

## **Chapter 10**

### **REPORTING AND AUDIT**

#### **Reporting Requirements**

- 10.01 A management company must prepare an annual report and a semi-annual report of the fund to provide all necessary information to enable unit holders to evaluate the performance of the fund.
- 10.02 For a new fund, where the first financial period is less than 12 months, a semi-annual report need not be prepared.
- 10.03 If a management company intends to change the fund's annual or semi-annual financial period, the management company must notify the SC and the unit holders of the change, the reasons for the change and any other matters that need to be brought to the attention of unit holders.

#### **Content of fund reports**

- 10.04 An annual report of a fund must contain at least the following:
  - (a) Fund information;
  - (b) Report on fund performance;
  - (c) Manager's report;
  - (d) Trustee's report;
  - (e) Shariah adviser's report, where applicable;

- (f) Audited financial statements for the financial year; and
  - (g) Auditor's report.
- 10.05 A semi-annual report of a fund must contain at least the following:
  - (a) Fund information;
  - (b) Report on fund performance;
  - (c) Manager's report;
  - (d) Trustee's report;
  - (e) Shariah adviser's semi-annual review report, where applicable; and
  - (f) Financial statements for the semi-annual financial period.
- 10.06 The minimum and detailed information to be included in the fund's reports is set out in Schedule E of these Guidelines.
- 10.06A Notwithstanding paragraph 10.06, the minimum content of the Shariah adviser's report for purpose of paragraphs 10.04(e) and 10.05(e) is set out in Chapter 30 of the *Guidelines on Islamic Capital Market Products and Services*.

## **Publication of reports**

10.07 A management company must–

- (a) prepare and publish the annual and semi-annual reports of the fund;
- (b) send the annual report without charge to unit holders;
- (c) send the semi-annual report without charge to unit holders; and
- (d) lodge the annual report with, and deliver the semi-annual report to, the SC,

within two months after the end of the financial period the report covers.

10.08 Notwithstanding paragraph 10.07(c), a management company may choose to send a short semi-annual report to unit holders.

10.09 A short semi-annual report must contain at least the following:

- (a) Report on fund performance;
- (b) Manager's report; and
- (c) A statement that the semi-annual report is available upon request and without charge to unit holders, where such statement is in bold font and displayed in a prominent position.

## **Audit**

- 10.10 A management company and trustee must ensure that the financial statements of the fund are audited annually.
- 10.11 Where the SC is of the opinion that the auditor appointed by the trustee is not suitable, or where an auditor has not been appointed, the SC may direct the trustee to replace or appoint an auditor to the fund in accordance with the requirements of this Chapter.
- 10.12 A trustee may, from time to time, if it deems appropriate, remove the auditor of the fund and appoint another in its place. In addition, unit holders may by way of an ordinary resolution request the trustee to replace the auditor.

## **Co-operation with Auditors**

- 10.13 A management company must take reasonable steps to ensure that its employees–
- (a) provide such assistance as the auditor reasonably requires to discharge its duties;
  - (b) give the auditor right of access at all reasonable times to relevant records and information;
  - (c) do not interfere with the auditor's ability to discharge its duties;
  - (d) do not provide false or misleading information to the auditor; and
  - (e) report to the auditor any matter which may significantly affect the financial position of the fund.

- 10.14 A management company must, in writing, require a fund manager to co-operate with the fund's auditor in accordance with the requirements specified in paragraph 10.13.