



Singapore CA Qualification (Foundation) Examination

10 December 2020

Singapore Taxation

INSTRUCTIONS TO CANDIDATES:

1. The time allowed for this examination paper is **3 hours 15 minutes**.
2. This examination paper has **FOUR (4)** questions and comprises **TWENTY-SIX (26)** pages (including this instruction sheet, Appendix A and Appendix B). Each question may have **MULTIPLE** parts and **ALL** questions are examinable.
3. This is a restricted open book examination. You are allowed to have only the following materials with you at your exam location:
 - One A4-sized double-sided cheat sheet
 - One A4-sized double-sided blank scratch paper
4. During the examination, you are allowed to use your laptop and any calculators that comply with the SAC's regulations. Please note that watches, mobile phones, tablets, and all other electronic devices **MUST NOT** be used during the examination and **MUST NOT** be within reach or sight or hearing from where you are seated to write the exam. Use of these devices, or, the sight or hearing of these devices, will be flagged as integrity breaches and investigated, unless it is for the purpose as stated under paragraph 6 below.
5. During the examination, videos of you and your computer screen will be recorded for the purpose of ensuring examination integrity and you have consented to these recordings.
6. Should you encounter any issues during the examination, please contact any of the hotlines below for assistance. The hotlines will be operational from one hour before the scheduled start time of the examination to 45 minutes after the scheduled end time of the examination.

| Hotline numbers |
|-----------------|
| 6734 9868 |
| 6325 0594 |
| 8125 1053 |

7. This examination paper and all video recordings of this examination are the property of the Singapore Accountancy Commission.

MODULE-SPECIFIC INSTRUCTIONS:

8. Assume that all dollar amounts are in Singapore dollar (S\$) unless otherwise stated.
9. For questions which require computations, you may want to use the spreadsheet tool in Exemplify to prepare your answers. You are required to copy your answers in the spreadsheet tool to the Exemplify answer windows.

**Exemplify
Question
Number**

Compulsory pre-exam steps to be recorded in video

1

Before you begin this exam, you are to perform a 360 degrees environment scan (via webcam), including a view of your table top, so that the location where you are taking the exam is being recorded in the video.

Next, show each side of your A4-sized double-sided cheat sheet to the webcam so that your cheat sheet is being recorded in the video.

Lastly, if you are using a calculator and a blank sheet of A4-sized scratch paper, show the calculator and both sides of the blank scratch paper to the webcam so that these items will be recorded in the video.

Should you encounter any issues during the examination, please contact any of the hotlines below for assistance.

1. 6734 9868
2. 6325 0594
3. 8125 1053

Question 1 – (a) and (b)

Up till 31 March 2019, Claire Soon, a 52-year old Singaporean, was an active partner in a medical practice offering various medical services from general consultations, health screening, to aesthetics and weight loss programs. She resigned from the partnership after her division, overseeing services relating to weight loss programs, was sold to Forever Light Limited (“FLL”), one of the top weight loss companies in the world. The partnership has a 30 June year-end. For the period from 1 July 2018 to 31 March 2019, Claire’s share of the divisible profits was \$18,000, after deducting salary and interest on capital contribution due to her for the same period of \$78,000 and \$15,600 respectively. Claire has unabsorbed trade losses brought forward from YA 2019 from the partnership business totalling \$12,000.

Claire was recruited by FLL to be the Managing Director of their Singapore-based company and she took up the position effective from 1 May 2019 with the following benefits provided under her employment contract:

- Salary: \$20,000/month.
- Bonus of \$100,000 payable upon Claire **completing** 1 year’s employment.
- Brand new car for Claire’s use from 1 May 2019.

The cost (inclusive of COE) of the car is \$311,500 with PARF value of \$56,000.

Title to the car will transfer to Claire when she completes 3 years of service with FLL. Meantime, the car running expenses, apart from petrol, will be borne by FLL. For the period ended 31 December 2019, the total running expenses paid by FLL totalled \$25,200. (There were 365 days in year 2019).

Other information:

- Claire jointly bought a shop unit with her siblings and her ownership share is 25%. The construction of the shop unit was completed in December 2018, and the first tenant commenced operations on 1 June 2019. The following are the total income derived and total expenses incurred thereof:
 - Rental income from 1 June 2019 to 31 December 2019: \$63,000
 - Property tax for year 2019: \$9,600
 - Maintenance expense for year 2019: \$12,000
 - Legal fees and stamp duty on tenancy agreement: \$4,850
 - Agent's commission: \$13,500
 - Interest expense for the year 2019: \$15,000

This is Claire's first time deriving rental income.

- Claire's 58-year old Singaporean husband, Seng Hock, suffers from debilitating depression and has been certified by a doctor to be unfit to sustain gainful employment. He is solely dependent on Claire for his daily living needs. Seng Hock was exempted from National Service duties.
- The couple has a son and a daughter, both Singaporeans. Their son, Nathan, graduated from a Singapore university in 2019. He had completed his National Service duties previously. He decided to spend the rest of 2019 travelling and doing volunteer work before looking for full-time employment in 2020. His living expenses were sponsored by Claire. Their daughter, Melissa, is in her third year of studies at a Singapore polytechnic. She did not derive any income during the year.
- The family has been living with Claire's parents, who are in their seventies, since the children were born. Both parents, who do not derive any income, have helped the couple with childcare duties when the grandchildren were younger. During the year 2019, Claire's mother passed away as a result of complications arising from pneumonia.

**Exemplify
Question
Number**

Question 1 required:

2

(a) Compute Claire's share of capital allowances from the partnership for the Year of Assessment 2020 based on the following information:

- The tax written down value ("TWDV") of assets that will continue to be used by the partnership after the sale of the weight loss business is \$225,000, to be claimed over 2 years. The market value of these assets as at 31 March 2019 is \$195,000.
- The TWDV of assets that are sold to FLL is \$95,000 to be claimed over 1 year. These assets were sold to FLL for \$70,000.

The provisions of Section 24 are to be elected, where applicable. There were no new qualifying plant and machinery acquired in the financial period to 31 March 2019.

Claire's share of the partnership profits is 30%. On Claire's withdrawal from the partnership, the remaining 2 partners took over Claire's 30% share of partnership profits in equal proportions. **(3 marks)**

3

(b) **Incorporating** your answer from part **(a)**, compute Claire's minimum tax payable for the Year of Assessment 2020, showing the net taxable income from **each source separately** and maximising the claim for reliefs available to Claire. All relevant reliefs available to Claire should be considered and included in your answer. Please show your workings.

(22 marks)

(Total: 25 marks)

Question 2 – (a) and (b)

Healthcare Pte Ltd (“HPL”) is a wholesaler of medical equipment and supplies. It operates out of an office in an industrial complex in Singapore. It sells directly to hospitals, operators of nursing homes as well as to the general public through its online platform. It is a GST-registered company which is entitled to full input tax credit. The following HPL transactions were conducted in the quarter ended 31 October 2019 and **unless otherwise stated**, all purchases made in Singapore were from GST-registered suppliers and all sales values stated are exclusive of GST (*Goods and Services Tax*).

- (i) Received cash deposit of \$90,000 (GST-inclusive) on sale of medical equipment of \$200,000 to a hospital in Singapore. The invoice was raised in November 2019.
- (ii) Sold stocks of medical consumables with one year left from its expiry date, at 30% discount to a nursing home. The regular sales value is \$50,000.
- (iii) Sales totalling \$1,500,000. Goods were shipped from:
 - (iii-1) China (where the stocks were maintained) to customer in Indonesia: \$800,000
 - (iii-2) Singapore (where the stocks were maintained) to customer in Malaysia: \$700,000

(The customer has requested that the goods be delivered to them in November 2019. The invoice for the sale was raised on 16 October 2019 and the goods were delivered on 30 November 2019).
- (iv) Interest charged on late settlement of account from non-GST registered customers in Singapore - \$800.
- (v) Annual dividend income of \$25,000 from DBS Bank, an approved bank tax resident in Singapore.
- (vi) Legal fees of \$1,250 and \$6,500 paid respectively for lease renewal of (1) staff accommodation and (2) office respectively.

- (vii)** Purchase of medical equipment from supplier in Country X for \$1,050,000 (excluding insurance and freight charges of \$58,000). The foreign supplier, which does not have a place of operations in Singapore, is agreeable to HPL settling the debt over 6 months. In return, HPL will be charged a monthly interest of 1.3% of the amount outstanding at the end of each month. For the current quarter, the interest charged was \$13,650.
- (viii)** Interest of \$2,000 paid to a bank in Country Y for a working capital loan taken by the branch office of HPL in Country Y. HPL has agreed to bear the interest expense until the operations of the branch office are stable.
- (ix)** Purchased bento lunch boxes costing \$1,450 for staff attending a 2-day in-house training session.

Singapore does not have a tax treaty with Country X and Country Y.

**Exemplify
Question
Number**

4

Question 2 required:

- (a) For each of the above transactions from **(i)** to **(ix)**, and with reference only to the quarter ended 31 October 2019, state the type of supply, calculate the amount of output tax chargeable or input tax claimable and state whether the GST amount is an output tax chargeable or input tax claimable. Round your answers to the nearest whole dollar.

Present your answers in the following format (using the abbreviations indicated in the legend and the example answer as a guide):

Transaction: (xi) Purchase from a non-GST registered supplier.

Example answer: (xi) OS, \$0, I

Legend for the example answer:

(xi) – Is the unique line number identifying the transaction in the case;

OS – Is the **Type of Supply**

(where **SR**-Standard Rated, **ZR**-Zero Rated, **OS**-Out-of-Scope, **EX**-Exempt, and **NS**-No Supply);

\$0 – Is the **Amount of GST**; and

I – Indicates whether the GST amount should be shown as **Output Tax Chargeable (O)** or **Input Tax Claimable (I)** or **Not Applicable (NA)**.

(19 marks)

**Exemplify
Question
Number**

5

- (b)** With reference to Section 12(6) of the Income Tax Act on income deemed to be derived from Singapore, explain if withholding tax is applicable to the interest of \$13,650 (refer to transaction **(vii)**) and \$2,000 (refer to transaction **(viii)**) mentioned in Question 3 above). If applicable, please state the rate of tax to be withheld. Further, please state if the interest expenses can be claimed for deduction by HPL.

(6 marks)

(Total: 25 marks)

Question 3 – (a)

Transcity Line Pte Ltd (“TLPL”) was incorporated in Singapore in March 2000, and its first set of accounts was prepared for the period ended 30 November 2000. It is in the business of providing consultancy in design and engineering support for inter-city mass rapid transport systems. It is 60% owned by Dash Wong and 40% by BuzzyBee PLC, a company tax resident in Country Z. The Directors of TLPL hold their meetings in Singapore.

For the year ended 30 November 2019, TLPL made a net profit before tax of \$105,000 on turnover of \$20,500,000. The profit was arrived at after taking into consideration the following income and expenses:

| Income | S\$ |
|--|-----------|
| Interest income accrued on a fixed deposit placement with an approved bank in Singapore. Total interest of \$32,400 was credited to the company’s bank account when the deposit matured on 15 February 2019. Interest of \$21,600 was accrued in the accounts for the year ended 30 November 2018. | (10,800) |
| Interest income from a bank in Country X. The account was closed in June 2019 following the closure of the representative office in Country X. Total interest accumulated over the years, including year ended 30 November 2019, amounted to \$30,000 and was left untouched in the overseas bank account. However, during the year, monies in this account were used to pay staff retrenchment benefits (see “Staff Costs” below). There is no interest withholding tax in Country X, which has a headline tax rate of 15%. | (6,000) |
| Rental income from an investment property in Singapore. The property consisting of 2 adjoining units in a flatted factory block, has been rented to the same tenant since February 2008. The tenant has been using the property for manufacturing purposes since April 2008, and 93% of the floor area of the premises has been used solely for manufacturing purposes. It has been agreed with | (120,000) |

| | |
|---|-----------|
| Comptroller of Income Tax that the property qualifies for industrial building allowance. | |
| Profit from the sale of the abovementioned investment property which has been held since 2008. The property was purchased directly from the developer at the cost of \$850,000 for investment purposes. It was sold for \$1,250,000 as TLPL was in need of working capital. | (400,000) |

| Expenses | S\$ |
|--|--|
| Depreciation | 340,000 |
| Property maintenance expenses in respect of the following: <ul style="list-style-type: none"> Investment property Office premises | 65,000 205,000 |
| Legal fees for the sale of the abovementioned investment property. | 20,300 |
| Staff costs (look under "Marketing expenses" as well) comprising: <ul style="list-style-type: none"> Staff salaries, bonus and employer's CPF contribution. Foreign workers' levy. Retrenchment payment to employees of representative office following the closure of the office in Country X in December 2018. Cash allowance for staff medical and dental consultation. Insurance premium on staff hospitalisation plan. The company has not implemented any portable or transferable medical schemes. | 8,500,000 98,000 360,000 50,000 90,000 |
| Transportation expenses for business purposes, including: <ul style="list-style-type: none"> Reimbursement of fares incurred on chauffeured private hire cars in Singapore. Rental of private hire car for Managing Director's use as provided under the terms of his employment contract. | 45,000 36,500 |
| Marketing expenses, including: <ul style="list-style-type: none"> Entertainment allowances given to sales and marketing staff. | 285,000 |

| | |
|--|---------|
| <ul style="list-style-type: none"> Materials used to present mock-ups of transport systems to potential clients. | 680,000 |
| Ceiling works carried out on the abovementioned investment property due to water leakage; this is TLPL's share of the repair costs as stipulated in the lease agreement. | 28,000 |

Note 1

The following capital expenditures (capitalised to the Balance Sheet) were incurred in the respective financial years as follows:

| Item | Financial year | S\$ |
|---|-----------------------|-----------------------|
| Computer modelling software with \$300,000 paid upfront in May 2018 and the remaining amount payable in 36 monthly instalments, comprising 35 equal monthly instalments and the last instalment set at \$22,500 in May 2021. | 2018 | 900,000 |
| Modifications to modelling software. | 2019 | 89,000 |
| Acquisition of an Intellectual Property Right ("IPR") which TLPL will be using in its projects. The amount includes registration fees and stamp duty of \$125,000 for the IPR. TLPL has opted for write-down over 15 years. | 2019 | 890,000 |
| Non-structural renovation works on the following: <ul style="list-style-type: none"> Upgraded tiles installed in kitchen and toilets in staff accommodation. Improvements to office work area as well as restrooms catered for the physically handicapped staff members of TLPL. The company had applied in previous financial years for special deduction under Section 14H and the maximum costs allowed of \$100,000 under the said Section has been fully utilised. | 2019 | 75,000 105,000 |

| | | |
|--|--|--|
| <p>The company had carried out Section 14Q compliant renovation works in previous financial years as follows:</p> <ul style="list-style-type: none"> • Financial year 2014: \$205,000 • Financial year 2017: \$180,000 | | |
|--|--|--|

Note 2

The company's policy is to maximise its capital allowances claim for plant and machinery under Section 19A.

Apart from the assets listed above and the investment property that was disposed of during the year, capital allowances have been fully claimed on all qualifying capital assets acquired in previous years.

**Exemplify
Question
Number**

Question 3 required:

6

(a) Calculate the minimum tax liability of TLPL for Year of Assessment 2020. Show all relevant workings in relation to the following:

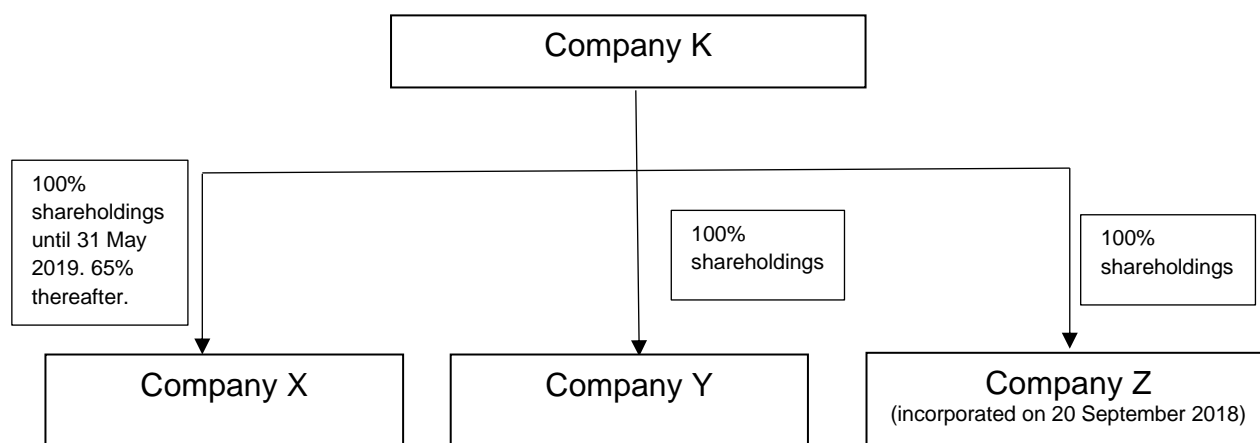
- Non-deductible medical expenses, if any;
- Special deductions under Section 14Q of the Singapore Income Tax Act; and
- Capital allowances including balancing adjustments.

(25 marks)

(Total: 25 marks)

Question 4 – (a) and (b)

Company K is a company incorporated and tax resident in Singapore carrying on a business of the making of investments, and the computation of its taxable income is subject to the provisions of Section 10E. Company K is the parent company of Companies X, Y and Z as follows:



Company K's Profit and Loss Account for the year ended 31 July 2019 is as follows:

| | \$ |
|---|----------------------|
| Rental income | 600,000 |
| Interest income earned from fixed deposit | 10,000 |
| | <hr/> 610,000 |
| Less: | |
| Operating expenses [#] | 620,000 |
| Cash donation [*] | 15,000 |
| Net loss for the year | <hr/> (25,000) <hr/> |

[#] Operating expenses which have been incurred were revenue in nature.

^{*} Cash donation made to an institution of public character.

The subsidiary companies are incorporated and tax resident in Singapore and all the companies share the same accounting year end of 31 July. Company Y has been profitable for the past few years. The tax positions of the respective subsidiary companies for the relevant Years of Assessment (“YA”) are as follows:

| | Company X | Company Y | Company Z |
|-----------------------------|------------------|------------------|------------------|
| YA 2017: | | | |
| Unabsorbed trade loss c/f | (\$50,000) | NA | NA |
| YA 2018: | | | |
| Statutory income | \$130,000 | NA | NA |
| YA 2019: | | | |
| Statutory/Assessable income | \$70,000 | NA | NA |
| YA 2020: | | | |
| Adjusted (loss)/profit | (\$200,000) | 420,000 | (150,000) |
| Capital allowances | Deferred | (160,000) | Deferred |

Company K is a public listed company and it has not been the subject of any takeover or merger since its incorporation.

**Exemplify
Question
Number**

Question 4 required:

- 7** **(a)** Compute the loss items of Company K for the Year of Assessment 2020. **(5 marks)**
- 8** **(b)** Explain how each of the loss items of Companies K, X and Z arising in the Year of Assessment 2020 may be utilised. Your answer should address all relevant conditions, shareholding comparison dates, the relevant shareholders and how the conditions are met. You should also state the amounts that may be carried back or transferred under group relief where these options are considered. **(20 marks)**
- (Total: 25 marks)**

END OF PAPER

Appendix A - Standard Taxation Rates

Goods and Services Tax

Standard rate 7%

Compulsory Registration threshold

- taxable supplies exceeding \$1 million (either under the retrospective or prospective basis)
- imported services, within the scope of reverse charge, in excess of S\$1 million in a 12-month period (either under the retrospective or prospective basis) and importer of service is not entitled to full input tax credit when GST-registered.

Corporate Income Tax Rate

Year of Assessment 2020 17%

Computation of exempt income under Partial/Start-up Tax Exemption Scheme Up to Year of Assessment 2019:

| | |
|---|----------------|
| <u>Partial Tax Exemption</u> | \$ |
| First \$10,000 of chargeable income is 75% exempt | 7,500 |
| Next \$290,000 of chargeable income is 50% exempt | <u>145,000</u> |
| Total | <u>152,500</u> |

Start-up Tax Exemption

| | |
|---|----------------|
| First \$100,000 of chargeable income is 100% exempt | 100,000 |
| Next \$200,000 of chargeable income is 50% exempt | <u>100,000</u> |
| Total | <u>200,000</u> |

Effective Year of Assessment 2020:

| | |
|---|----------------|
| <u>Partial Tax Exemption</u> | \$ |
| First \$10,000 of chargeable income is 75% exempt | 7,500 |
| Next \$190,000 of chargeable income is 50% exempt | <u>95,000</u> |
| Total | <u>102,500</u> |

Start-up Tax Exemption

| | |
|--|----------------|
| First \$100,000 of chargeable income is 75% exempt | 75,000 |
| Next \$100,000 of chargeable income is 50% exempt | <u>50,000</u> |
| Total | <u>125,000</u> |

Note:

The corporate tax rebate for the respective years are as follows:

YA 2016 – 50% capped at \$20,000;

YA 2017 – 50% capped at \$25,000;

YA 2018 – 40% capped at \$15,000;

YA 2019 – 20% capped at \$10,000; and

YA 2020 – 25% capped at \$15,000.

Personal Income Tax effective from Year of Assessment 2017 (Resident)

| Chargeable Income | Rate (%) | Gross Tax Payable (\$) |
|--------------------------|-----------------|-------------------------------|
| First \$20,000 | 0 | 0 |
| Next \$10,000 | 2.0 | 200 |
| First \$30,000 | - | 200 |
| Next \$10,000 | 3.5 | 350 |
| First \$40,000 | - | 550 |
| Next \$40,000 | 7.0 | 2,800 |
| First \$80,000 | - | 3,350 |
| Next \$40,000 | 11.5 | 4,600 |
| First \$120,000 | - | 7,950 |
| Next \$40,000 | 15.0 | 6,000 |
| First \$160,000 | - | 13,950 |
| Next \$40,000 | 18.0 | 7,200 |
| First \$200,000 | - | 21,150 |
| Next \$40,000 | 19.0 | 7,600 |
| First \$240,000 | - | 28,750 |
| Next \$40,000 | 19.5 | 7,800 |
| First \$280,000 | - | 36,550 |
| Next \$40,000 | 20.0 | 8,000 |
| First \$320,000 | - | 44,550 |
| Above \$320,000 | 22.0 | |

Personal Income Tax for the Year of Assessment 2020 (Non-resident)

General Rate: 22%

Section 40B Relief for Non-resident Employees

Tax payable on the Singapore employment income of a non-resident individual is calculated at a flat rate of 15% or on a resident basis, whichever results in a higher tax amount.

Central Provident Fund (CPF)

Contributions for individuals of ages 55 years and below, and earning at least \$750 per month.

Rates of CPF contributions (effective from 1 January 2016 onwards)

| | |
|----------|-----|
| Employee | 20% |
| Employer | 17% |

| | |
|---|-------------------------------------|
| Maximum monthly ordinary wages (OW) attracting CPF | \$6,000 |
| Maximum annual ordinary wages (OW) attracting CPF | \$72,000 |
| Maximum annual additional wages (AW) attracting CPF | \$102,000 less OW subject to CPF |

Ad-hoc Contribution to Medisave

Cap on deductible ad hoc contribution by employers to employees' Medisave accounts

- Up to 31 December 2017, \$1,500 per employee per year.
- Effective from 1 January 2018, \$2,730 per employee per year.

Personal Income Tax Reliefs for the Year of Assessment 2020

With effect from YA 2018, the overall personal income tax relief available to resident individuals, as detailed below, will be capped at \$80,000.

Earned income

| Age | Normal (able-bodied) maximum | Handicapped maximum |
|--------------------|---------------------------------|------------------------|
| Below 55 years | \$1,000 | \$4,000 |
| 55 to 59 years | \$6,000 | \$10,000 |
| 60 years and above | \$8,000 | \$12,000 |

Other reliefs

| Type of relief | Amount of relief |
|---|-----------------------------|
| Spouse relief | \$2,000 |
| Handicapped spouse relief | \$5,500 |
| Qualifying child relief (per child) (QCR) | \$4,000 |
| Handicapped child relief (per child) (HCR) | \$7,500 |
| Handicapped sibling relief (per sibling) | \$5,500 |
| Parent relief | |
| - Staying with dependant | \$9,000 |
| - Not staying with dependant | \$5,500 |
| Handicapped parent relief | |
| - Staying with dependant | \$14,000 |
| - Not staying with dependant | \$10,000 |
| Working mother's child relief (WMCR) | % of mother's earned income |
| - First child | 15% |
| - Second child | 20% |
| - Third and subsequent child | 25% |
| - Maximum cumulative WMCR | 100% |
| Maximum relief per child (comprising QCR or HCR and WMCR) | \$50,000 |
| Grandparent caregiver relief | \$3,000 |
| Life insurance relief | \$5,000 (max) |

| Type of relief | Amount of relief |
|---|--|
| Voluntary CPF contribution of self-employed | Your tax relief will be capped at the lower of: <ul style="list-style-type: none"> • 37% of net trade income assessed; or • CPF relief cap of \$37,740; or • Actual amount contributed in basis period. |
| Course fee relief | \$5,500 (max) |
| Foreign domestic worker levy relief | |
| - Up to 31 March 2019 | \$6,360 (max) |
| - Effective from 1 April 2019 | \$7,200 (max) |
| Supplementary Retirement Scheme | |
| - Singapore citizens and PRs | \$15,300 (max) |
| - Foreign citizens | \$35,700 (max) |

National Service Man (NSman) relief

| | Normal Appointment | Key Appointment Holder |
|----------------------------|--------------------|------------------------|
| Active NSman | \$3,000 | \$5,000 |
| Non-active NSman | \$1,500 | \$3,500 |
| Wife/widow/parent of NSman | \$750 | \$750 |

Withholding tax rates

| Nature of income | % rates payable |
|--|-------------------------------|
| Interest and other payments in connection with loan or indebtedness | 15% |
| Royalty or other lump sum payments for the use of, or the right to use movable properties | 10% |
| Payment for the use of, or the right to use, scientific, technical, industrial, or commercial knowledge or information | 10% |
| Technical assistance and service fees | Prevailing Corporate Tax Rate |
| Management fees | Prevailing Corporate Tax Rate |
| Rent or other payments for the use of movable properties | 15% |
| Director's remuneration | 22% |
| Non-resident professional | 15% of gross or 22% of net |

Appendix B – Common verbs used by the Examiners

| Verb | Description |
|----------------------------|---|
| Calculate / Compute | Do the number crunching and derive the correct answer. Make sure that you write down your workings and crosscheck your numbers. |
| Explain | Explain requires you to write at least several sentences conveying how you have analysed the information in a way that a layperson can easily understand the concept or grasp the technical issue at hand. |
| State | State is similar to list , but the items require your professional judgement. For instance, " State any restrictions that apply". One of the easiest ways to make sure that you state comprehensively is to think, " list and justify ". |
| With reference to | This instruction requires you to relate your answer back to a specific document/s or set of facts. For instance, " With reference to relevant Singapore Financial Reporting Standards, explain the risk of material misstatements relating to ...". In this example, relevant <u>Singapore Financial Reporting Standards</u> acts as a qualifier (with reference to 'what'). Failure to make specific mention of the document/s or facts in your answer will result in a substantial loss of marks. |