Bond (R117)
	S\$	S\$
Capital and Income Account		
For the year 1 May 2016 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 April 2017		
Value of Fund as at 1 May 2016 (or the date of commencement of the respective Investment-Linked Funds, whichever is later)	-	2,390,459
Amounts received by the Fund for creation of units	1,203,676	1,798,850
Amounts paid by the Fund for liquidation of units	(172,525)	(724,405)
Net amounts received by the Fund	1,031,151	1,074,445
Unrealised appreciation in value of investments	185,037	680,234
Gain/ (Loss) on sale of investments	1,273	(267,413)
Other income	-	35,798
Management fees	(8,613)	(35,989)
Other expenses	(56,247)	(1,896)
Increase in net asset value for the year	121,450	410,734
Value of Fund As at 30 April 2017	1,152,601	3,875,638
Statement of Assets and Liabilities		
As at 30 April 2017		
<u>Assets</u>		
Investments in funds	1,148,783	3,876,431
Cash and bank balances	3,818	32,752
Total assets	1,152,601	3,909,183
<u>Liabilities</u>		
Other creditors	-	33,545
Total liabilities	-	33,545
Value of Fund As at 30 April 2017	1,152,601	3,875,638

* The financial period for 'Baring Eastern Europe (R185)' is from the segregation date 17 August 2016 to 30 April 2017.

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

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 30 April 2017

	Baring Hong Kong & China (R125)	Fidelity America (R163)
	S\$	S\$
Capital and Income Account		
For the year 1 May 2016 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 April 2017		
Value of Fund as at 1 May 2016 (or the date of commencement of the respective Investment-Linked Funds, whichever is later)	2,059,621	1,148,700
Amounts received by the Fund for creation of units	353,029	995,554
Amounts paid by the Fund for liquidation of units	(404,724)	(461,486)
Net amounts (paid)/ received by the Fund	(51,695)	534,068
Unrealised appreciation in value of investments	372,296	213,187
Gain on sale of investments	134,815	30,394
Other income	14,217	195
Management fees	(27,646)	(18,919)
Other expenses	(1,151)	(1,906)
Increase in net asset value for the year	492,531	222,951
Value of Fund As at 30 April 2017	2,500,457	1,905,719
Statement of Assets and Liabilities		
As at 30 April 2017		
<u>Assets</u>		
Investments in funds	2,503,039	1,908,329
Cash and bank balances	9,998	-
Other debtors	-	12,579
Total assets	2,513,037	1,920,908
<u>Liabilities</u>		
Other creditors	12,580	15,189
Total liabilities	12,580	15,189
Value of Fund As at 30 April 2017	2,500,457	1,905,719

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

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 30 April 2017

	Fidelity Euro Blue Chip (R149)	Fidelity Euro Bond (J87)*
	S\$	S\$
Capital and Income Account		
For the year 1 May 2016 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 April 2017		
Value of Fund as at 1 May 2016 (or the date of commencement of the respective Investment-Linked Funds, whichever is later)	7,067,186	268,469
Amounts received by the Fund for creation of units	3,117,164	549,920
Amounts paid by the Fund for liquidation of units	(1,313,597)	(819,022)
Net amounts received/ (paid) by the Fund	1,803,567	(269,102)
Unrealised appreciation in value of investments	1,038,756	28,981
Gain/ (Loss) on sale of investments	4,856	(23,530)
Management fees	(95,587)	(4,766)
Other expenses	(1,871)	(52)
Increase in net asset value for the year	946,154	633
Value of Fund		
As at 30 April 2017	9,816,907	-
Statement of Assets and Liabilities		
As at 30 April 2017		
<u>Assets</u>		
Investments in funds	9,845,869	-
Cash and bank balances	60,835	-
Total assets	9,906,704	-
<u>Liabilities</u>		
Other creditors	89,797	-
Total liabilities	89,797	-
Value of Fund		
As at 30 April 2017	9,816,907	-

* 'Fidelity Euro Bond (J87)' has been fully segregated to 'Fidelity Euro Bond (R203)' as at 30 April 2017, and is no longer available to customers of the Company's Singapore Branch.

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

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 30 April 2017

	Fidelity Euro Bond (R203)*	Fidelity Euro Cash Fund (R201)**
	S\$	S\$
Capital and Income Account		
For the year 1 May 2016 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 April 2017		
Value of Fund as at 1 May 2016 (or the date of commencement of the respective Investment-Linked Funds, whichever is later)	-	-
Amounts received by the Fund for creation of units	301,527	15,623
Amounts paid by the Fund for liquidation of units	-	-
Net amounts received by the Fund	<u>301,527</u>	<u>15,623</u>
Unrealised appreciation in value of investments	1,161	20
Management fees	(82)	(78)
Other expenses	(209)	(5)
Increase/ (Decrease) in net asset value for the year	<u>870</u>	<u>(63)</u>
Value of Fund As at 30 April 2017	<u>302,397</u>	<u>15,560</u>
Statement of Assets and Liabilities		
As at 30 April 2017		
<u>Assets</u>		
Investments in funds	298,457	15,186
Cash and bank balances	3,940	374
Total assets	<u>302,397</u>	<u>15,560</u>
<u>Liabilities</u>		
Other creditors	-	-
Total liabilities	<u>-</u>	<u>-</u>
Value of Fund As at 30 April 2017	<u>302,397</u>	<u>15,560</u>

* The financial period for 'Fidelity Euro Bond (R203)' is from the segregation date 12 April 2017 to 30 April 2017.

** The financial period for 'Fidelity Euro Cash Fund (R201)' is from the launch date 23 November 2016 to 30 April 2017.

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

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 30 April 2017

	Fidelity Global Multi Asset Tactical Moderate (EUR) (R27)	Fidelity Global Multi Asset Tactical Moderate (USD) (R26)
	S\$	S\$
Capital and Income Account		
For the year 1 May 2016 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 April 2017		
Value of Fund as at 1 May 2016 (or the date of commencement of the respective Investment-Linked Funds, whichever is later)	193,065	231,589
Amounts received by the Fund for creation of units	86,345	19,133
Amounts paid by the Fund for liquidation of units	(41,010)	(111,568)
Net amounts received/ (paid) by the Fund	45,335	(92,435)
Unrealised appreciation in value of investments	38,747	33,225
Loss on sale of investments	(14,842)	(17,762)
Management fees	(2,881)	(2,279)
Other expenses	(42)	(19)
Increase in net asset value for the year	20,982	13,165
Value of Fund As at 30 April 2017	259,382	152,319
Statement of Assets and Liabilities		
As at 30 April 2017		
<u>Assets</u>		
Investments in funds	259,640	153,583
Cash and bank balances	-	300
Total assets	259,640	153,883
<u>Liabilities</u>		
Other creditors	258	1,564
Total liabilities	258	1,564
Value of Fund As at 30 April 2017	259,382	152,319

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

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 30 April 2017

	Fidelity Global Property (USD) (R178)	Fidelity Global Telecommunica- tions (J97)
	S\$	S\$
Capital and Income Account		
For the year 1 May 2016 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 April 2017		
Value of Fund as at 1 May 2016 (or the date of commencement of the respective Investment-Linked Funds, whichever is later)	639,505	396,973
Amounts received by the Fund for creation of units	224,976	183,355
Amounts paid by the Fund for liquidation of units	(220,750)	(189,181)
Net amounts received/ (paid) by the Fund	4,226	(5,826)
Unrealised appreciation in value of investments	37,335	33,991
Gain/ (Loss) on sale of investments	8,248	(25,284)
Other income	2,266	-
Management fees	(7,778)	(5,326)
Other expenses	(616)	(86)
Increase in net asset value for the year	39,455	3,295
Value of Fund		
As at 30 April 2017	683,186	394,442
Statement of Assets and Liabilities		
As at 30 April 2017		
<u>Assets</u>		
Investments in funds	680,716	394,782
Cash and bank balances	2,470	-
Other debtors	-	2,061
Total assets	683,186	396,843
<u>Liabilities</u>		
Other creditors	-	2,401
Total liabilities	-	2,401
Value of Fund		
As at 30 April 2017	683,186	394,442

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

CAPITAL AND INCOME ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES

For the financial year ended 30 April 2017

	Fidelity US Dollar Cash Fund (R200)* S\$
Capital and Income Account	
For the year 1 May 2016 (or the date of commencement of the respective Investment-Linked Funds, whichever is later) to 30 April 2017	
Value of Fund as at 1 May 2016 (or the date of commencement of the respective Investment-Linked Funds, whichever is later)	-
Amounts received by the Fund for creation of units	150,346
Amounts paid by the Fund for liquidation of units	(138,713)
Net amounts received by the Fund	11,633
Unrealised appreciation in value of investments	3,554
Gain on sale of investments	158
Other income	467
Management fees	(529)
Increase in net asset value for the year	3,650
Value of Fund As at 30 April 2017	15,283
Statement of Assets and Liabilities	
As at 30 April 2017	
<u>Assets</u>	
Investments in funds	14,151
Cash and bank balances	1,132
Total assets	15,283
<u>Liabilities</u>	
Other creditors	-
Total liabilities	-
Value of Fund As at 30 April 2017	15,283

* The financial period for 'Fidelity US Dollar Cash Fund (R200)' is from the launch date 23 November 2016 to 30 April 2017.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2017

1. Units in issue and net asset value

1.1 The units in issue and the net asset value per unit of the Investment-Linked Funds of Friends Provident International Limited, Singapore Branch (the "Singapore Branch") as at 30 April 2017 comprise:

<u>Funds</u>	<u>Commencement date</u>	<u>Units in issue as at 30 April 2017</u>	<u>Net asset value per unit S\$</u>
Baring Australia (M56)	02 February 2009	23,102	12.50
Baring Eastern Europe (R185)	17 August 2016	693,079	1.66
Baring High Yield Bond (R117)	22 February 2012	1,014,847	3.82
Baring Hong Kong & China (R125)	25 April 2012	25,975	96.26
Fidelity America (R163)	13 November 2014	1,300,320	1.47
Fidelity Euro Blue Chip (R149)	22 January 2014	4,153,083	2.36
Fidelity Euro Bond (R203)	12 April 2017	134,668	2.25
Fidelity Euro Cash Fund (R201)	23 November 2016	11,078	1.40
Fidelity Global Multi Asset Tactical Moderate (EUR) (R27)	02 February 2009	147,250	1.76
Fidelity Global Multi Asset Tactical Moderate (USD) (R26)	02 February 2009	122,265	1.25
Fidelity Global Property (USD) (R178)	28 July 2015	588,923	1.16
Fidelity Global Telecommunications (J97)	30 September 2010	466,324	0.85
Fidelity US Dollar Cash Fund (R200)	23 November 2016	11,422	1.34

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2017

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements of the Investment-Linked Funds of the Singapore Branch are presented in Singapore dollars. 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 the fund that went through segregation would have been informed by the Company's customer services department.

2.2 *Investments*

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

2.3 *Amounts received by the funds for creation of units*

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

2.4 *Amounts paid by the funds for liquidation of units*

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

2.5 *Gains/losses from sale of investments*

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2017

2. Summary of significant accounting policies (continued)

2.6 *Management fee*

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

2.7 *Income and expenses*

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

2.8 *Foreign currencies*

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

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

2.9 *Other debtors and creditors*

Other debtors and creditors arise as a result of outstanding settlement of creations and liquidations of units respectively as at year end. Other creditors also include bank overdrafts.