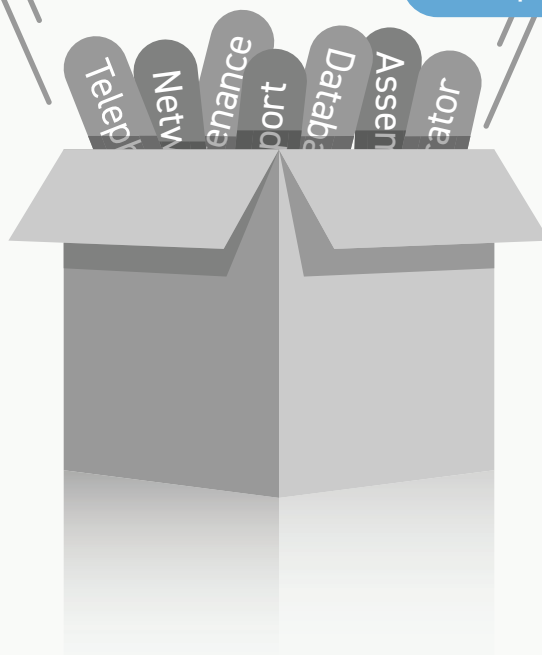
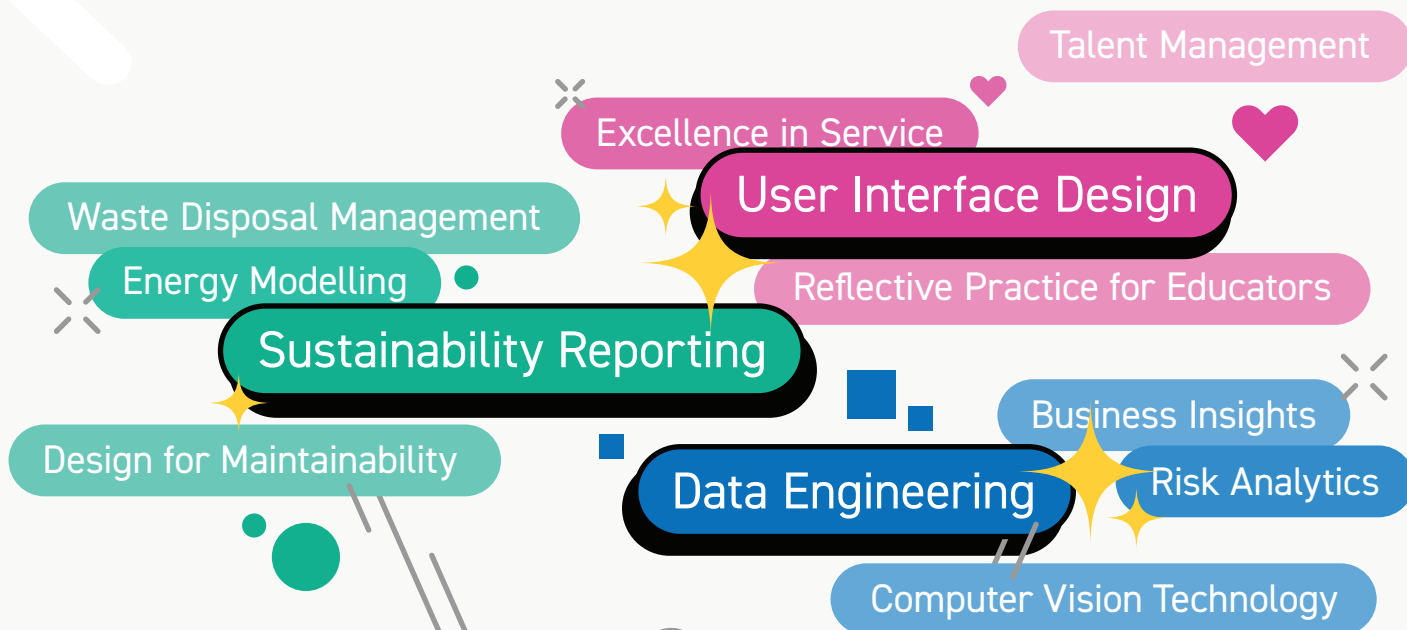


Stand Out with New Skills



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FOREWORD BY CHAIRMAN & CHIEF EXECUTIVE

The recent emergence of generative AI tools reminds us, once again, of how fast the world can change. These tools are both extremely accessible, and widely applicable to many job roles, from graphic design to customer service to software development.

Indeed, companies and their workforces need to continually adapt to new opportunities and challenges – using cloud technology, being cyber secure, reducing carbon footprint, to name a few. All these require new capabilities, skills, and knowledge.

To better empower the individual to make well-informed upskilling choices, SSG is continually improving our digital and physical touchpoints. We have enhanced the **MySkillsFuture** portal to give a better course search experience. We are also partnering **Workforce Singapore** to marry job seeker guidance with upskilling advice.

Articulating the Skills Needs

Over the years, we have built up our capability to sense-make the skills needs of the local labour market. Our insights are shared with the public, through the publication of the annual **Skills Demand for the Future Economy** report. We have also started to publish a more regular industry-specific product called the **SkillsFuture Job-Skills Insights**.

SSG is building up a network of expert partners to deepen the insights we gather from analytics. We appointed five **Skills Development Partners**, to help us crystallise the skills needs in their respective sectors and professions. We are also engaging **overseas partners** such as the International Labour Organisation.

Aggregating Industry Requirements

It is critical that our training is enterprise-relevant, and that enterprises are on board the SkillsFuture movement.

The **Jobs-Skills Integrator (JSIT)** initiative was announced at Budget 2023. It is being piloted in the Precision Engineering, Retail and Wholesale Trade sectors. In these sectors, intermediaries have been identified to work across industry, institutions and employment facilitators, to tighten the loop from learning to earning, and to optimise employment and enterprise outcomes.

The National Centre of Excellence for Workplace Learning (NACE) partnered NTUC to pilot the **Workplace Skills Recognition programme**. The pilot aims to recognise workers' skills acquired at the workplace through well implemented workplace learning.

SSG continues to rely on our **SkillsFuture Queen Bee companies** to aggregate the training needs of smaller enterprises in their sector or their value chain. In 2022, we appointed new Queen Bees in sectors such as Advanced Manufacturing and Retail.

MR TAN KOK YAM
Chief Executive



MR WONG KIM YIN
Chairman



Activating Quality Training

In 2022, we launched the **SkillsFuture Career Transition Programme**, to help mid-careerists switch to growing sectors. These courses integrate classroom training with hands-on work experience. We are ramping up the programme, to reach to more mid-careerists and more sectors.

We launched the refreshed **Industry Transformation Map (ITM)** for the Training and Adult Education (TAE) Sector, which has laid out a plan to build up the sector's competencies and capabilities. The Institute for Adult Learning (IAL) was appointed the **National Centre of Excellence for Adult Learning (NCAL)** responsible for raising andragogical standards across Singapore.

Strengthening Governance, Enabling Innovation

Amendments to the SSG Act were passed in January 2023 to enable SSG to act decisively against those who abuse SSG's funding and mislead learners. SSG is also following up comprehensively on the findings by the Auditor-General's Office.

With digitalised processes, clear rules, and strong governance as our solid foundation, SSG will carve out more space for the TAE sector to innovate and introduce new training approaches for adult learners.

Conclusion

Singapore's lifelong learning system has grown from strength to strength. This is thanks to the commitment and partnership of learners, employers, educational institutions, and community partners.

As we shift SkillsFuture to a higher gear, SSG will strive to: provide actionable, specific advice to individuals; identify skills and training relevant for tomorrow's economy; tighten the loop between learning and earning by involving enterprises closely; and uplift training quality to better benefit learners.

The goal is to equip Singaporeans with the skills for the future, and the skills to shape the future.

Awakening and Supporting the Individual

Singaporeans and Singapore companies are well aware of the need to continually upskill and reskill. In 2022, 560,000 individuals and 20,000 enterprises made use of SSG-supported training. Participation was, as expected, lower than the COVID year of 2021, as we sunsetted the schemes meant for the pandemic. However, it was higher than pre-COVID years.

We need to sustain this momentum. SkillsFuture Singapore (SSG) continues to reach out to Singaporeans from all walks of life. Our milestone outreach event, the **SkillsFuture Festival**, attracted around 247,000 participants in 2022.

BOARD MEMBERS

(TERM OF APPOINTMENT: 1 OCT 2022 – 30 SEP 2024)

1. Mr Wong Kim Yin (Chairman)

Group President & CEO
Sembcorp Industries

2. Mr Abdul Samad Bin Abdul Wahab

Vice President
National Trades Union Congress, Central Committee
General Secretary
Union of Power and Gas Employees

3. Ms Adeline Sim

Executive Director & Chief Corporate Officer
HRnetGroup

4. Mr Ang Zhongren

Director, Policy and Governance
Smart Nation Digital Government Office (SNDGO)

5. Mr Chang Sau Sheong

Deputy Chief Executive
Government Technology Agency of Singapore (GovTech)

6. Mrs Deborah Ong

SSG Board member

7. Ms Feon Ang

Managing Director, APAC
LinkedIn

8. Ms Joan Moh

Divisional Director, Higher Education/Planning, Skills and Academic Research
Ministry of Education (MOE)

9. Mr Leong Keng Thai

SSG Board member

10. Ms Lim Hee Joo

Executive Director
Wah Son Engineering

11. Mr Suhaimi Zainul-Abidin

Chief Executive Officer
Quantedge Capital Pte Ltd

12. Ms Susan Chong

Chief Executive Officer
Greenpac (S) Pte Ltd

13. Mr Tan Choon Shian¹

Chief Executive
Workforce Singapore Agency

14. Mr Tan Kai Hoe²

Group President & CEO
Accuron Technologies Limited

15. Mr Tan Kok Yam

Chief Executive
SkillsFuture Singapore Agency

¹ Retired with effect from 30 Jun 2023

² Appointed from 1 Jan 2023 – 30 Sep 2025

BOARD COMMITTEES

(TERM OF APPOINTMENT: 1 OCT 2022 – 30 SEP 2024)

Audit and Risk Committee

Chairman	Mrs Deborah Ong
Member	Ms Susan Chong Ms Joan Moh

Grants Committee

Chairman	Mr Wong Kim Yin
Member	Mr Tan Choon Shian (till 30 Jun 2023) Mr Chang Sau Sheong Mr Tan Kai Hoe (from 18 Jan 2023)

Remuneration Committee

Chairman	Ms Lim Hee Joo
Member	Mr Abdul Samad Bin Abdul Wahab Mr Ang Zhongren

Committee for Private Education

Chairman	Mr Leong Keng Thai
Member	Ms Feon Ang
Co-opted Member	Mr Edric Pan Mr Ted Tan Mr Mark Ho Ms Ho Hern Shin Ms Hui Mei San (till 30 Apr 2023)

CORPORATE GOVERNANCE

Functions of the SSG Board

The SSG Board provides guidance and advice to SSG Management on all matters under SSG’s purview, including its policy, regulatory and promotional roles. It also reviews and approves the strategic plans and budgets of SSG. SSG Board members come from diverse backgrounds such as unions, and private and public sectors. This allows SSG to tap their varied experiences and perspectives.

The SSG Board Committees are:

Audit and Risk Committee

The Audit and Risk Committee reviews and endorses SSG’s audited financial statements, including the performance and independence of the external auditors. It provides oversight and guidance to ensure the effectiveness of the internal audit function, as well as reviews audit reports and management actions to strengthen the rigour of the system of internal controls. The Committee also provides oversight and guidance on risk management, including the review of updates and reports on matters relating to fraud and abuse management.

Remuneration Committee

The Remuneration Committee endorses SSG’s corporate performance grade before submitting its recommendation for SSG Board’s approval. It also approves staff remuneration policies, including approving major changes to schemes of service, early retirement and early release schemes, and the appointment, promotion and performance bonuses for SSG senior management (i.e. Director and above). The Remuneration Committee further reviews and deliberates on staff appeals related to personnel matters.

Grants Committee

The Grants Committee provides advice on funding principles and grant policies for SSG administered funds, and approves funding proposals valued up to \$30 million. It also reviews the proposed fund allocation for SSG-administered funds before they are tabled for the approval of the SSG Board and the Minister for Education.

Committee for Private Education

The Committee for Private Education exercises the regulatory functions of the Committee for Private Education Act. It facilitates the development of the private education sector to support SkillsFuture efforts, through providing oversight and guidance for consumer education initiatives and student support services. The Committee further provides oversight and guidance for process benchmarking and regular reviews of regulatory frameworks, including being the approving authority for key decisions under the Enhanced Registration Framework and Edutrust Certification.

SSG Board Meeting Attendance for FY2022 (i.e. Apr 2022 – Mar 2023)

No.	Board member	Total
1	Mr Wong Kim Yin (Chairman)	5
2	Mr Abdul Samad Bin Abdul Wahab	3
3	Ms Adeline Sim	4
4	Mr Allen Law ¹	3
5	Mr Ang Zhongren ²	2
6	Mr Chang Sau Sheong ²	2
7	Ms Charlene Chang ¹	3
8	Mrs Deborah Ong	5
9	Ms Feon Ang ²	1
10	Ms Jan Chua ¹	2
11	Ms Joan Moh ²	1
12	Mr Leong Keng Thai	5
13	Ms Lim Hee Joo	3
14	Mr Russell Tham ¹	2
15	Mr Suhaimi Zainul-Abidin	4
16	Ms Susan Chong	2
17	Mr Tan Choon Shian	3
18	Mr Tan Kai Hoe ³	1
19	Mr Tan Kok Yam	5

¹ Retired with effect from 1 Oct 2022

² Appointed from 1 Oct 2022 – 30 Sep 2024

³ Appointed from 1 Jan 2023 – 30 Sep 2025

RISK MANAGEMENT PRACTICE AND INTERNAL CONTROLS

Risk Management

SSG’s Enterprise Risk Management (ERM) framework provides the agency with a systematic approach on risk management to effectively identify, assess and manage key risks across the agency. SSG has a set of risk appetite statements that provides the nature and extent of the risks that SSG is willing to accept to achieve the organisation’s mission and strategic objectives. The SSG Board, through the Audit and Risk Committee, and ERM Steering Committee, oversees the agency’s risk management framework and risk profile. SSG Management is responsible for implementing adequate and effective risk mitigating measures in response to the current and emerging risks identified throughout the risk management process.

External Audit

The Audit and Risk Committee endorses the annual financial statements audited by the external auditor. SSG is also subject to audits by the Auditor-General’s Office.

Internal Audit

The Internal Audit & Risk Advisory Division (IARAD) seeks to improve the effectiveness of SSG’s governance, risk management and internal controls through its evaluation of the adequacy and effectiveness of internal controls, and compliance with established policies, procedures and regulatory requirements.

ORGANISATION CHART

WEF 1 JAN AND 16 JAN 2023



^ Effective from 1 Jan 2023
 * Appointed as DCE (Planning, SSG-WSG) (Designate) wef 16 Jan 2023 and as DCE (Planning, SSG-WSG) wef 1 Mar 2023

Key Achievements for FY2022

Health Promotion

Digital Economy

Interaction and Relationship

Data Visualisation

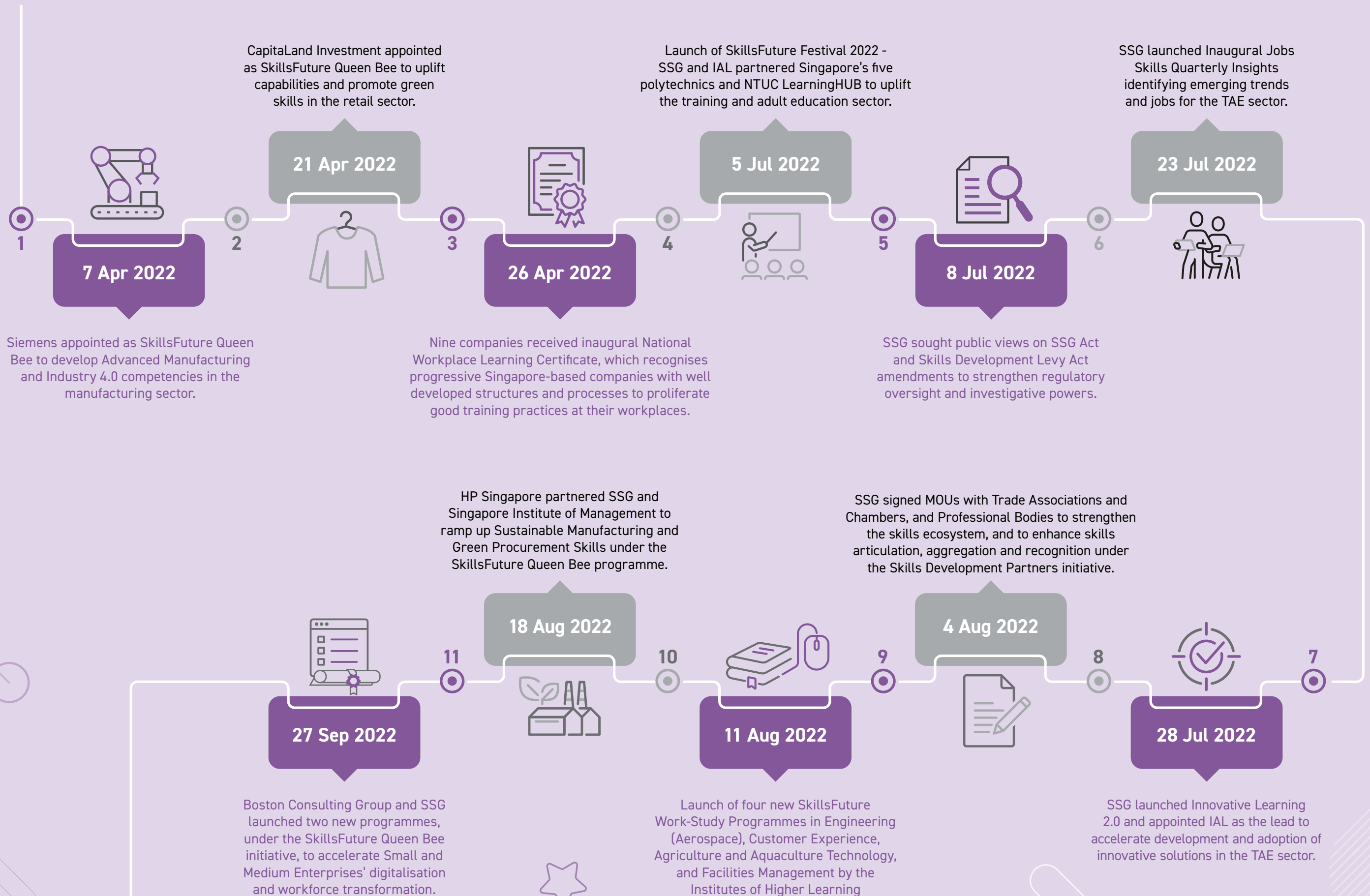
Youth Outreach

Artificial Intelligence Application

Financial Planning and Analysis

Systems Integration

KEY EVENTS, HIGHLIGHTS, MILESTONES FOR FY2022



Uplifting the digital and sustainable technology capabilities of the manufacturing industry through strengthening of SkillsFuture Queen Bee partnerships with Bosch Rexroth, Omron, Siemens and HP Singapore.

19 Oct 2022



12

Singapore's Inaugural Global Lifelong Learning Summit gathered more than 300 renowned practitioners and global experts to discuss lifelong learning as a key enabler of growth.

1 Nov 2022



14

23 Singaporeans and 28 employers celebrated for skills mastery and skills development at the SkillsFuture Fellowships and SkillsFuture Employer Awards 2022 ceremony.

22 Nov 2022



16

26 Oct 2022



SSG and the Energy Market Authority jointly developed clean energy Jobs-Skills Insights that identified the key growth areas, and the skills with high growth in demand in Clean Energy sector.

13

2 Nov 2022



IAL designated as the National Centre of Excellence for Adult Learning to spearhead capability building of the TAE sector.

15

SSG partnered the Institution of Engineers, Singapore, to highlight green skills critical for engineering workforce in Jobs-Skills Insights

17 Jan 2023



21

Team Singapore set new records and brought home highest-ever haul of Gold, Silver and Bronze Medals at WorldSkills Competition 2022 Special Edition.

3 Dec 2022



19

1 Feb 2023



SSG launched refreshed ITM for the TAE sector to strengthen partnerships with employers and industries.

21

10 Jan 2023



Bill passed to amend the SSG Act and the Skills Development Levy Act, to expand coverage of offences and enhance enforcement powers.

20

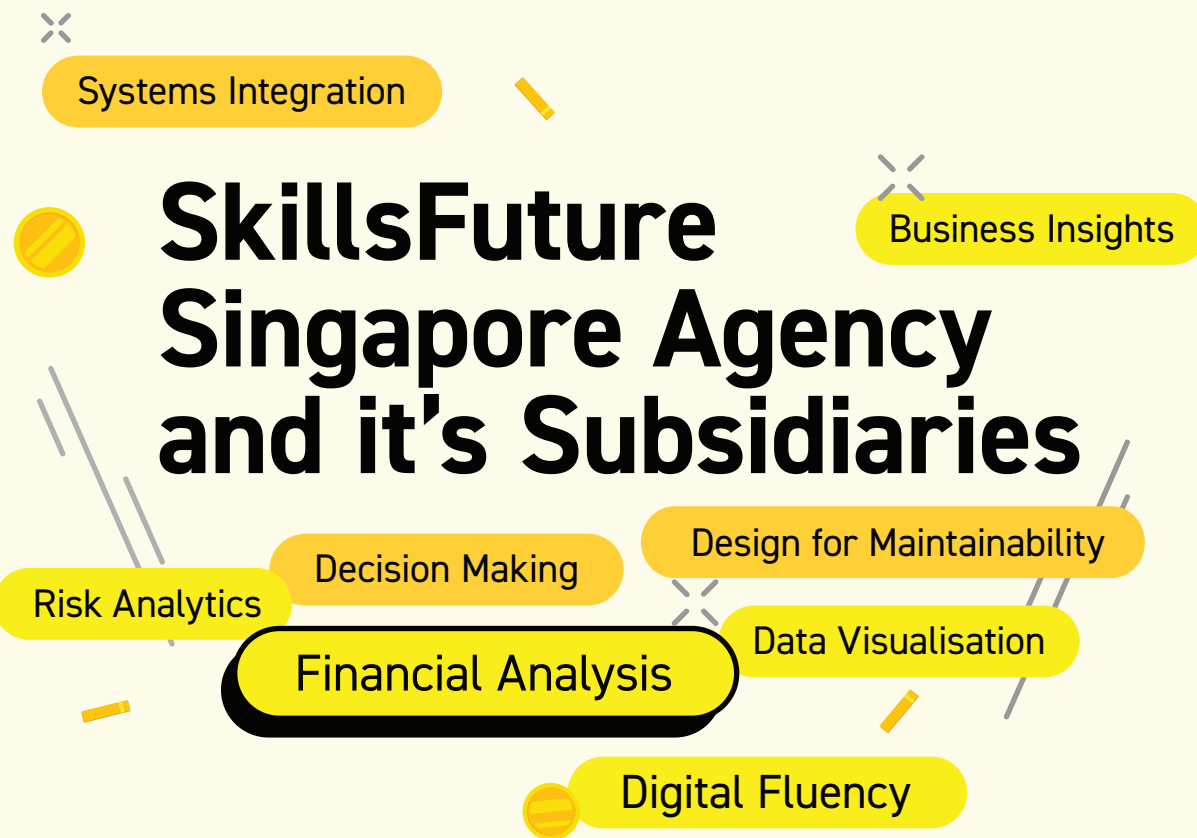
22 Nov 2022



SSG published second National Skills Report – with a continued spotlight on the Digital, Green and Care Economies, and new focuses on Industry 4.0 and mid-career workers.

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Statements of Comprehensive Income	24
Statements of Changes In Equity	28
Consolidated Statement of Cash Flows	30
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Statement by the Board of SkillsFuture Singapore Agency

In our opinion:

- (a) the accompanying financial statements of SkillsFuture Singapore Agency (“SSG”) and its subsidiaries (the “Group”), set out on pages 23 to 81 are properly drawn up in accordance with the provisions of SkillsFuture Singapore Agency Act 2016 (‘the Act’), and Statutory Board Financial Reporting Standards (“SB-FRS”) so as to present fairly, in all material respects, the financial position of the Group and SSG as at 31 March 2023, and the financial performance and changes in equity of the Group and SSG and cash flows of the Group for the financial year ended on that date;
- (b) the receipt, expenditure, investments of moneys and the acquisition and disposal of assets by SSG during the financial year have been in accordance with the provisions of the Act; and
- (c) proper accounting and other records have been kept, including records of all assets of SSG and of those subsidiaries incorporated in Singapore, whether purchased, donated or otherwise, in accordance with the provisions of the Act.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors



Wong Kim Yin
Chairman



Tan Kok Yam (Chen Guyan)
Chief Executive

14 August 2023

Independent auditors’ report

Members of SSG
SkillsFuture Singapore Agency

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SkillsFuture Singapore Agency (“SSG”) and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of SSG as at 31 March 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, the statement of comprehensive income and statement of changes in equity of SSG for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS59.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of SSG are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018 (the “PSG Act”), SkillsFuture Singapore Agency Act 2016 (“the Act”), and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group and SSG as at 31 March 2023 and the results and changes in equity of the Group and SSG and cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the ‘Auditors’ responsibilities for the audit of the financial statements’ section of our report. We are independent of SSG in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. Other information comprises the Statement by the Board of SkillsFuture Singapore Agency, but does not include the financial statements and our auditors’ report thereon.

We have obtained the Statement by the Board of SkillsFuture Singapore Agency prior to the date of this auditors’ report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

A statutory board is constituted based on its Act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing SSG's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up SSG or for SSG to cease operations.

Those charged with governance are responsible for overseeing SSG's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on other legal and regulatory requirements

Opinion

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by SSG during the year are, in all material respects, in accordance with the provisions of the PSG Act, the Act and the requirements of any other written law applicable to moneys of or managed by SSG; and
- (b) proper accounting and other records have been kept, including records of all assets of SSG and of those subsidiaries incorporated in Singapore of which we are the auditors, whether purchased, donated or otherwise.

Basis for opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the compliance audit' section of our report. We are independent of SSG in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Responsibilities of management for compliance with legal and regulatory requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the PSG Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Board. This responsibility includes monitoring related compliance requirements relevant to the Board, and implementing internal controls as management determines are necessary to enable compliance with the requirements.

Auditors' responsibility for the compliance audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the PSG Act, the Act and the requirements of any other written law applicable to moneys of or managed by SSG.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Because of the inherent limitations in any internal control system, non-compliances may nevertheless occur and not be detected.



KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
14 August 2023

**Statements of financial position
As at 31 March 2023**

	Note	Group		SSG	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Non-current assets					
Property, plant and equipment	5	169,061	179,204	168,966	179,089
Intangible assets	6	32,663	38,544	32,663	38,544
Deferred tax assets	7	–	–	–	–
Investment in subsidiaries	8	–	–	–	–
		<u>201,724</u>	<u>217,748</u>	<u>201,629</u>	<u>217,633</u>
Current assets					
Trade and other receivables	9	18,244	21,297	70,020	71,279
Cash and cash equivalents	10	164,046	212,818	102,885	153,968
Deposits and prepayments	11	4,499	3,817	4,401	3,644
		<u>186,789</u>	<u>237,932</u>	<u>177,306</u>	<u>228,891</u>
Total assets		<u>388,513</u>	<u>455,680</u>	<u>378,935</u>	<u>446,524</u>
Equity attributable to shareholders of SSG					
Share capital	12	4,145	4,145	4,145	4,145
Capital reserves	13	17,678	17,678	18,028	18,028
Accumulated surplus:					
General Fund		62,008	47,794	59,119	46,226
Restricted Funds	14	396	1,319	–	–
Total equity		<u>84,227</u>	<u>70,936</u>	<u>81,292</u>	<u>68,399</u>
Non-current liabilities					
Lease liabilities	15	–	1,700	–	1,698
Provision for reinstatement costs	16	8,766	4,866	8,766	4,866
Deferred capital grants	17	193,743	210,463	193,743	210,463
Other payables	18	1,291	–	–	–
		<u>203,800</u>	<u>217,029</u>	<u>202,509</u>	<u>217,027</u>
Current liabilities					
Lease liabilities	15	1,700	4,621	1,698	4,618
Other payables	18	67,477	76,997	63,194	71,798
Provision for contribution to consolidated fund	19	3,095	2,672	3,095	2,672
Income tax payable		67	9	–	–
Provision for reinstatement costs	16	1,866	–	1,866	–
Government grants received in advance	20	26,281	83,416	25,281	82,010
		<u>100,486</u>	<u>167,715</u>	<u>95,134</u>	<u>161,098</u>
Total liabilities		<u>304,286</u>	<u>384,744</u>	<u>297,643</u>	<u>378,125</u>
Total equity and liabilities		<u>388,513</u>	<u>455,680</u>	<u>378,935</u>	<u>446,524</u>
Net assets/(liabilities) of trust and agency funds					
Skills Development Fund	21	<u>1,238,745</u>	<u>1,231,070</u>	<u>1,238,745</u>	<u>1,231,070</u>
Lifelong Learning Endowment Fund	22	<u>571</u>	<u>1,711</u>	<u>571</u>	<u>1,711</u>
National Productivity Fund	23	<u>13,756</u>	<u>(33,916)</u>	<u>13,756</u>	<u>(33,916)</u>
SkillsFuture Jubilee Fund	24	<u>20,712</u>	<u>20,587</u>	<u>20,712</u>	<u>20,587</u>

Statements of comprehensive income
Year ended 31 March 2023

Group	Note	General Fund		Restricted Funds		Total	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Operating income	25	2,306	2,172	–	–	2,306	2,172
Other income	26	1,734	1,966	18,740	11,779	20,474	13,745
Other gains	27	3	116	–	–	3	116
		<u>4,043</u>	<u>4,254</u>	<u>18,740</u>	<u>11,779</u>	<u>22,783</u>	<u>16,033</u>
Expenditure							
Amortisation of intangible assets	6	(8,789)	(9,433)	(15,863)	(13,443)	(24,652)	(22,876)
Depreciation expense	5	(5,560)	(6,167)	(10,109)	(12,468)	(15,669)	(18,635)
Staff costs	28	(63,097)	(62,927)	(3,983)	(4,346)	(67,080)	(67,273)
Grant disbursements		(7,781)	(7,095)	(219,148)	(382,267)	(226,929)	(389,362)
Rental of office premises and property taxes		(2,304)	(1,987)	–	(67)	(2,304)	(2,054)
Professional services		(23,279)	(19,038)	(159)	(895)	(23,438)	(19,933)
Maintenance expenses		(41,997)	(21,813)	(8,514)	(22,638)	(50,511)	(44,451)
Public relations		(14,342)	(12,443)	(19)	(33)	(14,361)	(12,476)
Others		(12,562)	(11,324)	(2,976)	(2,733)	(15,538)	(14,057)
		<u>(179,711)</u>	<u>(152,227)</u>	<u>(260,771)</u>	<u>(438,890)</u>	<u>(440,482)</u>	<u>(591,117)</u>
Deficit before government grant		<u>(175,668)</u>	<u>(147,973)</u>	<u>(242,031)</u>	<u>(427,111)</u>	<u>(417,699)</u>	<u>(575,084)</u>

Statements of comprehensive income (continued)
Year ended 31 March 2023

Group	Note	General Fund		Restricted Funds		Total	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Add							
Grants from government	20	185,152	152,949	215,664	399,423	400,816	552,372
Deferred capital grants amortised	17	10,041	12,037	25,507	25,647	35,548	37,684
		<u>195,193</u>	<u>164,986</u>	<u>241,171</u>	<u>425,070</u>	<u>436,364</u>	<u>590,056</u>
Surplus/(Deficit) before contribution to consolidated fund		19,525	17,013	(860)	(2,041)	18,665	14,972
Contribution to consolidated fund	19	(3,095)	(2,672)	–	–	(3,095)	(2,672)
Income tax expense	29	–	–	(63)	(53)	(63)	(53)
		<u>–</u>	<u>–</u>	<u>(63)</u>	<u>(53)</u>	<u>(63)</u>	<u>(53)</u>
Net surplus/(deficit), representing total comprehensive income for the year		<u>16,430</u>	<u>14,341</u>	<u>(923)</u>	<u>(2,094)</u>	<u>15,507</u>	<u>12,247</u>

Statements of comprehensive income (continued)
Year ended 31 March 2023

	Note	General Fund		Restricted Funds		Total	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
SSG							
Operating income	25	2,306	2,172	–	–	2,306	2,172
Other income	26	2,890	3,434	15,028	9,426	17,918	12,860
Other gains	27	3	116	–	–	3	116
		5,199	5,722	15,028	9,426	20,227	15,148
Expenditure							
Amortisation of intangible assets	6	(8,789)	(9,433)	(15,863)	(13,443)	(24,652)	(22,876)
Depreciation expense	5	(5,545)	(6,155)	(10,068)	(12,375)	(15,613)	(18,530)
Staff costs	28	(58,375)	(59,044)	(3,431)	(3,373)	(61,806)	(62,417)
Grant disbursements		(21,573)	(16,202)	(219,111)	(383,583)	(240,684)	(399,785)
Rental of office premises and property taxes		(2,826)	(2,689)	–	–	(2,826)	(2,689)
Professional services		(21,763)	(18,740)	(52)	(194)	(21,815)	(18,934)
Maintenance expenses		(41,697)	(21,522)	(5,771)	(19,757)	(47,468)	(41,279)
Public relations		(9,406)	(10,025)	–	–	(9,406)	(10,025)
Others		(12,215)	(11,182)	(1,866)	(1,797)	(14,081)	(12,979)
		(182,189)	(154,992)	(256,162)	(434,522)	(438,351)	(589,514)
Deficit before government grant		(176,990)	(149,270)	(241,134)	(425,096)	(418,124)	(574,366)

Statements of comprehensive income (continued)
Year ended 31 March 2023

	Note	General Fund		Restricted Funds		Total	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
SSG							
Add							
Grants from government	20	185,153	152,949	215,627	399,449	400,780	552,398
Deferred capital grants amortised	17	10,041	12,037	25,507	25,647	35,548	37,684
		195,194	164,986	241,134	425,096	436,328	590,082
Surplus before contribution to consolidated fund		18,204	15,716	–	–	18,204	15,716
Contribution to consolidated fund	19	(3,095)	(2,672)	–	–	(3,095)	(2,672)
Net surplus, representing total comprehensive income for the year		15,109	13,044	–	–	15,109	13,044

Statements of changes in equity
Year ended 31 March 2023

	Note	Accumulated surplus				Total \$'000
		Share capital \$'000	Capital reserve \$'000	General fund \$'000	Restricted fund \$'000	
Group						
At 1 April 2021		4,145	17,678	38,076	3,413	63,312
Net surplus/(deficit) for the year, representing total comprehensive income for the year		–	–	14,341	(2,094)	12,247
Dividend paid		–	–	(4,623)	–	(4,623)
At 31 March 2022		4,145	17,678	47,794	1,319	70,936
At 1 April 2022		4,145	17,678	47,794	1,319	70,936
Net surplus/(deficit) for the year, representing total comprehensive income for the year		–	–	16,430	(923)	15,507
Dividend paid	33	–	–	(2,216)	–	(2,216)
At 31 March 2023		4,145	17,678	62,008	396	84,227

Statements of changes in equity (continued)
Year ended 31 March 2023

	Note	Accumulated surplus				Total \$'000
		Share capital \$'000	Capital reserve \$'000	General fund \$'000	Restricted fund \$'000	
SSG						
At 1 April 2021		4,145	18,028	37,805	–	59,978
Net surplus for the year, representing total comprehensive income for the year		–	–	13,044	–	13,044
Dividend paid		–	–	(4,623)	–	(4,623)
At 31 March 2022		4,145	18,028	46,226	–	68,399
At 1 April 2022		4,145	18,028	46,226	–	68,399
Net surplus for the year, representing total comprehensive income for the year		–	–	15,109	–	15,109
Dividend paid	33	–	–	(2,216)	–	(2,216)
At 31 March 2023		4,145	18,028	59,119	–	81,292

Consolidated statement of cash flows
Year ended 31 March 2023

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Deficit before government grant		(417,699)	(575,084)
Adjustments for:			
Amortisation and depreciation		40,321	41,511
Loss on disposal of property, plant and equipment and intangible assets	27	–	7
Write-off property, plant and equipment		43	–
Interest expenses	15	139	290
Interest income	26	(1,833)	(402)
Changes in provision for reinstatement costs		334	(9)
		<u>(378,695)</u>	<u>(533,687)</u>
Changes in:			
Trade and other receivables		8,532	1,821
Deposits and prepayments		(682)	2,064
Other payables		(8,229)	(48,086)
Cash used in operations		<u>(379,074)</u>	<u>(577,888)</u>
Contribution to consolidated fund		(2,672)	(2,779)
Income tax paid		(5)	(9)
Net cash used in operating activities		<u>(381,751)</u>	<u>(580,676)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment (Note B)		(137)	(1,064)
Purchase of intangible assets (Note B)		(18,466)	(6,523)
Interest received		487	402
Net cash used in investing activities		<u>(18,116)</u>	<u>(7,185)</u>
Cash flows from financing activities			
Grants received from government	20	358,071	590,635
Payment of lease liabilities	15	(4,621)	(5,321)
Interest paid	15	(139)	(290)
Decrease in cash set aside for restricted funds		923	2,094
Dividend paid	33	(2,216)	(4,623)
Net cash generated from financing activities		<u>352,018</u>	<u>582,495</u>
Net decrease in cash and cash equivalents		<u>(47,849)</u>	<u>(5,366)</u>
Cash and cash equivalents at beginning of the year		211,499	216,865
Cash and cash equivalents at end of the year (Note A)		<u>163,650</u>	<u>211,499</u>

Consolidated statement of cash flows (continued)
Year ended 31 March 2023

	Note	2023 \$'000	2022 \$'000
Note A			
Centralised Liquidity Management (“CLM”) deposits held with AGD	10	164,046	212,818
Less: Cash set aside for restricted funds	10	(396)	(1,319)
		<u>163,650</u>	<u>211,499</u>
Note B			
Addition of property, plant and equipment	5	5,569	2,184
Addition of intangible assets	6	18,771	8,391
Less: Provision for reinstatement cost	16	(5,432)	(1,120)
Less: Other fixed assets received	17	(305)	(1,868)
		<u>18,603</u>	<u>7,587</u>

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 14 August 2023.

1 General

The SkillsFuture Singapore Agency (“SSG”) was established in the Republic of Singapore under the SkillsFuture Singapore Agency Act 2016. The address of the registered office and principal place of operations of the Agency is 1 Paya Lebar Link, #08-08 Paya Lebar Quarter 2, Singapore 408533.

SSG, under the Ministry of Education (“MOE”) has been formed to drive and coordinate the implementation of the national SkillsFuture movement, promote a culture and holistic system of lifelong learning through the pursuit of skills mastery, and strengthen the ecosystem of quality education and training in Singapore.

SSG absorbed the Council for Private Education (“CPE”), previously a statutory board under MOE.

The principal activities of the subsidiaries are described in Note 8 to the financial statements.

The principal activities of SSG are:

- (a) to plan and develop policies, programs and services that provide, or support the provision, of adult education and further education;
- (b) to promote, facilitate and assist in the identification, development and upgrading of skills and competencies for the current, emerging and future needs of the Singapore workforce;
- (c) to develop, in consultation with employers and relevant representatives of commerce or industry, models for the provision of adult education or further education for the purposes of developing skills;
- (d) to promote a national approach to the provision of adult education and further education through collaboration and cooperation between universities, public sector post-secondary education institutions and other providers of adult education or further education;
- (e) to provide funding for the provision of, or taking part in, adult education and further education (wherever held) that is responsive to the needs of commerce or industry or employers;
- (f) to promote public awareness in Singapore of the importance of adult education and further education and encourage enthusiasm for lifelong learning;
- (g) to collect, compile and analyse data about the provision of adult education or further education;
- (h) to accredit, or facilitate accreditation by others in Singapore, of providers of or courses in adult education or further education (even if the course is developed outside Singapore);
- (i) to facilitate the improvement of quality of courses in adult education or further education provided in Singapore, including the standard of teachers and trainers in Singapore of these courses;
- (j) to promote or undertake research in Singapore into matters relating to adult education and further education;
- (k) to facilitate public availability of meaningful and accurate information relating to the quality of courses in adult education or further education provided in Singapore (even if the course is developed outside Singapore);
- (l) to provide career guidance services and facilities to assist students prepare to enter the labour market and to other people;
- (m) to administer the Private Education Act 2009 in accordance with that Act and the Skills Development Fund in accordance with the Skills Development Levy Act 1979;
- (n) to cooperate and collaborate with the Workforce Singapore Agency (“WSG”) in the discharge of its functions under the Workforce Singapore Agency Act 2003; and
- (o) to perform such other functions as may be conferred on the Agency by any other Act.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Act, and Statutory Board Financial Reporting Standards (“SB-FRS”), including interpretations of SB-FRS (“INT SB-FRS”) and Guidance Notes as promulgated by the Accountant-General.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollar, which is SSG’s functional currency. All financial information has been rounded to the nearest thousand, unless otherwise stated.

2.4 Changes in accounting policies

New standards and amendments

The Group has applied the following SB-FRS, amendments to and interpretations of SB-FRS for the first time for the annual period beginning on 1 April 2022:

- Amendments to SB-FRS 16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to SB-FRS 37: *Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to SB-FRS 103: *Reference to the Conceptual Framework*
- Annual Improvements to SB-FRSs 2018-2020

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 2.4, which addresses changes in accounting policies.

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Investments in subsidiaries are stated in SSG's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss.

3.3 Financial instruments

(i) *Recognition and initial measurement*

Non-derivative financial assets and financial liabilities

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) *Classification and subsequent measurement*

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount

or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses*Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised other payables.

(iii)

Derecognition**Financial assets**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances with the Accountant-General Department (“AGD”) which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise deposits held with AGD excluding cash set aside for restricted funds.

(vi) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal with the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. No depreciation is recognised on freehold land and renovation in-progress.

Depreciation is recognised from the date that the property, plant and equipment are installed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Furniture and fittings	8 years
Office equipment	5 years
Computer equipment	3 to 5 years
Leasehold land	25 years
Mechanical and electrical equipment	10 years
Building	25 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted as appropriate.

3.5 Intangible assets

(i) Recognition and measurement

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iii) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

Computer software	3 to 5 years
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Assets under development included in intangible assets comprise of software implementation that are not depreciated as these assets are not available for use.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

An item of intangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income or expense in the year the asset is derecognised.

3.6 Impairment

(i) *Non-derivative financial assets*

The Group recognises loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

(ii) *Non-financial assets*

The carrying amounts of the Group’s non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (“CGU”) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provision for restoration cost

A provision for site restoration is recognised when there is a projected cost of dismantlement, removal or restoration as a consequence of using a leased property and land during a particular period. The provision is measured at the present value of the restoration cost expected to be paid upon termination of the lease agreement.

3.8 Government grants received

The Group receives various types of grants to meet its operating and development expenditure.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to income or expenditure on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in income or expenses in the period in which they become receivable.

3.9 Trust and agency funds

Trust and agency funds are set up to account for funds held in trust where SSG is not the owner and beneficiary of the funds received from the Government and other organisations. The receipts and expenditure in respect of agency funds are taken directly to the funds accounts and the net assets relating to the funds are shown as a separate line item in the statement of financial position.

Trust funds include Skills Development Fund ("SDF"), Lifelong Learning Endowment Fund ("LLEF"), National Productivity Fund ("NPF") and SkillsFuture Jubilee Fund ("SFJF").

Trust funds are accounted for on an accrual basis, except for the LLEF which is accounted for on a cash basis.

3.10 Restricted funds

These are funds earmarked for specific purposes and for which separate disclosure is necessary as these funds are material. There are legal and other restrictions on the ability of SSG to distribute or otherwise apply its funds. The treatment is in accordance with Guidance Note 1 issued by the AGD. Restricted funds are accounted for on an accrual basis. They are accounted for separately in the Statements of Comprehensive Income and the assets and liabilities are disclosed separately in Note 14 of the financial statements.

3.11 Revenue recognition

Income from services rendered in the ordinary course of SSG's operations is recognised when SSG satisfies a performance obligation ("PO") to the customer. Invoices issued are payable within 30 days.

(i) Application fees

Income from application fees are recognised at a point in time when the application for Singapore Workforce Skills Qualifications ("WSQ") credential have been approved.

(ii) Annual fees

Income from annual fees are recognised over time, being the period (2 years) over which the EduTrust Certificates issued to Private Education Institutes are applicable.

(iii) Income from rendering of services

Income from rendering of services are recognised at a point in time when the e-certificates are awarded to the Approved Training Organisations.

3.12 Interest income

Interest income comprises interest income on deposits held with AGD. Interest income is recognised as it accrues in profit or loss, using the effective interest rate method.

3.13 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

3.14 Contribution to consolidated fund

In lieu of income tax, SSG is required to make contribution to the Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act 1989. The provision is based on the guidelines specified by the Ministry of Finance. It is computed based on the net surplus of SSG for each of the financial period at the prevailing corporate tax rate for the Year of Assessment. Contribution to consolidated fund is provided for on an accrual basis.

3.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investment in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.16 Grant disbursement

Grant disbursements are recognised as an expense in the statement of comprehensive income when there is an obligation to disburse.

3.17 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from comparable financing sources and periods to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise of the fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities separately in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19-related rent concessions

The Group has applied *COVID-19-Related Rent Concessions – Amendments to SB-FRS 116*. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies SB-FRS 115 to allocate the consideration in the contract.

The Group recognises lease payments received from operating leases of office premises as income on a straight-line basis over the lease term as part of 'other income'.

3.18 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

The following amendments to SB-FRSs are not expected to have a significant impact on the Group's consolidated financial statements and the Group's statement of financial position.

- Amendments to SB-FRS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to SB-FRS 1: *Classification of Liabilities as Current or Non-Current*
- Amendments to SB-FRS 1 and SB-FRS Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SB-FRS 8: *Definition of Accounting Estimates*
- Revised SB-FRS 1002 *Impairment of Non-Cash-Generating Assets*
- Revised SB-FRS 1002 *Implementation Guidance*
- Amendments to SB-FRS Guidance Note 3 *Accounting and Disclosure for Trust Funds*
- SB-FRS Guidance Note 11 *Accounting for Grants Administered by Statutory Board*

3.19 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with SB-FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there are no critical judgements made in applying Group's accounting policies and no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

5 Property, plant and equipment

	Furniture and fittings \$'000	Office equipment \$'000	Computer equipment \$'000	Leasehold land \$'000	Mechanical and electrical equipment \$'000	Building \$'000	Construction-in-progress \$'000	Total \$'000
Group								
Cost								
At 1 April 2021	14,769	2,623	15,855	29,868	3,761	204,151	37	271,064
Additions	296	298	386	–	84	1,120	–	2,184
Disposal/Write-off	(871)	(25)	(3)	–	–	–	–	(899)
Derecognition of right-of-use assets	–	–	–	–	–	(11,799)	–	(11,799)
At 31 March 2022	14,194	2,896	16,238	29,868	3,845	193,472	37	260,550
Additions	500	6	99	–	–	4,964	–	5,569
Disposal/Write-off	(6)	(28)	(3)	–	–	–	(37)	(74)
Derecognition of right-of-use assets	–	–	–	–	–	(160)	–	(160)
At 31 March 2023	14,688	2,874	16,334	29,868	3,845	198,276	–	265,885
Accumulated depreciation								
At 1 April 2021	7,029	1,802	13,257	5,204	1,098	47,019	–	75,409
Depreciation	2,249	449	1,975	1,194	415	12,353	–	18,635
Disposal/Write-off	(871)	(25)	(3)	–	–	–	–	(899)
Derecognition of right-of-use assets	–	–	–	–	–	(11,799)	–	(11,799)
At 31 March 2022	8,407	2,226	15,229	6,398	1,513	47,573	–	81,346
Depreciation	2,167	286	738	1,194	418	10,866	–	15,669
Disposal/Write-off	–	(28)	(3)	–	–	–	–	(31)
Derecognition of right-of-use assets	–	–	–	–	–	(160)	–	(160)
At 31 March 2023	10,574	2,484	15,964	7,592	1,931	58,279	–	96,824
Carrying amounts								
At 1 April 2021	7,740	821	2,598	24,664	2,663	157,132	37	195,655
At 31 March 2022	5,787	670	1,009	23,470	2,332	145,899	37	179,204
At 31 March 2023	4,114	390	370	22,276	1,914	139,997	–	169,061

	Furniture and fittings \$'000	Office equipment \$'000	Computer equipment \$'000	Leasehold land \$'000	Mechanical and electrical equipment \$'000	Building \$'000	Construction-in-progress \$'000	Total \$'000
SSG								
Cost								
At 1 April 2021	14,769	2,410	15,783	29,868	3,729	203,991	37	270,587
Additions	296	296	386	–	84	1,120	–	2,182
Disposal/Write-off	(871)	(25)	(3)	–	–	–	–	(899)
Derecognition of right-of-use assets	–	–	–	–	–	(11,799)	–	(11,799)
At 31 March 2022	14,194	2,681	16,166	29,868	3,813	193,312	37	260,071
Additions	500	–	69	–	–	4,964	–	5,533
Disposal/Write-off	(6)	(28)	(3)	–	–	–	(37)	(74)
At 31 March 2023	14,688	2,653	16,232	29,868	3,813	198,276	–	265,530
Accumulated depreciation								
At 1 April 2021	7,029	1,721	13,218	5,204	1,072	46,906	–	75,150
Depreciation	2,249	409	1,958	1,194	414	12,306	–	18,530
Disposal/Write-off	(871)	(25)	(3)	–	–	–	–	(899)
Derecognition of right-of-use assets	–	–	–	–	–	(11,799)	–	(11,799)
At 31 March 2022	8,407	2,105	15,173	6,398	1,486	47,413	–	80,982
Depreciation	2,167	247	722	1,194	417	10,866	–	15,613
Disposal/Write-off	–	(28)	(3)	–	–	–	–	(31)
At 31 March 2023	10,574	2,324	15,892	7,592	1,903	58,279	–	96,564
Carrying amounts								
At 1 April 2021	7,740	689	2,565	24,664	2,657	157,085	37	195,437
At 31 March 2022	5,787	576	993	23,470	2,327	145,899	37	179,089
At 31 March 2023	4,114	329	340	22,276	1,910	139,997	–	168,966

6 Intangible assets

	Computer software \$'000	Group and SSG Assets under development \$'000	Total \$'000
Cost			
At 1 April 2021	160,130	1,256	161,386
Additions	7,112	1,279	8,391
Transfer	806	(806)	–
Disposals	(2,283)	–	(2,283)
At 31 March 2022	165,765	1,729	167,494
Additions	17,868	903	18,771
Transfer	1,330	(1,330)	–
Disposals	(259)	–	(259)
At 31 March 2023	184,704	1,302	186,006
Accumulated amortisation			
At 1 April 2021	108,350	–	108,350
Amortisation	22,876	–	22,876
Disposals	(2,276)	–	(2,276)
At 31 March 2022	128,950	–	128,950
Amortisation	24,652	–	24,652
Disposals	(259)	–	(259)
At 31 March 2023	153,343	–	153,343
Carrying amounts			
At 1 April 2021	51,780	1,256	53,036
At 31 March 2022	36,815	1,729	38,544
At 31 March 2023	31,361	1,302	32,663

7 Deferred tax assets

Movement in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

	At 1 April 2021 \$'000	Recognised in profit or loss \$'000	Group At 31 March 2022 \$'000	Recognised in profit or loss \$'000	At 31 March 2023 \$'000
Property, plant and equipment	(12)	12	–	–	–
Right-of-use assets	25	(25)	–	–	–
Provisions	42	(42)	–	–	–
	55	(55)	–	–	–

8 Investments in subsidiaries

	SSG	
	2023 \$'000	2022 \$'000
Equity investments at cost	—	—

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective equity held by SSG	
		2023 %	2022 %
<u>Held by SSG</u>			
Learning Gateway Ltd (“LG”) ⁽ⁱ⁾	Singapore	100	100
<u>Held by LG</u>			
Lifelong Learning Institute Pte Ltd (“LLI”) ⁽ⁱⁱ⁾	Singapore	100	100

⁽ⁱ⁾ LG was incorporated on 17 May 2013 as a board limited by guarantee, with no share capital.

⁽ⁱⁱ⁾ LLI is a wholly-owned subsidiary of LG, incorporated on 12 August 2013.

SSG has provided a commitment for financial support of \$809,000 (2022: \$864,000) to a subsidiary for a period of twelve months from the end of the reporting period so as to enable the subsidiary to continue to operate as a going concern and meet its contractual obligations as and when they fall due.

9 Trade and other receivables

	Group		SSG	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade receivables	6,459	1,679	6,251	591
Other receivables	4,043	2,073	2,032	451
Amount due from related parties:				
- WSG	2,481	3,241	2,481	3,241
- NPF	454	854	454	854
- SDF	—	10,870	—	10,870
- LLEF	2	439	2	439
- MOE	4,805	62	4,805	62
Amount due from subsidiaries	—	—	52,707	45,207
Grants disbursed in advance	—	2,079	1,288	9,564
	18,244	21,297	70,020	71,279

The credit period on rendering of services is 30 days (2022: 30 days).

The amount due from subsidiaries and related parties are unsecured, interest-free and repayable within a credit period of 30 days.

Credit risks and impairment losses

The Group and SSG’s exposure to credit risks, and impairment losses for trade and other receivables, are disclosed in Note 34.

10 Cash and cash equivalents

	Group		SSG	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Centralised Liquidity Management (“CLM”) deposits held with AGD	164,046	212,818	102,885	153,968

With effect from financial year 2009/2010, Statutory Boards are to participate in the Centralised Liquidity Management by the AGD under AGD Circular 4/2009. Deposits, which are interest-bearing, are centrally managed by AGD and are available to the Statutory Boards upon request and earns interest at the average rate of 1.61% (2022: 0.30%) per annum.

Cash and cash equivalents include an amount of \$396,000 (2022: \$1,319,000) set aside for restricted funds.

11 Deposits and prepayments

	Group		SSG	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Deposits	1,514	1,514	1,441	1,441
Prepayments	2,985	2,303	2,960	2,203
	4,499	3,817	4,401	3,644

12 Share capital

	2023		2022	
	Number of shares '000	\$'000	Number of shares '000	\$'000
Issued and fully-paid:				
Ordinary shares				
At beginning and end of the year	4,145	4,145	4,145	4,145

Injection of capital is part of the Capital Management Framework for Statutory Boards under Finance Circular Minute M26/2008. The shares have been fully paid and are held by the Minister for Finance, a body corporate incorporated by the Minister for Finance (Incorporation) Act 1959. The holder of these shares, which has no par value, is entitled to receive dividends.

13 Capital reserves

Capital reserves represents the carrying amount of the net value of assets and liabilities transferred from the former Singapore Workforce Development Agency (“WDA”) and Council for Private Education (“CPE”) when SSG was established on 3 October 2016.

14 Restricted funds

Group	MOE - TGS	MOE - ATB	Operations	Operations	Operations	MOE - SATB	Total
	2023	2023	funded	funded	funded	2023	2023
	\$'000	\$'000	by SDF	by LLEF	by NPF	\$'000	\$'000
			2023	2023	2023		
			\$'000	\$'000	\$'000		\$'000
Income							
Other income	2,152	694	15,882	–	12	–	18,740
	2,152	694	15,882	–	12	–	18,740
Expenditure							
Amortisation of intangible assets	(3,732)	–	–	–	(11,377)	(754)	(15,863)
Depreciation expense	–	–	(10,109)	–	–	–	(10,109)
Staff costs	(1,079)	–	(552)	–	(620)	(1,732)	(3,983)
Grant disbursements	–	(14)	(37)	–	–	(219,097)	(219,148)
Rental expenses on operating leases	–	–	–	–	–	–	–
Professional services	(26)	–	(107)	–	(26)	–	(159)
Maintenance expenses	(2,856)	–	(2,743)	–	(1,780)	(1,135)	(8,514)
Public relations	–	–	(19)	–	–	–	(19)
Others	(1,369)	–	(1,386)	–	(160)	(61)	(2,976)
Total expenditure	(9,062)	(14)	(14,953)	–	(13,963)	(222,779)	(260,771)
(Deficit)/Surplus before government grant	(6,910)	680	929	–	(13,951)	(222,779)	(242,031)

Group	MOE - TGS	MOE - ATB	Operations	Operations	Operations	MOE - SATB	Total
	2023	2023	funded	funded	funded	2023	2023
	\$'000	\$'000	by SDF	by LLEF	by NPF	\$'000	\$'000
			2023	2023	2023		
			\$'000	\$'000	\$'000		\$'000
Add							
Grants from/(Refund to) government	3,178	(680)	(11,433)	–	2,574	222,025	215,664
Deferred capital grants amortised	3,732	–	9,644	–	11,377	754	25,507
	6,910	(680)	(1,789)	–	13,951	222,779	241,171
Deficit before contribution	–	–	(860)	–	–	–	(860)
Income tax expense	–	–	(63)	–	–	–	(63)
Net deficit for the year	–	–	(923)	–	–	–	(923)
Accumulated (deficit)/surplus at the beginning of the year	–	–	(18,055)	19,374	–	–	1,319
Transfer within restricted funds	–	–	19,374	(19,374)	–	–	–
Accumulated surplus at the end of the year *	–	–	396	–	–	–	396

* The above balances predominantly comprise cash balances and accruals

Group	MOE - TGS	MOE - ATB	Operations	Operations	Operations	MOE - SATB	Total
	2022	2022	funded	funded	funded	2022	2022
	\$'000	\$'000	by SDF	by LLEF	by NPF	\$'000	\$'000
			2022	2022	2022		
			\$'000	\$'000	\$'000		\$'000
Income							
Other income	–	–	11,756	–	23	–	11,779
Expenditure							
Amortisation of intangible assets	(1,743)	–	–	–	(10,979)	(721)	(13,443)
Depreciation expense	–	–	(12,468)	–	–	–	(12,468)
Staff costs	(1,079)	–	(514)	–	(428)	(2,325)	(4,346)
Grant disbursements	–	(70,668)	–	–	–	(311,599)	(382,267)
Rental expenses on operating leases	–	–	–	–	–	(67)	(67)
Professional services	(47)	–	(125)	–	(147)	(576)	(895)
Maintenance expenses	(2,899)	–	(2,783)	–	(16,101)	(855)	(22,638)
Public relations	–	–	(13)	–	–	(20)	(33)
Others	(295)	–	(959)	–	(1,295)	(184)	(2,733)
Total expenditure	(6,063)	(70,668)	(16,862)	–	(28,950)	(316,347)	(438,890)
Deficit before government grant	(6,063)	(70,668)	(5,106)	–	(28,927)	(316,347)	(427,111)

Group	MOE - TGS	MOE - ATB	Operations	Operations	Operations	MOE - SATB	Total
	2022	2022	funded	funded	funded	2022	2022
	\$'000	\$'000	by SDF	by LLEF	by NPF	\$'000	\$'000
			2022	2022	2022		
			\$'000	\$'000	\$'000		\$'000
Income							
Other income	–	–	11,756	–	23	–	11,779
Expenditure							
Amortisation of intangible assets	(1,743)	–	–	–	(10,979)	(721)	(13,443)
Depreciation expense	–	–	(12,468)	–	–	–	(12,468)
Staff costs	(1,079)	–	(514)	–	(428)	(2,325)	(4,346)
Grant disbursements	–	(70,668)	–	–	–	(311,599)	(382,267)
Rental expenses on operating leases	–	–	–	–	–	(67)	(67)
Professional services	(47)	–	(125)	–	(147)	(576)	(895)
Maintenance expenses	(2,899)	–	(2,783)	–	(16,101)	(855)	(22,638)
Public relations	–	–	(13)	–	–	(20)	(33)
Others	(295)	–	(959)	–	(1,295)	(184)	(2,733)
Total expenditure	(6,063)	(70,668)	(16,862)	–	(28,950)	(316,347)	(438,890)
Deficit before government grant	(6,063)	(70,668)	(5,106)	–	(28,927)	(316,347)	(427,111)

* The above balances predominantly comprise cash balances and accruals

	MOE - TGS 2023 \$'000	MOE - ATB 2023 \$'000	Operations funded by SDF 2023 \$'000	Operations funded by LLEF 2023 \$'000	Operations funded by NPF 2023 \$'000	MOE - SATB 2023 \$'000	Total 2023 \$'000
SSG							
Income							
Other income	2,152	694	12,170	–	12	–	15,028
	2,152	694	12,170	–	12	–	15,028
Less: Expenditure							
Amortisation of intangible assets	(3,732)	–	–	–	(11,377)	(754)	(15,863)
Depreciation expense	–	–	(10,068)	–	–	–	(10,068)
Staff costs	(1,079)	–	–	–	(620)	(1,732)	(3,431)
Grant disbursements	–	(14)	–	–	–	(219,097)	(219,111)
Professional services	(26)	–	–	–	(26)	–	(52)
Maintenance expenses	(2,856)	–	–	–	(1,780)	(1,135)	(5,771)
Others	(1,369)	–	(276)	–	(160)	(61)	(1,866)
Total expenditure	(9,062)	(14)	(10,344)	–	(13,963)	(222,779)	(256,162)
(Deficit)/Surplus before government grant	(6,910)	680	1,826	–	(13,951)	(222,779)	(241,134)

	MOE - TGS 2023 \$'000	MOE - ATB 2023 \$'000	Operations funded by SDF 2023 \$'000	Operations funded by LLEF 2023 \$'000	Operations funded by NPF 2023 \$'000	MOE - SATB 2023 \$'000	Total 2023 \$'000
SSG							
Add							
Grants from/(Return to) government	3,178	(680)	(11,470)	–	2,574	222,025	215,627
Deferred capital grants amortised	3,732	–	9,644	–	11,377	754	25,507
	6,910	(680)	(1,826)	–	13,951	222,779	241,134
Surplus before contribution	–	–	–	–	–	–	–
Income tax expense	–	–	–	–	–	–	–
Net surplus for the year	–	–	–	–	–	–	–
Accumulated surplus at the beginning of the year	–	–	–	–	–	–	–
Accumulated surplus at the end of the year *	–	–	–	–	–	–	–

* The above balances predominantly comprise cash balances and accruals

	MOE - TGS 2022 \$'000	MOE - ATB 2022 \$'000	Operations funded by SDF 2022 \$'000	Operations funded by LLEF 2022 \$'000	Operations funded by NPF 2022 \$'000	MOE - SATB 2022 \$'000	Total 2022 \$'000
SSG							
Income							
Other income	–	–	9,403	–	23	–	9,426
Less: Expenditure							
Amortisation of intangible assets	(1,743)	–	–	–	(10,979)	(721)	(13,443)
Depreciation expense	–	–	(12,375)	–	–	–	(12,375)
Staff costs	(1,079)	–	–	–	(428)	(1,866)	(3,373)
Grant disbursements	–	(70,668)	–	–	–	(312,915)	(383,583)
Professional services	(47)	–	–	–	(147)	–	(194)
Maintenance expenses	(2,899)	–	–	–	(16,101)	(757)	(19,757)
Others	(295)	–	(119)	–	(1,295)	(88)	(1,797)
Total expenditure	(6,063)	(70,668)	(12,494)	–	(28,950)	(316,347)	(434,522)
Deficit before government grant	(6,063)	(70,668)	(3,091)	–	(28,927)	(316,347)	(425,096)

	MOE - TGS 2022 \$'000	MOE - ATB 2022 \$'000	Operations funded by SDF 2022 \$'000	Operations funded by LLEF 2022 \$'000	Operations funded by NPF 2022 \$'000	MOE - SATB 2022 \$'000	Total 2022 \$'000
SSG							
Add							
Grants from/(Return to) government	4,320	70,668	(9,113)	–	17,948	315,626	399,449
Deferred capital grants amortised	1,743	–	12,204	–	10,979	721	25,647
	6,063	70,668	3,091	–	28,927	316,347	425,096
Surplus before contribution	–	–	–	–	–	–	–
Income tax expense	–	–	–	–	–	–	–
Net surplus for the year	–	–	–	–	–	–	–
Accumulated surplus at the beginning of the year	–	–	–	–	–	–	–
Accumulated surplus at the end of the year *	–	–	–	–	–	–	–

* The above balances predominantly comprise cash balances and accruals

15 Lease liabilities

	Group		SSG	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Non-current				
Lease liabilities	–	1,700	–	1,698
Current				
Lease liabilities	1,700	4,621	1,698	4,618

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Effective interest rate %	Year of maturity	2023		2022	
			Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Group						
Lease liabilities	3.2%	2021 - 2023	1,715	1,700	6,477	6,321
SSG						
Lease liabilities	3.2%	2021 - 2023	1,713	1,698	6,471	6,316

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Group Lease liabilities \$'000
Balance as at 1 April 2021	11,642
Changes from financing cash flows	
Payment of lease liabilities	(5,321)
Interest paid	(290)
Total changes from financing cash flows	(5,611)
Other changes	
Interest expense	290
Total liability-related charges	290
Balance as at 31 March 2022	6,321

Group Lease liabilities \$'000

Balance as at 1 April 2022	6,321
Changes from financing cash flows	
Payment of lease liabilities	(4,621)
Interest paid	(139)
Total changes from financing cash flows	(4,760)
Other changes	
Interest expense	139
Total liability-related charges	139
Balance as at 31 March 2023	1,700

16 Provision for reinstatement costs

	Note	Group and SSG \$'000
At 1 April 2021		5,501
Provision made during the year		1,120
Utilisation		(1,746)
Reversal due to overprovision	27	(125)
Unwinding of discount		116
At 31 March 2022		4,866
Provision made during the year		5,432
Unwinding of discount		334
At 31 March 2023		10,632

	2023 \$'000	2022 \$'000
Represented by:		
Current portion	1,866	–
Non-current portion	8,766	4,866
	10,632	4,866

Provision for reinstatement costs is the estimated costs to restore any or all parts of the Group's and SSG's leased premises and land to their state and condition. Management's estimate for reinstatement costs of land included expenditures to carry out demolition works, distress prestressed tendon, imported earth backfilling and turfing. The provision is expected to be utilised upon return of the Group's and SSG's leased premises and land.

17 Deferred capital grants

	Group and SSG \$'000
At 1 April 2021	239,425
Amounts transferred from government grants	6,854
Amounts paid by National Productivity Fund	1,868
Amortisation of deferred capital grants	<u>(37,684)</u>
At 31 March 2022	210,463
Amounts transferred from government grants	18,523
Amounts paid by National Productivity Fund	305
Amortisation of deferred capital grants	<u>(35,548)</u>
At 31 March 2023	<u>193,743</u>

18 Other payables

	Group		SSG	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Other payables				
Related parties	34,260	37,709	33,871	37,427
Third parties	19,126	22,077	15,527	18,832
Amount due to SDF	454	–	454	–
Accruals	11,999	14,531	11,310	13,655
Deferred revenue	2,929	2,680	2,032	1,884
	<u>68,768</u>	<u>76,997</u>	<u>63,194</u>	<u>71,798</u>
Less: Deposits due after 12 months	(1,291)	–	–	–
	<u>67,477</u>	<u>76,997</u>	<u>63,194</u>	<u>71,798</u>
Current portion	67,477	76,997	63,194	71,798
Non-current portion	1,291	–	–	–
	<u>68,768</u>	<u>76,997</u>	<u>63,194</u>	<u>71,798</u>

The amount due to SDF is unsecured, interest-free and repayable within a credit period of 30 days.

19 Contribution to consolidated fund

The total contribution for the year can be reconciled to the net surplus as follows:

	Group and SSG	
	2023 \$'000	2022 \$'000
Surplus of SSG before contribution to consolidated fund	18,204	15,716
Contribution at 17% (2022: 17%)	<u>3,095</u>	<u>2,672</u>

20 Government grants received in advance

Note	Operations funded by SDF ⁽ⁱ⁾ \$'000	Operations funded by NPF ⁽ⁱⁱ⁾ \$'000	MOE - TGS ⁽ⁱⁱⁱ⁾ \$'000	MOE - ATB ^(iv) \$'000	MOE - SATB ^(v) \$'000	Operating grant \$'000	Total \$'000
Group							
At 1 April 2021	1,989	–	(610)	9,818	41,034	(224)	52,007
Grants (refunded)/received during the financial year, net	(8,871)	17,948	7,301	70,000	347,995	156,262	590,635
Transfer to statement of comprehensive income	9,139	(17,948)	(4,320)	(70,668)	(315,626)	(152,949)	(552,372)
Transfer to deferred capital grants	(851)	–	(2,618)	–	(296)	(3,089)	(6,854)
At 31 March 2022	1,406	–	(247)	9,150	73,107	–	83,416
Grants (refunded)/received during the financial year, net	(11,884)	2,574	14,140	–	163,759	189,482	358,071
Grant receivable in the next financial year	–	–	4,133	–	–	–	4,133
Transfer to statement of comprehensive income	11,434	(2,574)	(3,178)	680	(222,026)	(185,152)	(400,816)
Transfer to deferred capital grants	44	–	(14,848)	–	(11)	(3,708)	(18,523)
At 31 March 2023	1,000	–	–	9,830	14,829	622	26,281
SSG							
At 1 April 2021	–	–	(610)	9,818	41,034	(224)	50,018
Grants (refunded)/received during the financial year, net	(8,262)	17,948	7,301	70,000	347,995	156,262	591,244
Transfer to statement of comprehensive income	9,113	(17,948)	(4,320)	(70,668)	(315,626)	(152,949)	(552,398)
Transfer to deferred capital grants	(851)	–	(2,618)	–	(296)	(3,089)	(6,854)
At 31 March 2022	–	–	(247)	9,150	73,107	–	82,010
Grants (refunded)/received during the financial year, net	(11,514)	2,574	14,140	–	163,759	189,482	358,441
Grant receivable in the next financial year	–	–	4,133	–	–	–	4,133
Transfer to statement of comprehensive income	11,470	(2,574)	(3,178)	680	(222,026)	(185,152)	(400,780)
Transfer to deferred capital grants	44	–	(14,848)	–	(11)	(3,708)	(18,523)
At 31 March 2023	–	–	–	9,830	14,829	622	25,281

- (i) Operations funded by Skills Development Fund (“SDF”) and Lifelong Learning Endowment Fund (“LLEF”)

In areas permissible, SSG taps on the SDF and LLEF to meet the increasing demands and needs of SSG’s workforce development efforts. These expenditures pertain to manpower and operating overheads related to the delivery of specific CET programmes.

- (ii) Operations funded by NPF

National Productivity Fund (“NPF”) is a government fund administered by Productivity Fund Administration Board (“PFAB”) to fund initiatives related to productivity enhancement and continuing education.

SSG taps on the NPF to deliver SkillsFuture initiatives limited to specific projects approved by PFAB.

- (iii) MOE - Training Grant System (“MOE - TGS”)

Co-funding between Smart Nation and Digital Government Office and MOE to support the development of Whole-Of-Government-Training Grant System.

- (iv) MOE - Above-The-Block (“MOE - ATB”)

In support of the Jobs and Skills (“JS”) strategies and desired macro outcomes as part of the JS 2030 Roadmap, MOF has provided Above-The-Block (“ATB”) grant through MOE to supplement SSG’s existing funds for programmes and initiatives. The main beneficiaries of the JS Programmes budget are the employers, individuals and the general community. It supports expenditure on:

- a. Employment facilitation and career services;
- b. Enterprise/Productivity-oriented programmes;
- c. Programmes targeted at special workforce segments; and
- d. Consultancy, survey and research.

- (v) MOE – Special Above-The-Block (“MOE - SATB”)

Special Above-The-Block are provided by MOF through MOE to support the expenditures on training allowances, placement incentive and provision for skills and training advisory service, arising from the following programs:

- a. Enhanced Training Support Package;
- b. SG United Skills Programme; and
- c. SG United Mid-Career Pathways Programme-Company Training.

21 Net assets of Skills Development Fund

The Skills Development Fund (“SDF”) was established in the Republic of Singapore on 1 October 1979 as a Government fund under the Skills Development Levy Act 1979. SDF was administered by Singapore Workforce Development Agency (“WDA”) from 1 September 2003 to 2 October 2016. The administration of the SDF was transferred from WDA to SkillsFuture Singapore Agency (“SSG”) with effect from 3 October 2016.

SSG and WSG has established a mutually agreed allocation framework on the usage of SDF to fund SSG’s and WSG’s operations respectively. As SSG and WSG’s activities and operations have expanded rapidly to react to greater economic downturns and uncertainties impacting the Singapore workforce, management has obtained approval from the Board of SSG to fund expenditures on manpower, other operating expenditures and development costs for selected Continuing Education and Training (“CET”) functions using SDF.

The SDF is established for the following purposes:

- (i) the promotion, development and upgrading of skills and expertise of persons preparing to join the workforce, persons in the workforce and persons re-joining the workforce;
- (ii) the retraining of retrenched persons; and
- (iii) the provision of financial assistance by grants, loans or otherwise for the above-mentioned purposes.

The following financial information represents SDF as presented below, are prepared on an accrual basis.

	Group and SSG	
	2023	2022
	\$’000	\$’000
Income		
Operating income	314,575	277,505
Other income	24,901	7,402
Fair value loss	(57,839)	(37,709)
	<u>281,637</u>	<u>247,198</u>
Expenditure		
Net disbursements	(333,124)	(525,742)
Allowance for impairment loss on receivables	(67)	(715)
Bad debts recovered/(written off)	4	(529)
	<u>(333,187)</u>	<u>(526,986)</u>
Grants from government	59,225	211,830
Surplus/(Deficit) for the year	7,675	(67,958)
Accumulated surplus at the beginning of the year	359,931	427,889
Accumulated surplus at the end of the year	<u>367,606</u>	<u>359,931</u>

	Group and SSG	
	2023	2022
	\$'000	\$'000
Represented by:		
Current assets		
Cash and cash equivalents	1,600,305	1,541,319
Levy and other receivables	44,623	51,549
Grants disbursed in advance	15	3,225
Financial assets at amortised cost	–	30,095
Financial assets, at fair value through profit or loss	1,453,814	1,511,653
	<u>3,098,757</u>	<u>3,137,841</u>
Current liabilities		
Other payables	(131,067)	(118,601)
Grants received in advance	(343,690)	(524,910)
	<u>(474,757)</u>	<u>(643,511)</u>
Non-current liability		
Grants received in advance	(1,385,255)	(1,263,260)
Capital account	(871,139)	(871,139)
Accumulated surplus at the end of the year	(367,606)	(359,931)
	<u>(1,238,745)</u>	<u>(1,231,070)</u>
Net assets	<u>1,238,745</u>	<u>1,231,070</u>

22 Net assets of Lifelong Learning Endowment Fund

The Lifelong Learning Endowment Fund (“LLEF”) is set up by the Singapore Government under the Lifelong Learning Endowment Fund Act 2001 for the acquisition of skills and expertise by persons and the development and upgrading of skills and expertise of persons to enhance their employability; and the promotion of the acquisition, development and upgrading of skills and expertise to enhance the employability of persons.

The financial statements of LLEF, as presented below, are prepared by MOE on a cash basis.

	Group and SSG	
	2023	2022
	\$'000	\$'000
Receipts		
Refund of unused grant from programme manager	36	1,164
Interest income	99	72
	<u>135</u>	<u>1,236</u>
Expenditure		
Grants disbursed	(68,834)	(70,422)

	Group and SSG	
	2023	2022
	\$'000	\$'000
Grants from government	67,559	70,589
(Deficit)/Surplus for the year	(1,140)	1,403
Accumulated surplus at the beginning of the year	1,711	308
Accumulated surplus at the end of the year	<u>571</u>	<u>1,711</u>
Represented by:		
Current assets		
Cash and cash equivalents	9,816	24,314
Current liabilities		
Amount due to related parties	(9,245)	(22,603)
Net assets	<u>571</u>	<u>1,711</u>

23 Net assets of National Productivity Fund

Singapore Workforce Development Agency (“WDA”) administers the National Productivity Fund (“NPF”) on behalf of Productivity Fund Administration Board. The administration of NPF was transferred from WDA to SSG with effect from 3 October 2016. NPF provides funding initiatives endorsed by the Future Economy Council (“FEC”), which could include sector-specific Industry transformation Maps (“ITM”) to uplift productivity as well as initiatives and programmes supporting lifelong learning.

The following financial information represents NPF, as presented below, are prepared on an accrual basis.

	Note	Group and SSG	
		2023	2022
		\$'000	\$'000
Income			
Government grants received		110,698	85,997
Other income		76	1,875
		<u>110,774</u>	<u>87,872</u>
Expenditure			
Grants disbursements		(62,782)	(114,302)
Others		(15)	(200)
Purchase of plant and equipment	17	(305)	(1,868)
		<u>(63,102)</u>	<u>(116,370)</u>
Surplus/(Deficit) for the year		47,672	(28,498)
Accumulated deficit at the beginning of the year		(33,916)	(5,418)
Accumulated surplus/(deficit) at the end of the year		<u>13,756</u>	<u>(33,916)</u>

24 Net assets of SkillsFuture Jubilee Fund

The SkillsFuture Jubilee Fund (“SFJF”) was established in the Republic of Singapore as part of the Skills Development Fund (“SDF”) established under section 5 of the Skills Development Levy Act 1979. SFJF was approved by the Cabinet on 11 February 2015 and was administered by Singapore Workforce Development Agency (“WDA”) from 11 February 2015 to 2 October 2016. The administration of the SFJF was transferred from WDA to SkillsFuture Singapore Agency (“SSG”) with effect from 3 October 2016.

The financial statements of SFJF, as presented below, are prepared on an accrual basis:

	Group and SSG	
	2023	2022
	\$'000	\$'000
Income		
Interest income	335	64
Expenditure		
Grants disbursements	(210)	(115)
Surplus/(Deficit) for the year	125	(51)
Accumulated surplus at the beginning of the year	20,587	20,638
Accumulated surplus at the end of the year	20,712	20,587
Represented by:		
Current assets		
Cash and cash equivalents	20,434	20,547
Interest receivables	278	40
	20,712	20,587
Net assets	20,712	20,587

	Group and SSG	
	2023	2022
	\$'000	\$'000
Represented by:		
Current assets		
Cash and bank balances	20,723	6,931
Trade and other receivables	128	334
	20,851	7,265
Current liabilities		
Current payables	(7,091)	(39,894)
Accruals	(4)	(1,287)
	(7,095)	(41,181)
Net assets/(liabilities)	13,756	(33,916)

25 Operating income

	Group and SSG	
	2023	2022
	\$'000	\$'000
Application fees	1,631	1,280
Income from rendering of services	519	731
Annual fees	156	161
	2,306	2,172

Operating income is generated in Singapore.

26 Other income

	Group		SSG	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Interest income from:				
- CLM deposits held with AGD	1,833	402	1,586	385
Rental and service income	15,470	11,608	12,005	9,312
Others	3,171	1,735	4,327	3,163
	20,474	13,745	17,918	12,860

27 Other gains/(losses)

	Note	Group and SSG	
		2023	2022
		\$'000	\$'000
Loss on disposal of property, plant and equipment and intangible assets		–	(7)
Reversal of overprovision for reinstatement costs	16	–	125
Currency translation gain/(loss)		3	(2)
		3	116

28 Staff costs

	Group		SSG	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Wages, salaries and staff related costs	56,822	58,532	52,310	54,296
Contributions to defined contribution plans	8,243	6,994	7,572	6,430
Staff training and benefits	1,958	1,688	1,872	1,637
Skills Development Levy	57	59	52	54
	67,080	67,273	61,806	62,417

29 Income tax expense

	Group	
	2023 \$'000	2022 \$'000
Current tax expense/(credit)		
Current year	67	2
Over provision in prior years	(4)	(4)
	<u>63</u>	<u>(2)</u>
Deferred tax expense		
Under provision in prior years	–	55
	<u>63</u>	<u>53</u>
Tax expense	<u>63</u>	<u>53</u>
Reconciliation of effective tax rate		
Profit/(Loss) before income tax of subsidiaries	<u>431</u>	<u>(22)</u>
Tax calculated using Singapore tax rate of 17% (2022: 17%)	73	(4)
Tax exempt income	(28)	(7)
Non-deductible expenses	22	13
(Over)/Under provision in prior years	(4)	51
	<u>63</u>	<u>53</u>

30 Capital commitments

Capital expenditure contracted for at the end of each reporting period but not recognised in the financial statements are as follows:

	Group and SSG	
	2023 \$'000	2022 \$'000
Commitments for the acquisition of:		
Property, plant and equipment	–	1,222
Intangible assets	9,230	13,371
	<u>9,230</u>	<u>14,593</u>

31 Leases

Leases as lessee (SB-FRS 116)

The Group leases office premises and office equipment. The lease of office premises typically run for a period 3 years with option to extend or renew the lease. Lease payments are renegotiated every three years to reflect market rentals.

The lease of office equipment typically run for a period of 5 years.

The Group leases photocopiers with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased office spaces and office equipment are presented as property, plant and equipment (see Note 5).

	Leasehold land \$'000	Building \$'000	Office equipment \$'000	Total \$'000
2023				
Group				
Cost				
At 1 April	29,868	17,360	15	47,243
Additions to right-of-use assets	–	4,964	–	4,964
Derecognition of right-of-use assets	–	(160)	–	(160)
Balance at 31 March	<u>29,868</u>	<u>22,164</u>	<u>15</u>	<u>52,047</u>
Accumulated depreciation				
At 1 April	6,398	9,024	10	15,432
Depreciation charge for the year	1,194	3,928	3	5,125
Derecognition of right-of-use assets	–	(160)	–	(160)
Balance at 31 March	<u>7,592</u>	<u>12,792</u>	<u>13</u>	<u>20,397</u>
Carrying amount at 31 March	<u>22,276</u>	<u>9,372</u>	<u>2</u>	<u>31,650</u>
2022				
Group				
Cost				
At 1 April	29,868	28,039	15	57,922
Additions to right-of-use assets	–	1,120	–	1,120
Derecognition of right-of-use assets	–	(11,799)	–	(11,799)
Balance at 31 March	<u>29,868</u>	<u>17,360</u>	<u>15</u>	<u>47,243</u>
Accumulated depreciation				
At 1 April	5,204	17,582	6	22,792
Depreciation charge for the year	1,194	3,241	4	4,439
Derecognition of right-of-use assets	–	(11,799)	–	(11,799)
Balance at 31 March	<u>6,398</u>	<u>9,024</u>	<u>10</u>	<u>15,432</u>
Carrying amount at 31 March	<u>23,470</u>	<u>8,336</u>	<u>5</u>	<u>31,811</u>

	Leasehold land \$'000	Building \$'000	Total \$'000
2023			
SSG			
Cost			
At 1 April	29,868	17,200	47,068
Additions to right-of-use assets	–	4,964	4,964
Balance at 31 March	29,868	22,164	52,032
Accumulated depreciation			
At 1 April	6,398	8,864	15,262
Depreciation charge for the year	1,194	3,928	5,122
Balance at 31 March	7,592	12,792	20,384
Carrying amount at 31 March	22,276	9,372	31,648

2022			
SSG			
Cost			
At 1 April	29,868	27,879	57,747
Additions to right-of-use assets	–	1,120	1,120
Derecognition of right-of-use assets	–	(11,799)	(11,799)
Balance at 31 March	29,868	17,200	47,068
Accumulated depreciation			
At 1 April	5,204	17,468	22,672
Depreciation charge for the year	1,194	3,195	4,389
Derecognition of right-of-use assets	–	(11,799)	(11,799)
Balance at 31 March	6,398	8,864	15,262
Carrying amount at 31 March	23,470	8,336	31,806

Amounts recognised in profit or loss

	Group \$'000	SSG \$'000
2023 – Leases under SB-FRS 116		
Interest on lease liabilities	139	139
Expenses relating to short-term leases	36	36
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	444	444
Operating lease income from building	15,470	12,005

2022 – Leases under SB-FRS 116

	Group \$'000	SSG \$'000
Interest on lease liabilities	290	289
Expenses relating to short-term leases	138	138
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	135	135
Operating lease income from building	11,608	9,312

Amounts recognised in statement of cash flows

	2023 \$'000	2022 \$'000
Total cash outflow for leases	4,760	5,611

Leases as lessor

The Group leases out its owned building (see Note 5) and has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Rental income from the building recognised by the Group and SSG during 2023 was \$15,470,000 (2022: \$11,608,000) and \$12,005,000 (2022: \$9,312,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group \$'000	SSG \$'000
2023 – Operating leases under SB-FRS 116		
Less than one year	15,765	9,964
One to two years	11,339	7,067
Two to three years	5,624	3,469
Three to four years	2,376	1,446
Four to five years	2,376	1,446
More than five years	1,079	728
Total undiscounted lease receivable	38,559	24,120

2022 – Operating leases under SB-FRS 116

	Group \$'000	SSG \$'000
Less than one year	13,920	8,945
One to two years	9,222	5,951
Two to three years	5,204	3,296
Three to four years	2,376	1,446
Four to five years	2,376	1,446
More than five years	3,444	2,168
Total undiscounted lease receivable	36,542	23,252

32 Related parties

Some of the Group's transactions and arrangements are with related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Other than disclosed in the respective notes to the financial statements, the following transactions took place between SSG and related parties during the year:

	Parent Ministry \$'000	Other Ministries \$'000	Other Statutory Boards \$'000	Total \$'000
Group and SSG				
2023				
Operating income	–	(21)	(150)	(171)
Grant disbursement	–	–	77,338	77,338
Other expenditure	775	1,088	17,625	19,488
Payments made on behalf of WSG by SSG:				
- Shared services ⁽¹⁾	–	–	16,405	16,405
- Other expenditure	–	–	201	201
Payments made on behalf of SSG by WSG:				
- Shared services ⁽¹⁾	–	–	1,700	1,700
- Other expenditure	–	–	480	480
2022				
Operating income	–	(19)	(266)	(285)
Grant disbursement	–	–	72,854	72,854
Other expenditure	1,164	8,241	15,095	24,500
Payments made on behalf of WSG by SSG:				
- Shared services ⁽¹⁾	–	–	20,487	20,487
- Other expenditure	–	–	742	742
Payments made on behalf of SSG by WSG:				
- Shared services ⁽¹⁾	–	–	3,649	3,649
- Other expenditure	–	–	523	523

⁽¹⁾ SSG and WSG have the shared goal of helping individuals grow their skills in the course of seeking fulfilling careers, and enabling Singapore's enterprises to develop their workforce to remain globally competitive. SSG and WSG provide various services ("shared services") to each other at cost, including outsourcing, technological and facility services to deliver the shared goal.

Compensation of key management personnel

The remuneration of key management personnel during the financial year were as follows:

	2023 \$'000	2022 \$'000
Group and SSG		
Wages and salaries	8,733	9,428
Employers' contribution to Central Provident Fund	483	542
	<u>9,216</u>	<u>9,970</u>

33 Dividends

	2023 \$'000	2022 \$'000
Group and SSG		
Dividend paid in respect of the previous financial year	<u>2,216</u>	<u>4,623</u>

The Group declared and paid a dividend of \$2,216,000 (2022: \$4,623,000) in accordance with the Capital Management Framework for Statutory Boards outlined in Finance Circular Minute No. M26/2008.

34 Financial instruments**(a) Financial risk management****Overview**

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management objective seeks to minimise potential adverse effects on its financial performance.

It is the Group's policy not to hold derivative financial instruments for speculative purposes although such instruments may be used for hedging exposure.

The Group provides written principles for overall financial risk management, which covers specifically on market risk (including interest rate risk), credit risk and liquidity risk. Such written policies are reviewed periodically by the Group and periodic reviews are undertaken to ensure that the Group's policy is relevant and complied with.

The Group monitors its risk exposure regularly. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, as and when they fall due.

At the reporting date, the Group's credit risk is limited as the major classes of financial assets are cash and deposits with AGD and trade and other receivables. The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments as presented on the statement of financial position, before taking into account any collateral held. The Group does not hold any collateral in respect of its financial assets, except for balances with customers where security deposits are obtained.

Cash and cash equivalents

The Group held cash and cash equivalents of \$164,046,000 at 31 March 2023 (2022: \$212,818,000). The cash and cash equivalents are held with AGD which has low credit risk based on external credit ratings of the counterparties.

Impairment on cash and cash equivalents has been measured on the 12-months expected loss basis and reflects the short maturities of the exposures. The amount of allowance on cash and cash equivalents was negligible. No forward-looking factors are used in the computation as the balances are measured on the 12-months expected loss basis (i.e. short-term).

Trade receivables

The Group and SSG has applied the simplified approach to measure the loss allowance based on lifetime expected credit losses. The Group and SSG considers the differences between economic conditions during the period over which the probabilities of default are computed mainly based on actual historical credit experience and expected future economic conditions, along with a consideration of the amount of security deposits obtained, if any. The residual outstanding exposure primarily relates to a government agency, with low credit risk. The loss allowance has been determined to be immaterial as at 31 March 2023 and 2022.

Amount due from related parties and subsidiaries

Impairment on amount due from related parties and subsidiaries has been measured on a 12-months expected loss. The Group and SSG considers that the amount due from related parties and subsidiaries have low credit risk based on the credit standing of the counterparties.

Other receivables

The other receivables is not considered to be material and the amount of the allowances on these balances is expected to be insignificant. No forward-looking factors are used in the computation as the balances are measured on the 12-months expected loss basis (i.e. short-term).

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group manages liquidity risk by receiving grants from the Government to finance its operations and to mitigate the effects of fluctuations in cash flows.

The following are the expected undiscounted contractual cash outflows of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Cash flows			
	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Between 2 to 5 years \$'000
Group				
31 March 2023				
Non-derivative financial liabilities				
Lease liabilities	1,700	1,715	1,715	–
Other payables*	65,839	65,839	64,548	1,291
	<u>67,539</u>	<u>67,554</u>	<u>66,263</u>	<u>1,291</u>
31 March 2022				
Non-derivative financial liabilities				
Lease liabilities	6,321	6,477	4,762	1,715
Other payables*	74,317	74,317	74,317	–
	<u>80,638</u>	<u>80,794</u>	<u>79,079</u>	<u>1,715</u>
SSG				
31 March 2023				
Non-derivative financial liabilities				
Lease liabilities	1,698	1,713	1,713	–
Other payables*	61,162	61,162	61,162	–
	<u>62,860</u>	<u>62,875</u>	<u>62,875</u>	<u>–</u>
31 March 2022				
Non-derivative financial liabilities				
Lease liabilities	6,316	6,471	4,758	1,713
Other payables*	69,914	69,914	69,914	–
	<u>76,230</u>	<u>76,385</u>	<u>74,672</u>	<u>1,713</u>

* Excludes deferred revenue

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group has cash balances placed with reputable banks and financial institutions and deposits held with AGD and are variable rate interest-bearing.

Sensitivity analysis

A change of 100 basis points in interest rates would have increased or decreased surplus and deficit by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group		SSG	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Centralised Liquidity Management ("CLM") deposits held with AGD	1,640	2,128	1,029	1,540

Determination of fair values

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, deposits, cash and cash equivalents, and other payables) approximate their fair values because of the short period to maturity.

Accounting classification and fair values

Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000
Group			
31 March 2023			
Financial assets not measured at fair value			
Cash and cash equivalents	164,046	–	164,046
Trade and other receivables	18,244	–	18,244
Deposits	1,514	–	1,514
	<u>183,804</u>	<u>–</u>	<u>183,804</u>
Financial liabilities not measured at fair value			
Other payables*	<u>–</u>	<u>65,839</u>	<u>65,839</u>

* Excludes deferred revenue

	Amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000
Group			
31 March 2022			
Financial assets not measured at fair value			
Cash and cash equivalents	212,818	–	212,818
Trade and other receivables [#]	19,218	–	19,218
Deposits	1,514	–	1,514
	<u>233,550</u>	<u>–</u>	<u>233,550</u>

**Financial liabilities not measured
at fair value**

Other payables*	<u>–</u>	<u>74,317</u>	<u>74,317</u>
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SSG

31 March 2023

Financial assets not measured at fair value

Cash and cash equivalents	102,885	–	102,885
Trade and other receivables [#]	68,732	–	68,732
Deposits	1,441	–	1,441
	<u>173,058</u>	<u>–</u>	<u>173,058</u>

**Financial liabilities not measured
at fair value**

Other payables*	<u>–</u>	<u>61,162</u>	<u>61,162</u>
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31 March 2022

Financial assets not measured at fair value

Cash and cash equivalents	153,968	–	153,968
Trade and other receivables [#]	61,715	–	61,715
Deposits	1,441	–	1,441
	<u>217,124</u>	<u>–</u>	<u>217,124</u>

**Financial liabilities not measured
at fair value**

Other payables*	<u>–</u>	<u>69,914</u>	<u>69,914</u>
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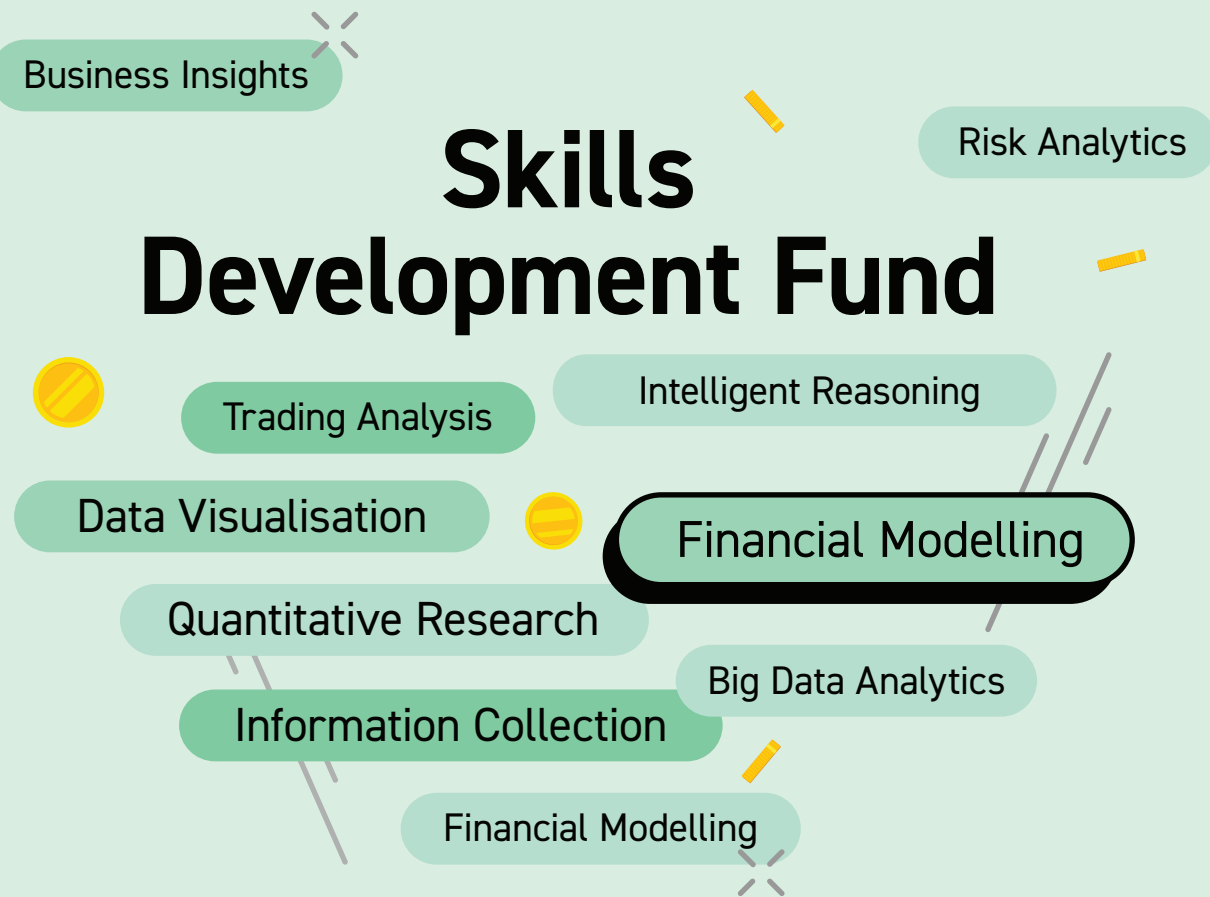
[#] Excludes grants disbursed in advance

* Excludes deferred revenue

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while fulfilling its objective as a statutory board.

The capital structure of the Group consists of accumulated surplus, capital reserves and share capital. The overall strategy remains unchanged from the previous financial period.



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Statement by SkillsFuture Singapore Agency which administers Skills Development Fund

In our opinion:

- (a) the accompanying financial statements of Skills Development Fund (“SDF”), set out on pages 89 to 111 are properly drawn up in accordance with the provisions of the Skills Development Levy Act 1979 (the “Act”) and Statutory Board Financial Reporting Standards (“SB-FRS”) so as to present fairly, in all material respects, the financial position of SDF as at 31 March 2023, and the financial performance, changes in equity and cash flows of SDF for the financial year ended on that date;
- (b) the receipts, expenditure and investment of moneys of SDF and the acquisition and disposal of assets by SDF during the financial year have been in accordance with the provisions of the Act; and
- (c) proper accounting and other records have been kept in accordance with the provisions of the Act.

On behalf of the SkillsFuture Singapore Agency, which administers SDF



Wong Kim Yin
Chairman



Tan Kok Yam (Chen Guyan)
Chief Executive

14 August 2023

Independent auditors' report

To the members of the board of SkillsFuture Singapore Agency which administers Skills Development Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Skills Development Fund (“SDF”), which comprise the statement of financial position as at 31 March 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS23.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Skills Development Levy Act 1979 (the “Act”) and Statutory Board Financial Reporting Standards (“SB-FRS”) so as to present fairly, in all material respects, the financial position of SDF as at 31 March 2023 and the financial performance, changes in equity and cash flows of SDF for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of SDF in accordance with the Accounting and Corporate Regulatory Authority (“ACRA”) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises the Statement by SkillsFuture Singapore Agency which administers SDF but does not include the financial statements and our auditors’ report thereon.

We have obtained all other information prior to the date of this auditors’ report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management's and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and SB-FRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing SDF's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate SDF or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing SDF's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SDF's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on SDF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause SDF to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by SDF during the year are, in all material respects, in accordance with the provisions of the Act; and
- (b) proper accounting and other records have been kept, in accordance with the provisions of the Act.

Basis for Opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Compliance Audit* section of our report. We are independent of SDF in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Responsibilities of Management for Compliance with Legal and Regulatory Requirement

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provision of the Act applicable to moneys of or managed by SDF. This responsibility includes monitoring related compliance requirements relevant to the Board, and implementing internal controls as management determines are necessary to enable compliance with the requirements.

Auditor's Responsibilities for the Compliance Audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provision of the Act applicable to moneys of or managed by SDF.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of SDF's internal control. Because of the inherent limitations in any internal control system, non-compliances may nevertheless occur and not be detected.



KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
14 August 2023

**Statement of financial position
As at 31 March 2023**

	Note	2023 \$'000	2022 \$'000
Asset			
Cash and cash equivalents	5	1,600,305	1,541,319
Levy and other receivables	6	44,623	51,549
Grants disbursed in advance	7	15	3,225
Financial assets, at amortised cost	4	–	30,095
Financial assets, at fair value through profit or loss	8	1,453,814	1,511,653
Current assets		<u>3,098,757</u>	<u>3,137,841</u>
Total asset		<u>3,098,757</u>	<u>3,137,841</u>
Equity			
Capital account	9	871,139	871,139
Accumulated profits		367,606	359,931
Total equity		<u>1,238,745</u>	<u>1,231,070</u>
Liabilities			
Grants received in advance	11	1,385,255	1,263,260
Non-current liability		<u>1,385,255</u>	<u>1,263,260</u>
Trade payables	10	131,067	118,601
Grants received in advance	11	343,690	524,910
Current liabilities		<u>474,757</u>	<u>643,511</u>
Total liabilities		<u>1,860,012</u>	<u>1,906,771</u>
Total equity and liabilities		<u>3,098,757</u>	<u>3,137,841</u>

Statement of comprehensive income
Year ended 31 March 2023

	Note	2023 \$'000	2022 \$'000
Operating income	12	314,575	277,505
Interest income	13	24,901	7,402
Fair value loss		(57,839)	(37,709)
		<u>281,637</u>	<u>247,198</u>
Expenditure			
Net disbursements		(333,124)	(525,742)
Disbursements		(363,683)	(542,604)
Less: Disbursement refunds		30,559	16,862
Allowance for impairment loss on receivables		(67)	(715)
Bad debts recovered/(written off)		4	(529)
		<u>(333,187)</u>	<u>(526,986)</u>
Deficit before government grant		(51,550)	(279,788)
Add			
Grants from government	11	<u>59,225</u>	<u>211,830</u>
Surplus/(Deficit) for the year, representing total comprehensive income for the year		<u><u>7,675</u></u>	<u><u>(67,958)</u></u>

Statement of changes in equity
Year ended 31 March 2023

	Capital account \$'000	Accumulated profits \$'000	Total \$'000
At 1 April 2021	871,139	427,889	1,299,028
Net deficit for the year, representing total comprehensive income for the year	–	(67,958)	(67,958)
At 31 March 2022	<u>871,139</u>	<u>359,931</u>	<u>1,231,070</u>
At 1 April 2022	871,139	359,931	1,231,070
Net surplus for the year, representing total comprehensive income for the year	–	7,675	7,675
At 31 March 2023	<u><u>871,139</u></u>	<u><u>367,606</u></u>	<u><u>1,238,745</u></u>

Statement of cash flows
Year ended 31 March 2023

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Deficit before government grant		(51,550)	(279,788)
Adjustments for:			
Reversal of impairment loss on receivables		67	715
Bad debts (recovered)/written off		(4)	529
Fair value loss		57,839	37,709
Interest income	13	(24,901)	(7,402)
Operating cash flow before movements in working capital		(18,549)	(248,237)
Changes in:			
Levy and other receivables		23,541	34,045
Grants disbursed in advance		3,210	(2,606)
Trade payables		12,466	71,363
Net cash generated from/(used in) operating activities		20,668	(145,435)
Cash flows from investing activities			
Proceeds on maturity of financial assets, at amortised cost		30,000	30,750
Interest received		8,318	7,188
Purchase of financial assets, at fair value through profit or loss		–	(1,100,000)
Net cash generated from/(used in) investing activities		38,318	(1,062,062)
Net increase/(decrease) in cash and cash equivalents		58,986	(1,207,497)
Cash and cash equivalents at beginning of the year	5	1,541,319	2,748,816
Cash and cash equivalents at end of the year	5	1,600,305	1,541,319

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 14 August 2023.

1 General

The Skills Development Fund (“SDF”) was established in the Republic of Singapore on 1 October 1979 as a Government fund under the Skills Development Levy Act 1979. SDF was administered by Singapore Workforce Development Agency (“WDA”) from 1 September 2003 to 2 October 2016. The administration of SDF was transferred from WDA to SkillsFuture Singapore Agency (“SSG”) with effect from 3 October 2016. The registered office and principal place of operations of SSG, being the administrator of SDF, is 1 Paya Lebar Link, #08-08 Paya Lebar Quarter 2, Singapore 408533.

SDF was established for the following purposes:

- (a) the promotion, development and upgrading of skills and expertise of persons preparing to join the workforce, persons in the workforce and persons re-joining the workforce;
- (b) the retraining of retrenched persons; and
- (c) the provision of financial assistance by grants, loans or otherwise for the above-mentioned purposes.

SDF is exempted from income tax under Section 13(1)(e) of the Income Tax Act.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Act, and Statutory Board Financial Reporting Standards (“SB-FRS”), including Interpretations of SB-FRS (“INT SB-FRS”) and Guidance Notes as promulgated by the Accountant-General.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is SDF’s functional currency. All information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with SB-FRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there are no critical judgements made in applying SDF's accounting policies and no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

2.5 Changes in accounting policies

New standards and amendments

SDF has applied the following SB-FRS, amendments to and interpretations of SB-FRS for the first time for the annual period beginning on 1 April 2022:

- Amendments to SB-FRS 16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to SB-FRS 37: *Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to SB-FRS 103: *Reference to the Conceptual Framework*
- Annual Improvements to SB-FRSs 2018-2020

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by SDF.

3.1 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when SDF becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless SDF changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, SDF may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income ("FVOCI") as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

SDF makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to SDF's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with SDF's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, SDF considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, SDF considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit SDF’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses*Financial assets at FVTPL*

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised trade payables.

(iii) Derecognition**Financial assets**

SDF derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which SDF neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when SDF enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

SDF derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. SDF also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, SDF currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances held with the Accountant-General Department (“AGD”) which are subject to an insignificant risk of changes in value.

3.2 Impairment***Non-derivative financial assets***

SDF recognises loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortised costs.

Loss allowances of SDF are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

SDF applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

SDF applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, SDF assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, SDF considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on SDF's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

SDF considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to SDF in full, without recourse by SDF to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which SDF is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that SDF expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, SDF assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by SDF on terms that SDF would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when SDF determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with SDF's procedures for recovery of amounts due.

3.3 Government grants received

SDF receives various types of grants to meet its operating expenditure.

Government grants are not recognised until there is reasonable assurance that SDF will comply with the conditions attaching to them and the grants will be received. Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to SDF with no future related costs are recognised in income or expenses in the period in which they become receivables.

3.4 Finance income

SDF's finance income comprises interest income on deposits held with AGD and financial assets measured at amortised cost. Interest income is recognised as it accrues in profit or loss, using the effective interest rate method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.5 Grant disbursement

Grant disbursements are recognised as an expense in the statement of comprehensive income when there is an obligation to disburse.

3.6 Revenue recognition

Income from Skills Development Levy ("SDL") is recognised on a monthly basis, in accordance to the month that SDL is paid for and payable by the employers.

3.7 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2022 and earlier application is permitted; however, SDF has not early adopted the new or amended standards in preparing these financial statements.

The following amendments to SB-FRSs are not expected to have a significant impact on SDF's financial statements.

- Amendments to SB-FRS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to SB-FRS 1: *Classification of Liabilities as Current or Non-Current*
- Amendments to SB-FRS 1 and SB-FRS Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SB-FRS 8: *Definition of Accounting Estimates*
- Revised SB-FRS 1002 *Impairment of Non-Cash-Generating Assets*
- Revised SB-FRS 1002 *Implementation Guidance*
- Amendments to SB-FRS Guidance Note 3 *Accounting and Disclosure for Trust Funds*
- SB-FRS Guidance Note 11 *Accounting for Grants Administered by Statutory Board*

4 Financial assets, at amortised cost

	2023 \$'000	2022 \$'000
Singapore Government bonds	–	30,095
Represented by		
Current portion	–	30,095

In 2022, the quoted bonds had fixed interest rates of 3.125% per annum and maturity period of 5 months.

5 Cash and cash equivalents

	2023 \$'000	2022 \$'000
Centralised Liquidity Management ("CLM") deposits held with AGD ⁽ⁱ⁾	1,600,305	1,541,319

⁽ⁱ⁾ SDF participates in the Centralised Liquidity Management by the AGD under AGD Circular 4/2009. Deposits, which are interest-bearing, are centrally managed by AGD and are available to SDF upon request and earn interest at the average rates of 1.61% (2022: 0.30%) per annum.

6 Levy and other receivables

	2023 \$'000	2022 \$'000
Levy receivables	2,266	2,484
Interest receivables from bonds & CLM	20,541	3,856
Other receivables:		
- National Productivity Fund	–	13,207
- Lifelong Learning Endowment Fund	9,243	22,163
- Workforce Singapore Agency	158	275
- SSG	12,297	9,471
- Others	118	93
	44,623	51,549

Other receivables, which are with related parties, are unsecured, interest-free and repayable within a credit period of 30 days.

Credit risk and impairment losses

SDF's exposure to credit risk and impairment losses for trade receivables, are disclosed in Note 16.

7 Grants disbursed in advance

	2023 \$'000	2022 \$'000
Third parties	15	3,225

8 Financial assets, at fair value through profit or loss

	2023 \$'000	2022 \$'000
Fund investments	1,453,814	1,511,653

Information about fair value measurement of fund investments is included in Note 16.

9 Capital account

The capital account represents the Singapore Government's capital contribution for the establishment of the Skills Development Fund.

10 Trade payables

	2023 \$'000	2022 \$'000
Related parties	39,837	26,302
Third parties	91,230	92,299
	<u>131,067</u>	<u>118,601</u>

The amounts due to related parties are unsecured, interest-free and repayable within a credit period of 30 days.

11 Grants received in advance

	Grants received from Ministry of Finance ⁽ⁱ⁾	
	2023 \$'000	2022 \$'000
At 1 April	1,788,170	2,000,000
Transfer to statement of comprehensive income	(59,225)	(211,830)
At 31 March	<u>1,728,945</u>	<u>1,788,170</u>
Classified as		
- Current	343,690	524,910
- Non-current	1,385,255	1,263,260
	<u>1,728,945</u>	<u>1,788,170</u>

(i) SDF has obtained a grant from Ministry of Finance to scale up the Jobs and Skills Programmes and SkillsFuture Work-Study Programmes, as part of the Next Bound of SkillsFuture over a period of four years. In areas permissible, SDF taps on the grant to meet the increasing demands and needs of SDF's skills development efforts.

12 Operating income

	2023 \$'000	2022 \$'000
SDL from:		
- Private sector	291,084	253,268
- Statutory boards	8,433	9,179
- Ministries and Organs of State	15,048	15,055
Others	10	3
	<u>314,575</u>	<u>277,505</u>

SDL contribution is payable by employers for all employees up to the first \$4,500 (2022: \$4,500) of gross monthly remuneration at the rate of 0.25% or \$2 (2022: 0.25% or \$2), whichever is higher.

13 Interest income

	2023 \$'000	2022 \$'000
Interest income from:		
- CLM deposits held with AGD	24,610	6,582
- Financial assets, at amortised cost	291	820
	<u>24,901</u>	<u>7,402</u>

14 Related parties**Other related party transactions**

Related companies in these financial statements refer to members of SSG's group of companies for the respective financial periods.

Some of the transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Other than disclosed in the respective notes to the financial statements, SDF entered into the following significant transactions with its related parties during the year:

	2023 \$'000	2022 \$'000
Disbursements to related parties	112,431	105,731
Receipts from related parties in relation to payments made on behalf of related parties by SDF	(143)	(3,846)

Key management personnel compensation

SDF relies on SSG for management and administrative support.

None of the key management personnel earned any fees or other remuneration in respect of their appointment for SDF during the current year and prior year. The key management personnel are not paid directly by SDF but receive remuneration from SSG, in respect of their services to the larger group which includes SDF. No consideration was paid to SSG for the service rendered by the key management personnel to SDF.

15 Commitments

The following represents the training assistance grants committed by SDF at the end of the financial reporting period. The actual disbursement of the training assistance grant commitments are subject to the fulfilment of the agreed conditions by the grant recipients.

	2023 \$'000	2022 \$'000
Training assistance committed for disbursement	1,243,743	1,328,619

Training assistance grant commitment are administered through Training Grants System (2022: Funding Management System) and are derived from gross commitments less grant disbursements.

16 Financial instruments**(a) Financial risk management****Overview**

SDF has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about SDF's exposure to each of the above risks, SDF's objectives, policies and processes for measuring and managing risk, and SDF's management of capital.

Risk management framework

SDF has adopted risk management practices, which set out its general risk management framework as discussed below. In addition, the SSG Board is also involved in formulating investment policies and guidelines, reviewing investment strategy and performance of the fund managers and monitoring the results of the investments. The investment report is also reviewed on a monthly basis by the SSG Chief Executive.

Fund investments

In connection with the funds placed with fund managers, the funds placed with fund managers are exposed to a variety of financial risk: credit risk, liquidity risk and market risk (including fair value interest rate risk, cash flow interest rate risk and price risk).

The fund managers appointed are held responsible in achieving the investment objectives set forth in their respective investment management agreements. All income and realised capital gains are to be reinvested by the fund managers unless otherwise instructed by SSG.

These financial assets are invested through the AGD Demand Aggregation Scheme, which consists of funds placements with six (2022: six) fund managers under the AGD panel of approved fund managers. The underlying financial assets of these funds include fixed income instruments, equities and commodities which are of high credit ratings as determined by recognised rating agencies.

SDF manages risk via investments with fund managers under the AGD Demand Aggregation Scheme. The investment mandates, which include the investment objective, investment universe, asset allocation and risk tolerance, are set by the AGD, and as such SDF does not have control over these investments. The investment managers are required to submit a monthly report to SDF and ongoing monitoring is undertaken by SDF to ensure that all investment activities are in compliance with the guidelines.

(b) Credit risk

Credit risk is the risk of financial loss to SDF if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from SDF's receivables from customers.

SDF's major classes of financial assets are cash and deposits with AGD, levy and other receivables and financial assets at amortised costs. The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the statement of financial position.

Cash and cash equivalents

SDF held cash and cash equivalents of \$1,600,305,000 as at 31 March 2023 (2022: \$1,541,319,000). The cash and cash equivalents are held with AGD which has low credit risk based on the external credit ratings of the counterparties.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The amount of allowance on cash and cash equivalents was negligible. No forward-looking factors are used in the computation as the balances are measured on the 12-months expected loss basis (i.e. short-term).

Financial assets at amortised costs

SDF's investments classified as financial assets at amortised costs consist of Singapore Government bonds and other corporate bonds which are investment grade institutions. SDF's exposure to credit risk relating to its bonds are classified into AAA rating (based on public ratings assigned by Standard & Poor's).

SDF monitors the credit risk of its financial assets at amortised costs by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, SDF supplements this by reviewing changes in the probability of default of the issuers.

Impairment on AAA rated bonds has been measured on the 12-month expected loss basis. SDF considers that its AAA rated bonds have low credit risk based on the external credit ratings of the counterparties. The loss allowances were assessed to be immaterial as at 31 March 2022.

Levy and other receivables*Exposure to credit risk*

SDF's most significant debtor amounts to \$12,297,000 (2022: \$22,163,000) which pertained to amounts owing by SSG (2022: Lifelong Learning Endowment Fund).

A breakdown of SDF's levy and other receivables are disclosed under Note 6. Apart from the significant debtor above, SDF believes the concentration of credit risk in levy and other receivables are mitigated.

SDF does not obtain or hold collaterals in respect of levy and other receivables.

*Expected credit loss assessment***Levy receivables**

For levy receivables, SDF has applied the simplified approach to measure the loss allowance based on lifetime expected credit losses. SDF considers the differences between economic conditions during the period over which the probabilities of default are computed mainly based on actual historical credit experience and expected future economic conditions and has assessed the loss allowance to be immaterial as at 31 March 2023 and 2022.

Other receivables and interest receivables

Impairment on other receivables and interest receivables has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. Other receivables and interest receivables are considered to have low credit risk as there have been no significant increase in the risk of default on the receivables since initial recognition. The amount of the allowance was assessed to be immaterial.

(c) Liquidity risk

Liquidity risk is the risk that SDF will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. SDF manages liquidity risk by maintaining sufficient funds from collection of SDL to enable it to meet its operational requirements.

The non-derivative financial liabilities of SDF are presented in the statement of financial position. The undiscounted cash flows of SDF's non-derivative financial liabilities (comprising trade payables) at the reporting approximate their carrying amounts and are expected to be settled within the next 12 months and are classified as other financial liabilities.

Capital management

SDF's objectives when managing capital are to ensure that it is adequately capitalised and that it fulfils the objects for which moneys of SDF may be applied under the Skills Development Levy Act 1979.

SDF is not subject to any capital requirements under the Skills Development Levy Act 1979 or any other externally imposed capital requirements.

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect SDF's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Price risk**Risk management policy**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate arising from changes in market prices (other than those arising from interest rate risk or currency risk, which are further discussed below), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

SDF is exposed to price risk arising from its investments with fund managers. The management monitors the price fluctuations of the investments and assesses the valuation on a monthly basis.

Sensitivity analysis**Investments at fair value through profit or loss**

If prices of fund investments had been 10% higher with all other variables held constant, the fair value of these financial instruments for the year ended 31 March 2023 would have been higher by \$145,381,000 (2022: \$151,165,000). Correspondingly, the surplus would have been higher by \$145,381,000 (2022: \$151,165,000). Conversely, if prices of fund investments had been 10% lower with all other variables held constant, the fair value of the financial instruments and the surplus would have been lower by an equal amount.

The 10% represents management's assessment of the possible change in market prices. The sensitivity analysis is for illustrative purposes only. In practice, prices rarely change in isolation and are likely to be interdependent with other market variables.

Interest rate risk

SDF's fixed rate instruments relate primarily to financial assets at amortised costs, which consist of Singapore Government bonds and other corporate bonds. SDF does not account for any fixed rate financial assets and liabilities at FVTPL. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect profit or loss.

SDF's exposure to changes in interest rates relates primarily to deposits held with AGD. Surplus funds are placed with AGD as disclosed in Note 5.

Profile

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Carrying amount	
	2023 \$'000	2022 \$'000
Fixed rate instruments		
Financial assets, at amortised cost	–	30,095
Centralised Liquidity Management deposits held with AGD	1,600,305	1,541,319
	<u>1,600,305</u>	<u>1,571,414</u>

(e) Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Carrying amount			Fair value \$'000
		Designated at FVTPL \$'000	Financial assets at amortised cost \$'000	Other financial liabilities \$'000	
2023					
Financial assets measured at fair value					
Fund investments at FVTPL	8	<u>1,453,814</u>	–	–	<u>1,453,814</u>

Note	Carrying amount			Total carrying amount \$'000	Fair value \$'000
	Designated at FVTPL \$'000	Financial assets at amortised cost \$'000	Other financial liabilities \$'000		
2023					
Financial assets not measured at fair value					
Cash and cash equivalents	5	–	1,600,305	–	1,600,305
Levy and other receivables	6	–	44,623	–	44,623
		–	<u>1,644,928</u>	–	<u>1,644,928</u>
Financial liabilities					
Trade payables	10	–	–	131,067	–
2022					
Financial assets measured at fair value					
Fund investments at FVTPL	8	<u>1,511,653</u>	–	–	<u>1,511,653</u>
Financial assets not measured at fair value					
Financial investments at amortised cost	4	–	30,095	–	30,095
Cash and cash equivalents	5	–	1,541,319	–	1,541,319
Levy and other receivables	6	–	51,549	–	51,549
		–	<u>1,622,963</u>	–	<u>1,622,963</u>
Financial liabilities					
Trade payables	10	–	–	118,601	–

The following methods and assumptions are made to estimate the fair value of each class of financial instruments (where it is practicable to estimate that value):

Fund investments at FVTPL

SDF's investments at fair value through profit or loss represent financial assets designated as fair value through profit or loss on inception. SDF's investments at fair value through profit or loss are managed externally by professional fund managers within discretion of the investment guidelines mandated by AGD under the Demand Aggregation Scheme. SDF manages and evaluates the performance of such investments on a fair value basis in accordance with SDF's investment policy and strategies.

The fair values of unquoted fund investments are determined based on the closing quoted market prices on the last market day of the financial year provided by the fund managers.

Financial investments at amortised cost

The fair values of the quoted bonds are based on the last bid prices as at the end of each respective reporting period.

Other financial assets and liabilities

The carrying amounts of levy and other receivables, cash and cash equivalents and trade payables approximate their respective fair values due to the short-term to maturity.

Fair value hierarchy

SDF classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table stipulates investments measured at fair value and financial assets and financial liabilities that are not measured at fair value but for which fair values are disclosed:

	Level 1 \$'000	Level 2 \$'000	Total \$'000
2023			
Fund investments at FVTPL	–	1,453,814	1,453,814
2022			
Financial investments at amortised cost	30,234	–	30,234
Fund investments at FVTPL	–	1,511,653	1,511,653
	30,234	1,511,653	1,541,887

SDF does not have any investments in the Level 3 category and there were no transfers between Level 1 and Level 2 in 2023 and 2022.

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs
Fund investments at FVTPL	<i>Market comparison technique:</i> The fair values of unquoted fund investments are determined based on the closing quoted market prices on the last market day of the financial year provided by the fund managers.	Not applicable

SkillsFuture Jubilee Fund

Business Insights

Big Data Analytics

Trading Analysis

Risk Analytics

Financial Modelling

Finance Business Partnering

Big Data Analytics

Quantitative Research

Intelligent Reasoning

Trading Analysis

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Statement by SkillsFuture Singapore Agency which administers SkillsFuture Jubilee Fund

In our opinion:

- (a) the accompanying financial statements of SkillsFuture Jubilee Fund (“SFJF”), set out on pages 119 to 133 are properly drawn up in accordance with the provisions of the Skills Development Levy Act 1979, Singapore Charities Act 1994 (the “Acts”) and Statutory Board Financial Reporting Standards (“SB-FRS”) so as to present fairly, in all material respects, the financial position of SFJF as at 31 March 2023, and the financial performance, changes in accumulated surplus, and cash flows of SFJF for the financial year ended on that date;
- (b) the receipts and expenditure by SFJF during the financial year have been in accordance with the provisions of the Skills Development Levy Act 1979;
- (c) proper accounting and other records have been kept in accordance with the provisions of the Acts.

On behalf of the SkillsFuture Singapore Agency, which administers SFJF



Wong Kim Yin
Chairman



Tan Kok Yam (Chen Guyan)
Chief Executive

14 August 2023

Independent auditors' report

To the members of the board of SkillsFuture Singapore Agency which administers SkillsFuture Jubilee Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SkillsFuture Jubilee Fund (“SFJF”), which comprise the statement of financial position as at 31 March 2023, and the statement of comprehensive income, statement of changes in accumulated surplus and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS14.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Skills Development Levy Act 1979, Singapore Charities Act 1994 (the “Acts”) and Statutory Board Financial Reporting Standards (“SB-FRS”) so as to give a true and fair view of the financial position of SFJF as at 31 March 2023, and the financial performance, changes in accumulated surplus and cash flows of SFJF for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of SFJF in accordance with the Accounting and Corporate Regulatory Authority (“ACRA”) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises the Statement by SkillsFuture Singapore Agency which administers SFJF but does not include the financial statements and our auditor’s report thereon.

We have obtained all other information prior to the date of this auditor’s report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Charities Act and SB-FRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing SFJF's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate SFJF or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing SFJF's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SFJF's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on SFJF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause SFJF to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion:

- (a) the receipts and expenditure by SFJF during the year are, in all material respects, in accordance with the provisions of the Acts;
- (b) proper accounting and other records have been kept in accordance with the provisions of the Acts.

Basis for Opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Compliance Audit* section of our report. We are independent of SFJF in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Responsibilities of Management for Compliance with Legal and Regulatory Requirement

Management is responsible for ensuring that the receipts and expenditure, are in accordance with the provision of the Act applicable to moneys of or managed by SFJF. This responsibility includes monitoring related compliance requirements relevant to the Board, and implementing internal controls as management determines are necessary to enable compliance with the requirements.

Auditor's Responsibilities for the Compliance Audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts and expenditure, are in accordance with the provision of the Act applicable to moneys of or managed by SFJF.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts and expenditure; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of SFJF's internal control. Because of the inherent limitations in any internal control system, non-compliances may nevertheless occur and not be detected.



KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
14 August 2023

**Statement of financial position
As at 31 March 2023**

	Note	2023 \$	2022 \$
Asset			
Other receivable	4	277,934	40,152
Cash and cash equivalents	5	20,433,922	20,547,238
Current assets		<u>20,711,856</u>	<u>20,587,390</u>
Total current assets representing total asset		<u>20,711,856</u>	<u>20,587,390</u>
Accumulated surplus		<u>20,711,856</u>	<u>20,587,390</u>
Total accumulated surplus		<u>20,711,856</u>	<u>20,587,390</u>

Statement of comprehensive income
Year ended 31 March 2023

	Note	2023 \$	2022 \$
Income			
Interest income		334,466	64,611
Expenditure			
Other expenses	6	<u>(210,000)</u>	<u>(115,000)</u>
Surplus/(Deficit) for the year, representing total comprehensive income for the year		<u>124,466</u>	<u>(50,389)</u>

Statement of changes in accumulated surplus
Year ended 31 March 2023

	Accumulated surplus \$
At 1 April 2021	20,637,779
Net deficit for the year, representing total comprehensive income for the year	<u>(50,389)</u>
At 31 March 2022 / 1 April 2022	20,587,390
Net surplus for the year, representing total comprehensive income for the year	<u>124,466</u>
At 31 March 2023	<u>20,711,856</u>

Statement of cash flows
Year ended 31 March 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Surplus/(Deficit) for the year		124,466	(50,389)
Adjustment for:			
Interest income		(334,466)	(64,611)
Net cash used in operating activities		<u>(210,000)</u>	<u>(115,000)</u>
Cash flows from investing activity			
Interest received		96,684	70,505
Net cash generated from investing activity		<u>96,684</u>	<u>70,505</u>
Net decrease in cash and cash equivalents		(113,316)	(44,495)
Cash and cash equivalents at beginning of the year	5	<u>20,547,238</u>	<u>20,591,733</u>
Cash and cash equivalents at end of the year	5	<u>20,433,922</u>	<u>20,547,238</u>

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 14 August 2023.

1 General

The SkillsFuture Jubilee fund (the “SFJF”) was established in the Republic of Singapore as part of the Skills Development Fund (“SDF”) in accordance with Section 5 of the Skills Development Levy Act 1979. SFJF was administered by Singapore Workforce Agency (“WDA”) from 11 February 2015 to 2 October 2016. The administration of SFJF was transferred from WDA to SkillsFuture Singapore Agency (“SSG”) with effect from 3 October 2016.

As SFJF resides within SDF, in accordance with the objects of the Skills Development Levy Act 1979, the objects for which moneys of SFJF may be applied are as follows:

- a) the promotion, development and upgrading of skills and expertise of persons preparing to join the workforce, persons in the workforce and persons re-joining the workforce;
- b) the retraining of retrenched persons; and
- c) the provision of financial assistance by grants, loans or otherwise for the above-mentioned purposes.

The intent for SFJF is to use the moneys to administer SkillsFuture Fellowships and SkillsFuture Employer Awards. These are awards given to:

- a) recognise and develop Singaporeans who embody characteristics aligned with the SkillsFuture objectives and support them in developing skills mastery in their respective fields of work; and
- b) recognise employers who made significant effort to invest in employee training and supported the SkillsFuture effort to develop structured skills-based career pathways for their employees.

SFJF’s registered office and principal place of operations is 1 Paya Lebar Link, #08-08 Paya Lebar Quarter 2, Singapore 408533. SFJF is a registered charity under the Charities Act 1994. The Institute of Public Character (“IPC”) status has lapsed on 10 April 2021.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Act, and Statutory Board Financial Reporting Standards (“SB-FRS”), including Interpretations of SB-FRS (“INT SB-FRS”) and Guidance Notes as promulgated by the Accountant-General.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is SFJF's functional currency.

2.4 Critical accounting judgements and key sources of estimates uncertainty

The preparation of the financial statements in conformity with SB-FRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Management is of the opinion that there are no critical judgements made in applying SFJF's accounting policies and no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

2.5 Changes in accounting policies**New standards and amendments**

SFJF has applied the following SB-FRSs, amendments to and interpretations of SB-FRS for the first time for the annual period beginning on 1 April 2022:

- Amendments to SB-FRS 103: *Reference to the Conceptual Framework*
- Annual Improvements to SB-FRSs 2018-2020

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Financial instruments**(i) Recognition and initial measurement****Non-derivative financial assets and financial liabilities**

Financial assets and financial liabilities are initially recognised when SFJF becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement**Non-derivative financial assets**

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless SFJF changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

SFJF does not have non-derivative assets measured at fair value through other comprehensive income ("FVOCI") and FVTPL.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

SFJF makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to SFJF's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with SFJF's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, SFJF considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, SFJF considers:

- contingent events that would change the amount or timing of cash flows;
- prepayment and extension features; and
- terms that limit SFJF's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(iii) Derecognition

SFJF derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which SFJF neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

SFJF enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

(iv) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits held with the Accountant-General Department ("AGD") which are subject to an insignificant risk of changes in value.

(v) Impairment

SFJF recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs.

Loss allowances of SFJF are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

SFJF applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

SFJF applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, SFJF assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, SFJF considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on SFJF's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

SFJF considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to SFJF in full, without recourse by SFJF to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which SFJF is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that SFJF expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, SFJF assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by SFJF on terms that SFJF would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when SFJF determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with SFJF's procedures for recovery of amounts due.

3.2 Finance income

SFJF's finance income includes interest income.

Interest income is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.3 Government grants received

SFJF receives government grants to meet its operating expenditure.

Government grants are not recognised until there is reasonable assurance that SFJF will comply with the conditions attaching to them and the grants will be received. Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to SFJF with no future related costs are recognised as income or expenses in the period in which they become receivables.

3.4 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2022 and earlier application is permitted; however, SFJF has not early adopted the new or amended standards in preparing these financial statements.

The following amendments to SB-FRSs are not expected to have a significant impact on SFJF's financial statements.

- Amendments to SB-FRS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to SB-FRS 1: *Classification of Liabilities as Current or Non-Current*
- Amendments to SB-FRS 1 and SB-FRS Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SB-FRS 8: *Definition of Accounting Estimates*
- Revised SB-FRS 1002 *Impairment of Non-Cash-Generating Assets*
- Revised SB-FRS 1002 *Implementation Guidance*
- Amendments to SB-FRS Guidance Note 3 *Accounting and Disclosure for Trust Funds*
- SB-FRS Guidance Note 11 *Accounting for Grants Administered by Statutory Board*

4 Other receivable

	2023 \$	2022 \$
Interest receivable from Centralised Liquidity Management deposits held with AGD	277,934	40,152

5 Cash and cash equivalents

	2023 \$	2022 \$
Centralised Liquidity Management deposits held with AGD ⁽ⁱ⁾	20,433,922	20,547,238

⁽ⁱ⁾ SFJF participates in the Centralised Liquidity Management by the AGD under AGD Circular 4/2009. Deposits, which are interest-bearing, are centrally managed by AGD and are available to SFJF upon request and earn interest at average rates of 1.61% (2022: 0.30%) per annum.

6 Other expenses

Other expenses pertain to disbursements via SkillsFuture Fellowship and SkillsFuture Employer Awards to citizens and employers respectively.

7 Financial instruments**Overview**

SFJF has exposure to the following risks arising from financial instruments:

- credit risk
- market risk

This note presents information about SFJF's exposure to each of the above risks, SFJF's objectives, policies and processes for measuring and managing risk, and SFJF's management of capital.

Risk management framework

SFJF has documented financial risk management policies. These policies set out SFJF's overall business strategies and its risk management philosophy. SFJF's overall financial risk management objective seeks to minimise potential adverse effects on its financial performance.

SFJF provides written principles for overall financial risk management, which covers specifically on market risk (including interest rate risk) and credit risk. Such written policies are reviewed periodically by SFJF and periodic reviews are undertaken to ensure that SFJF's policies are relevant and complied with.

SFJF monitors its risk exposure regularly. There has been no change to SFJF's exposure to these financial risks or the manner in which it manages and measures the risk.

(a) Credit risk*Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	2023 \$	2022 \$
Financial assets at amortised cost		
Other receivable	277,934	40,152
Cash and cash equivalents	20,433,922	20,547,238
	<u>20,711,856</u>	<u>20,587,390</u>

The notional amounts of financial assets with a maturity of less than one year (including other receivable and cash and cash equivalents) are assumed to approximate their fair values because of the short period to maturity.

Cash and cash equivalents

SFJF held cash and cash equivalents of \$20,433,922 as at 31 March 2023 (2022: \$20,547,238). The cash and cash equivalents are held with AGD which has low credit risk based on the external credit ratings of the counterparties.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The amount of allowance on cash and cash equivalents was negligible. No forward-looking factors are used in the computation as the balances are measured on the 12 -months expected loss basis (i.e. short-term).

Other receivable

Impairment on other receivable has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. Other receivable is considered to have low credit risk as there have been no significant increase in the risk of default on the receivables since initial recognition. The amount of the allowance was assessed to be immaterial.

(b) Market risk*Interest rate risk*

SFJF's exposure to interest rate risk for changes in interest rate environment relates mainly to its interest income from cash and cash equivalents held with AGD.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial instruments, as reported to the management, was as follows:

	Nominal amount	
	2023	2022
	\$	\$
Fixed rate instruments		
Cash and cash equivalents	20,433,922	20,547,238

Fair value sensitivity analysis for fixed rate instruments

SFJF does not account for any fixed rate financial assets at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

8 Key management personnel compensation

SFJF relies on SSG for management and administrative support.

None of the key management personnel earned any fees or other remuneration in respect of their appointment for SFJF during the current year and prior year. The key management personnel are not paid directly by SFJF but receive remuneration from SSG, in respect of their services to the larger group which includes SFJF. No consideration was paid to SSG for the service rendered by the key management personnel to SFJF.

SKILLS *future* SG

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