

Foreword

Business communities across the world have recognised that in order to attract long-term capital, they need to create *Trust* and demonstrate *Transparency* in their communications with their stakeholders.

The 2007 edition of PricewaterhouseCoopers' publication "*Towards Trust and Transparency - Illustrative Annual Report*" aims to help directors, audit committee members, management and preparers of financial statements achieve high-quality financial reporting with best-practice illustrations of disclosures under the various requirements of the Singapore Financial Reporting Standards (FRS), Singapore Companies Act and Singapore Exchange Listing Manual.

I would like to highlight a few new and critical illustrations included in this publication, starting with the new disclosure requirements under FRS 107 *Financial Instruments: Disclosures* and amended FRS 1 *Presentation of Financial Statements: Capital Disclosures*.

Whilst the disclosure of financial risks is not new, FRS 107 introduces many new quantitative disclosures. Some examples include amount of receivables that are past due but not impaired, future cash outflow on financial instrument on an undiscounted basis and sensitivity analysis to market risks on financial instruments. In addition, FRS 107 and amended FRS 1 introduce a new approach to disclosure – disclosure of information that is used by key management in their measurement and monitoring of financial risks and capital. This new approach allows users to have an insight into how key management views the companies' financial risks and what constitutes capital, specific risk management policies and processes, or the lack of them. Due to sensitivity of these new disclosures, we urge you to plan and prepare for the disclosures under FRS 107 and amended FRS 1 well in-advance of the financial year-end, including the communication plans to users as most of the information may be reported for the first time.

Additionally, we have included a useful illustration on the adoption of FRS 40 *Investment Property* in the illustrative financial statements, including the controversial accounting of the related deferred tax on fair value gains. In the Appendices, additional illustrations on complex areas such as multi-element arrangements, post-employment pension and medical benefits and other critical accounting estimates and judgements are also included. In addition, a detailed summary of the key changes in new or amended FRSs can be found in the section on "Summary of Key Changes on Singapore FRS" in this publication.

The International Accounting Standards Board currently has 31 topics for amendments or new International Financial Reporting Standards (IFRS) on its active agenda. More than half of these are expected to have an impact on preparation of financial statements from 2009. The topics expected to require significant time to understand and implement include Operating Segments, Customer Loyalty Programmes, Insurance Contracts, Business Combinations, Service Concession Arrangements and Income Taxes. For many companies, getting ready for 2009 will certainly be challenging. It is worthwhile to evaluate these changes and consider adopting some of them earlier so as to spread out the burden of implementing new standards in a big-bang manner.

We trust that you will find this publication an excellent resource for the preparation of your companies' annual reports for the coming financial year-end. We encourage you to consult with PricewaterhouseCoopers partners and managers should you have any questions or comments regarding this publication or the implementation of the new standards.



Yeoh Oon Jin
Assurance Leader

Table of Contents

Publication Guide	3
List of Technical Pronouncements as at 31 July 2007	4
Comparison between Singapore Financial Reporting Standards and International Financial Reporting Standards as at 31 July 2007	11
Summary of Key Changes on Singapore Financial Reporting Standards as at 31 July 2007	20
Illustrative Annual Report 2007 (please refer to index on pages 32 and 33)	32

Abbreviations used

References are made in this publication to the legislation, accounting pronouncement, guideline or listing rule that requires a particular disclosure or accounting treatment. The abbreviations used to identify the source of authority are as follows:

CA	Singapore Companies Act, Chapter 50
CCG	Code of Corporate Governance Guidance Notes
FRS	Singapore Financial Reporting Standards
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IFRIC	Interpretations of International Financial Reporting Standards
INT FRS	Interpretations of Singapore Financial Reporting Standards
SGX	Singapore Exchange Securities Trading Listing Manual Requirements
SSA	Singapore Standards on Auditing

Where the illustrated disclosure is not specifically required by any of the sources listed above, the following abbreviation is used to indicate that such disclosure is made on a voluntary basis:

DV	Disclosure is voluntary
----	-------------------------

Publication Guide

Scope

This publication, Illustrative Annual Report 2007, provides a sample annual report of a fictitious group of companies for the financial year ended 31 December 2007. PwC Holdings Ltd is a company incorporated in Singapore and its shares are listed on the Main Board of the Singapore Exchange Limited (“SGX”).

The names of people and entities included in this publication are fictitious. Any resemblance to a person or entity is purely coincidental.

Effective date

This illustrative annual report includes sample disclosures under the requirements of the Singapore Companies Act, SGX Securities Trading Listing Manual, Singapore Financial Reporting Standards (including its Interpretations) that are effective for financial year commencing on 1 January 2007.

Illustrative in nature

The sample disclosures in this illustrative annual report should not be considered to be the only acceptable form of presentation. The form and content of each reporting entity’s annual report are the responsibility of the entity’s directors/management and other forms of presentation which are equally acceptable may be preferred and adopted, provided they include the specific disclosures prescribed in the Singapore Companies Act, SGX Securities Trading Listing Manual and Singapore Financial Reporting Standards.

The illustrative financial statements contained in this annual report are not substitutes for reading the legislation or standards themselves, or for professional judgement as to fairness of presentation. They do not cover all possible disclosures required by the Singapore Companies Act, SGX Securities Trading Listing Manual and Singapore Financial Reporting Standards. Depending on the circumstances, further specific information may be required in order to ensure fair presentation and compliance with laws, accounting standards and stock exchange regulations in Singapore.

Similarly, the corporate governance disclosures illustrated in this annual report are not meant to be templates for all reporting entities. The board of directors/management for each reporting entity should formulate the corporate strategies and control measures tailored to the entity’s particular circumstances and corporate governance processes. It therefore follows that corporate governance disclosures in annual reports will necessarily differ from one reporting entity to the other.

Guidance notes

Direct references to the source of disclosure requirements are included in the reference column on each page of the illustrative financial statements. Guidance notes are provided where additional matters may need to be considered in relation to a particular disclosure. These notes are inserted within the relevant section or note.

Seek professional advice

The information in this publication does not constitute professional advice. If professional advice is required, the services of a competent professional should be sought. Neither PricewaterhouseCoopers Singapore nor any employee of the firm shall be liable for any damage or loss of any kind on any ground whatsoever suffered as a result of any use of or reliance on this publication.