

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS
OF THE MONETARY AUTHORITY OF SINGAPORE**

For the year ended 31 March 2004

The financial statements of the Monetary Authority of Singapore (MAS) and the Currency Fund set out on pages 90 to 109 have been audited under my direction and in accordance with the provisions of the MAS Act (Chapter 186, 1999 Revised Edition). These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on the audit.

The audit was conducted in accordance with the MAS Act, the Currency Act (Chapter 69, 2002 Revised Edition) and the Singapore Standards on Auditing. Those Standards require that the audit be planned and performed in order to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing, within the context of applicable laws, the accounting principles used and significant estimates made by the Authority's management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinion.

The financial statements disclose less information than would be required under the Singapore Financial Reporting Standards. As disclosed in Note 3.1(a) to the financial statements, the Authority, in preparing its financial statements, is allowed under section 34(3) of the MAS Act and Section 21(10) of the Currency Act to comply with accounting standards to the extent that it is, in the opinion of the Authority, appropriate to do so, having regard to its objects and functions. As also disclosed in Note 3.1(a), the Authority has considered its responsibilities for managing the Singapore dollar exchange rate and the Official Foreign Reserves and is of the view that, for effective management of Singapore's monetary policy, it would be appropriate not to meet, in some respects, the accounting standards.

Having regard to power given to the Authority under section 34(3) of the MAS Act and Section 21(10) of the Currency Act, in my opinion, the financial statements present fairly, based on the framework of accounting standards adopted by the Authority, the state of affairs of the Authority as at 31 March 2004 and the financial transactions of the Authority for the year ended on that date.

CHUANG KWONG YONG
Auditor-General
Singapore
21 June 2004