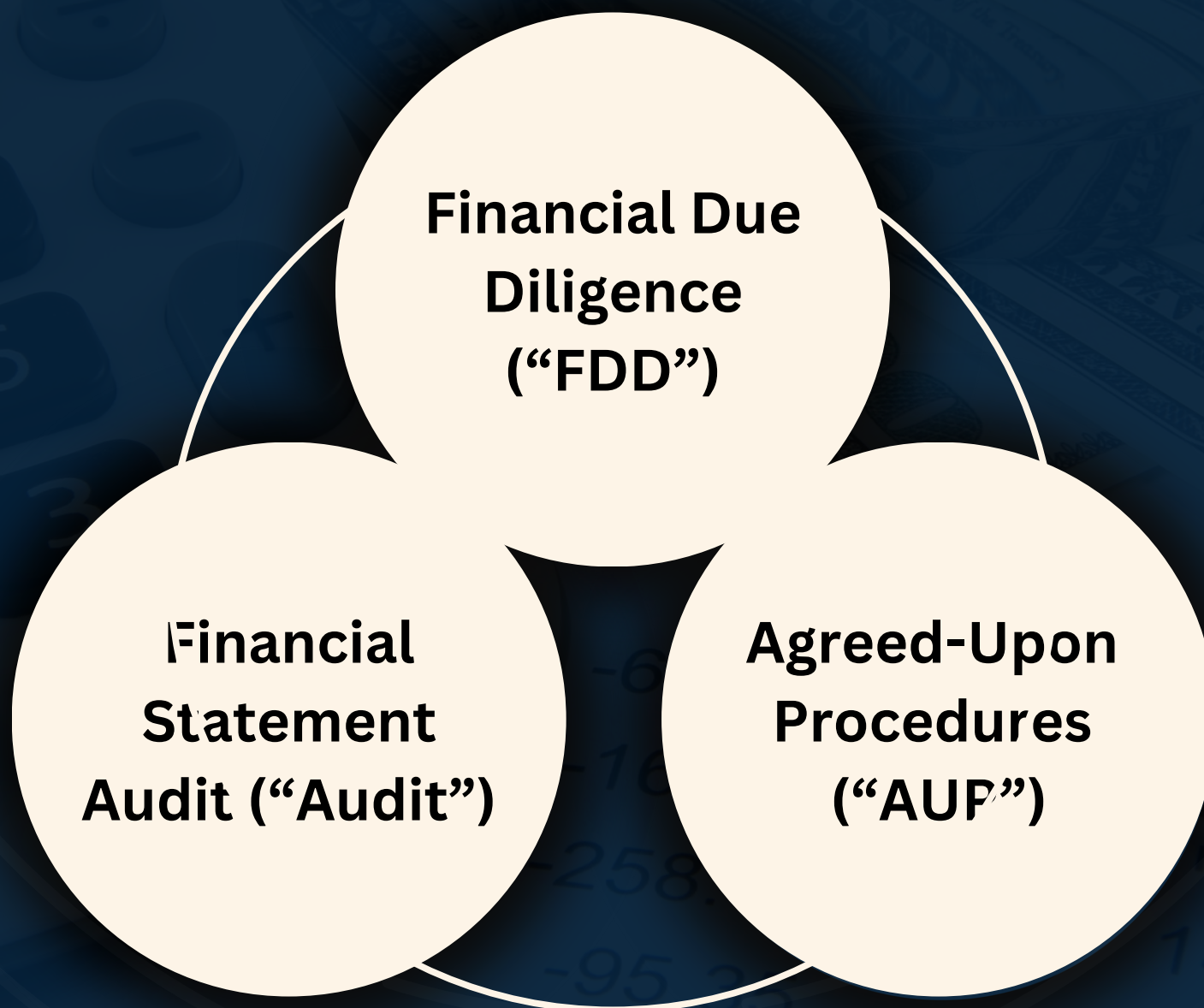


WHAT ARE THE DIFFERENCES?



OBJECTIVE

FDD :

Voluntary financial analysis to assess financial health and risks associated with **M&A** or **investment**.

AUDIT :

Mandatory historical financial statements inspection for **statutory compliance**. May provide a starting point for potential evaluation of a company.

AUP :

Perform **specific procedures** on identified financial information tailored to the needs of the client and report on factual findings.

SCOPE / GUIDANCE

FDD :

Typically covers
**historical and financial
projections.**
**Limited detailed
verification testing.**

AUDIT :

Financial Reporting and
Auditing **Standards.**
Detailed verification testing.

AUP :

Procedures limited to
certain accounts,
transactions, or assertions in
accordance with
professional **standards.**
Detailed verification testing.



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TIMING



FDD :

Typically conducted **prior to** transaction or investment.

AUDIT :

Conducted **annually** after the completion of a company's financial reporting period.

AUP :

Usually performed **pre-or post-**transaction or investment.



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DELIVERABLE

FDD :

Formal written report highlighting key **findings**, potential **risks**, **opportunities** and **recommendations**.

AUDIT :

Audit report which includes **auditor's opinion** of financial statements consistent with generally accepted accounting principles.

AUP :

Formal written report providing key **findings from procedures performed**.

AUDIENCE



FDD :

Potential **buyers**,
investors or **lenders**.

AUDIT :

Shareholders, **lenders**,
regulatory authorities or
other **stakeholders**.

AUP :

Typically restricted to
engaging parties.