SKILLSFUTURE SG

Skill Up

TRANSFORM, UPSKILL AND GROW

ANNUAL REPORT 2018/2019

Mr Wong Kim Yin
Chairman

Mr Ng Cher Pong
Chief Executive

2018 has been an intensive year of scaling up SkillsFuture to reach out to more individuals, and embarking on more partnerships with key stakeholders to build enterprise capabilities to support enterprise transformation efforts.

More Individuals and Enterprises Benefit from SkillsFuture

About 465,000 Singaporeans and 12,000 enterprises benefitted from training subsidies in 2018. There was a healthy increase in the number of Singaporeans who took up various SkillsFuture initiatives.

Significantly, more than 30,000 Singaporeans took up courses under the SkillsFuture Series, which was launched in 2017 to equip individuals with skills in emerging areas. This represented a sharp increase from 2,100 in 2017. Similarly, about 52,000 individuals went through SkillsFuture Advice workshops, compared to 4,600 the year before.

In 2017, we had also embarked on an ambitious project to launch MySkillsFuture, a one-stop online portal which provides individuals with information and resources at their fingertips to empower them to take charge of their own skills development and career planning. In one year, more than 7.6 million visits had been made to the portal, with visitors searching for courses, submitting their SkillsFuture Credit claims or looking for content and identifying skills that they need to achieve their skills and career aspirations.

Overall, the adult training participation rate, based on the Labour Force Survey, increased to a record high of 48% in 2018.

Building Skills Capabilities

To raise public awareness about the importance of skills development, we launched the inaugural SkillsFuture Festival. During the month-long festival, more than 350 learning activities were conducted island-wide, in partnership with more than 250 partners. These activities attracted more than 200,000 visitors.

Eleven new Skills Frameworks were also launched in 2018, bringing the total to 27 Skills Frameworks introduced to date. We worked closely with enterprises, unions and several Human Capital solutions partners to help companies tap on the frameworks to plan their employees' skills development critical to business growth. Individuals can also use the frameworks to map out their own career development plans.

Enhancing Enterprise Competencies

In 2018, we stepped up efforts to reach out to and engage enterprises, especially the small and medium-sized enterprises (SMEs) to build their work-learn capabilities. We also launched the National Centre of Excellence for Workplace Learning (NACE) to enable SMEs to build their own work-learn capabilities. New strategic partnerships were forged with key industry players, such as SAP, Oracle and Apple, to train the workforce and equip them with timely in-demand skills to support business transformation efforts.

We have seen encouraging growth in many areas, with both individuals and enterprises getting onboard the skills journey. However, we recognise that these are early days and the SkillsFuture movement is a multi-year journey. We thank our partners for their strong support and will continue to work closely with you to make Singapore a nation of lifelong learners and a society that values skills mastery.

Chairman
Mr Wong Kim Yin

Chief Executive
Mr Ng Cher Pong

1. **Mr Tan Choon Shian**
   Chief Executive,
   Workforce Singapore

2. **Mr Ramasamy Dhinakaran**
   Deputy Chairman,
   SSG Board

   Managing Director,
   Jay Gee Enterprises Pte Ltd

3. **Mr Wong Kim Yin**
   Chairman,
   SSG Board

   Group Chief Executive Officer,
   Singapore Power Ltd

4. **Mr Ng Cher Pong**
   Chief Executive,
   SkillsFuture Singapore

   Deputy Secretary (SkillsFuture),
   Ministry of Education

5. **Ms Grace Yow**
   Executive Vice President
   (Manufacturing) and
   Managing Director
   Fluidigm, Singapore

6. **Mr Tang Chun Wai Benjamin**
   President,
   Port Officers' Union Central
   Committee Member,
   National Trades Union Congress

7. **Mr Allen Law**
   Chief Executive,
   Park Hotel Group

8. **Mr Mohamad Saiful Saroni**
   Partner,
   Pricewaterhouse Coopers LLP
   Singapore
   (Appointed 1 Oct 2018)

9. **Mr Leong Keng Thai**
   Deputy Chief Executive
   (International and Corporate),
   Info-communications Media
   Development Authority of
   Singapore
   (Appointed 1 Oct 2018)

10. **Ms Charlene Chang**
    Group Director
    (Ageing Planning Office),
    Ministry of Health

11. **Mr Suhaimi Zainul-Abidin**
    Chief Executive,
    Quantedge Capital Pte Ltd

12. **Prof Pang Hwee Hwa**
    Dean,
    School of Information Systems,
    Singapore Management University

13. **Mr Lee Chee Koon**
    President & Group Chief Executive,
    CapitaLand Group
    (Appointed 1 Oct 2018)

14. **Mr Yuen Kuan Moon**
    Chief Executive Officer,
    Consumer Singapore, Singtel

    Group Chief Digital Officer,
    Singtel

Retired Board Members
(3 Oct 2016 - 30 Sep 2018)

Mr Tan Pheng Hock
Ex-Chairman

Mr Joe Sim
Chief Executive Officer,
Parkway Pantai Limited

Professor Tan Thiam Soon
President,
Singapore Institute of
Technology

Mr Soon Sze Meng
Vice President, Business,
International Group of Singtel

Absent

Mr Russell Tham
President,
New Enterprises and Ventures,
Singapore Technologies Engineering
(Appointed 1 Oct 2018)

SSG BOARD COMMITTEES
(3 Oct 2016 to 30 Sep 2018)

Audit and Risk Committee

	Name	Appointment
1	Mr Ramasamy Dhinakaran	Chairman
2	Ms Charlene Chang	Member
3	Prof Pang Hwee Hwa	Member

Grants Committee

	Name	Appointment
1	Mr Tan Pheng Hock	Chairman
2	Mr Tan Choon Shian	Member
3	Mr Soon Sze Meng	Member
4	Mr Yuen Kuan Moon	Member

Remuneration Committee

	Name	Appointment
1	Prof Tan Thiam Soon	Chairman
2	Mr Benjamin Tang	Member
3	Ms Grace Yow	Member
4	Mr Allen Law	Member

IT Committee

	Name	Appointment
1	Mr Joe Sim	Chairman
2	Dr Chong Yoke Sin	Co-opted Member
3	Dr Janson Yap	Co-opted Member
4	Mr Tan Eng Pheng	Co-opted Member

Committee for Private Education

	Name	Appointment
1	Mr Wong Kim Yin	Chairman
2	Mr Choe Peng Sum	Co-opted Member
3	Mr Leong Keng Thai	Co-opted Member
4	Mr Andrew Lim Ming-Hui	Co-opted Member
5	Mr Ted Tan	Co-opted Member
6	Mr Wan Aik Chye	Co-opted Member
7	Mr Ervin Yeo	Co-opted Member
8	Mr Brandon Lee	Co-opted Member

Investment Committee (3 Oct 2016 - 30 Sep 2017)

	Name	Appointment
1	Mrs Goh Mui Hong	Chairman
2	Mr Suhaimi Bin Zainul Abidin	Member
3	Mr Yap Chuin Houi	Co-opted Member

SSG BOARD COMMITTEES
(1 Oct 2018 to 30 Sep 2020)

Audit and Risk Committee

	Name	Appointment
1	Mr Ramasamy Dhinakaran	Chairman
2	Mr Yuen Kuan Moon	Member
3	Mr Mohamad Saiful Saroni	Member
4	Mr Tay Woon Teck	Co-opted Member

Grants Committee

	Name	Appointment
1	Mr Wong Kim Yin	Chairman
2	Mr Tan Choon Shian	Member
3	Mr Russell Tham	Member

Remuneration Committee

	Name	Appointment
1	Mr Allen Law	Chairman
2	Ms Grace Yow	Member
3	Mr Benjamin Tang	Member
4	Prof Pang Hwee Hwa	Member

Committee for Private Education

	Name	Appointment
1	Mr Leong Keng Thai	Chairman
2	Mr Ted Tan	Co-opted Member
3	Mr Wan Aik Chye	Co-opted Member
4	Mr Ervin Yeo	Co-opted Member
5	Ms Ng Peck Hoon	Co-opted Member
6	Mr Edric Pan	Co-opted Member
7	Mr Brandon Lee (Appointed till 31 May 2019)	Co-opted Member
8	Ms Hui Mei San (Appointed w.e.f. 1 June 2019)	Co-opted Member

RISK MANAGEMENT PRACTICES AND INTERNAL CONTROLS

Internal Control Framework

The SkillsFuture Singapore (SSG) Agency's system of internal controls serves to provide assurance on the safeguarding of assets and resources, reliability of financial records and information, and compliance with established policies, procedures and regulations.

SSG's Enterprise Risk Management (ERM) framework provides the agency with a systematic approach to risk management to effectively identify, assess and manage key risks across the agency, enabling the attainment of our strategic objectives. Taking reference from ISO 31000, the SSG ERM framework outlines the agency's risk governance processes, risk indicators and threshold levels. The SSG Board, through the Audit and Risk Committee and Senior Management, has oversight of the agency's risk management framework and profile. The SSG Management is responsible for continual review and monitoring of the effectiveness of internal controls, and will evaluate the need to implement other internal control policies from time to time to ensure relevance to our operating environment.

Internal and External Audit Functions

The Internal Audit & Risk Advisory Division (IARAD) is an independent assurance and consulting function, which reports directly to the Audit and Risk Committee and administratively to SSG's Chief Executive. IARAD provides assurance on effective risk management, robust internal controls and good governance practices through its evaluation of the adequacy and effectiveness of internal controls, and compliance with established policies, procedures and regulatory requirements. Results of audits and recommendations for control enhancements are promptly communicated to the Audit and Risk Committee and SSG Management. IARAD also monitors the implementation status of the audit recommendations and management actions for improvement.

The external auditor performs the annual statutory audit and its audit observations (if any) are reported to the Audit and Risk Committee.

Business and Ethical Conduct

All SSG staff must adhere to high standards of professional integrity and personal conduct. They are to avoid placing themselves in matters where a conflict of interest may arise and are to declare these types of situations to their supervisor. SSG staff are also subject to provisions of the Official Secrets Act.

To reinforce SSG's commitment to a culture of integrity and transparency within the organisation, SSG has in place a whistle blowing policy and reporting mechanism to facilitate the reporting of fraud and wrongdoing of staff.

Annual Report and Financial Reporting

SSG submits an annual report after the end of each financial year to the Minister for Education, which outlines SSG's activities during the preceding financial year. SSG's full-year financial results are reported to the SSG Board and included in the annual reports, which are published on SSG's corporate website.

CORPORATE GOVERNANCE

The SSG Board and Management are committed to high standards of corporate governance.

Functions of the SSG Board

The SSG Board provides guidance and advice to the 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. The SSG Board members come from diverse backgrounds such as unions, and private and public sectors. This allows SSG to tap on their varied experiences and perspectives.

The SSG Board Committees

The SSG Act 2016 empowers the SSG Board to form committees, from among its own members or other persons, to support the SSG Board's work. The SSG Board Committees guide the development of specific areas of SSG, and perform the necessary due diligence and reporting to the SSG Board. Each committee is headed by a designated member and abides by its terms of reference.

The SSG Board Committees are:

a. **Audit and Risk Committee** - The Audit and Risk Committee provides independent oversight of SSG's financial reporting, internal controls, risk management and compliance processes to ensure that risks are appropriately identified and managed, and the system of internal controls is adequate and operating effectively. It also reviews the performance and reports of the internal and external auditors, as well as the set-up of the internal audit function.

b. **Committee for Private Education** - The Committee for Private Education exercises the functions of SSG under the Private Education Act. It is the approving authority for key decisions to be made under the Enhanced Registration Framework and the EduTrust Certification regime. It also institutes systems for process benchmarking, oversees regular reviews of regulatory frameworks, and provides guidance for consumer education initiatives and student support services.

c. **Grants Committee** - The Grants Committee ensures that SSG has a robust financial system to fulfil SSG's mission. It provides advice on funding principles and grant policies, and fund allocation for SSG administered funds. It also approves funding proposals that are within budgetary values specified by the SSG Board.

d. **Information Technology Committee*** - The Information Technology Committee provides strategic guidance and oversight for information technology enablement. It also provides guidance on change management and communication pertaining to large-scale IT-related changes, advisory on risk management, and has oversight on IT enablement to meet the expected corporate performance of SSG.
** Information Technology Committee served from 3 Oct 2016 to 30 Sep 2018*

e. **Investment Committee*** - The Investment Committee formulates investment policies and guidelines that are in line with the approach set by the Ministry of Education and with the investment clause in the Skills Development Levy Act. It also manages the surplus of SSG-administered funds available for investment by reviewing the investment strategy and performance of the fund managers from time to time, as well as monitoring the results of the investments.
** Investment Committee served from 3 Oct 2016 to 30 Sep 2017*

f. **Remuneration Committee** - The Remuneration Committee sets human resource management and development policies which include approving staff remuneration policies, major changes to schemes of service, early retirement and early release schemes, as well as the appointment, promotion and performance bonuses for SSG senior management. It also reviews and deliberates on staff appeals related to personnel matters.

ORGANISATION CHART
(AS AT 1 APR 2019)

Ng Cher Pong
Chief Executive Officer

Internal Audit & Risk Advisory Division
Yeo Siew Peng
Director

Human Resource Division
Tracy Lee
Director

Tan Wee Beng
Deputy Chief Executive (Operations)

Business Services Group
Training Manpower & Infrastructure Group
Tan Tow Koon
Group Director

Shared Services Management Division
Ong Ai Ming
Director

Integrated Business Services Division
Angelina Soh
Director

Corporate Services Division
Michael Lim
Director
Chief Records Officer

Corporate Marketing & Communications Division
Patricia Woo
Director

Manpower & Infrastructure Planning Division
Andrew Ho
Director

Learning Gateway

WorldSkills Singapore Office
Bruce Poh
Executive Deputy Chairman

Soh Sze-Wei
Director

Lifelong Learning Institute
Dr Koh Tat Suan
Director

SkillsFuture Engage Office
Francis Lee
Director

Business Technology Group
Pang Poh Cheng
Senior Director

Operations Planning Division
Koh Kian Wee
Director

Capability Development Division
Richard Lee
Director

Operations & Support Division
Security & Infrastructure Division
Teh Sim Seng
Director
Chief Information Officer

Training Partners Group
Dr Michael Fung
Deputy CE (Industry)
Chief HR Officer
Chief Data Officer

Planning & Programmes Division
Foo Piao Zhou
Director

Industry Development Division 1
Chelvin Loh
Covering Director

Industry Development Division 2
Jessica Methodius
Director

Quality Management Division
Tan May Ling
Director

Enterprise Engagement Office
Peggy Lim
Director

Chan Lee Mun
Chief Skills Officer

Skills Development Group

Futures Office
Dr Cheung-Gog Soon Joo
Chief Futurist
Chief Research Officer

Skills Development Division
Loh Gek Khim
Director

Safrah d/o Mohamed Eusoof
Director
(Skills Promotion)

Planning Group
Musa Fazal
Group Director

Strategic Planning Division
Musa Fazal
Group Director

Resource Planning Division
Azzli Jamain
Director

Regulation, Fraud & Enforcement Group

Brandon Lee
Group Director/
Director-General
(Private Education)

Hui Mei San
Group Director/
Director-General
(Private Education)
(Designate)

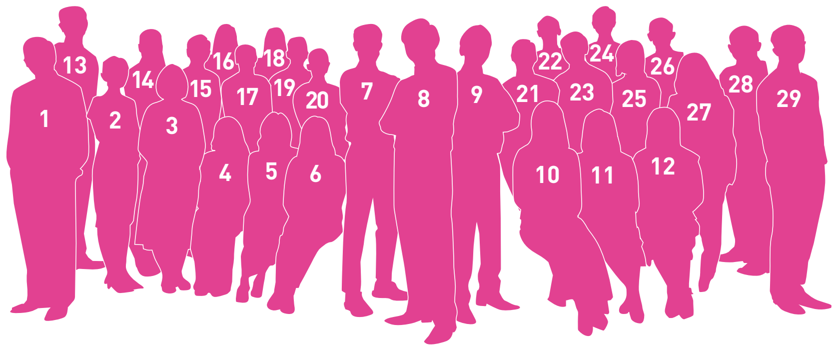
Fraud & Enforcement Division
Pang Tong Wee
Director
Chief Investigator

Committee for Private Education

Private Education Regulation Division
Remy Choo
Director

Private Education Services Division
Tan Choon Hooi
Deputy Director

MANAGEMENT TEAM



1. **Mr Bruce Poh**
Executive Deputy Chairman
WorldSkills Singapore Office

2. **Ms Angelina Soh**
Director
Integrated Business Services Division

3. **Ms Tan May Ling**
Director
Quality Management Division

4. **Ms Jessica Methodius**
Director
Industry Development Division 2

5. **Ms Pang Poh Cheng**
Senior Director
Business Technology Group

6. **Ms Tracy Lee**
Director
Human Resource Division

7. **Mr Tan Wee Beng**
Deputy Chief Executive (Operations)

8. **Mr Ng Cher Pong**
Chief Executive

9. **Dr Michael Fung**
Deputy Chief Executive (Industry)
Chief HR Officer
Chief Data Officer

10. **Ms Patricia Woo**
Director
Corporate Marketing and Communications Division

11. **Ms Yeo Siew Peng**
Director
Internal Audit and Risk Advisory Division

12. **Ms Chelvin Loh**
Covering Director
Industry Development Division 1

13. **Mr Andrew Ho**
Director
Manpower and Infrastructure Planning Division

14. **Mr Francis Lee**
Director
SkillsFuture Engage Office

15. **Mr Chan Lee Mun**
Chief Skills Officer
Skills Development Group

16. **Ms Safrah d/o Mohamed Eusoof**
Director (Skills Promotion)
Skills Development Division

17. **Mr Azzli Jamain**
Director
Resource Planning Division

18. **Ms Peggy Lim**
Director
Enterprise Engagement Office

19. **Mr Foo Piao Zhou**
Director
Planning and Programmes Division

20. **Mr Brandon Lee**
Group Director/
Director General
(Private Education)
Regulation, Fraud & Enforcement Group

21. **Mr Remy Choo**
Director
Private Education Regulation Division

22. **Mr Richard Lee**
Director
Capability Development Division

23. **Mr Michael Lim**
Director
Chief Records Officer
Corporate Service Division

24. **Mr Soh Sze-Wei**
Director
WorldSkills Singapore Office

25. **Ms Hui Mei San**
Group Director/
Director-General
(Private Education)
(Designate)
Regulation, Fraud & Enforcement Group

26. **Mr Tan Tow Koon**
Group Director
Business Services Group;
Training Manpower & Infrastructure Group

27. **Ms Loh Gek Khim**
Director
Skills Development Division

28. **Mr Pang Tong Wee**
Director/Chief Investigator
Fraud and Enforcement Division

29. **Mr Koh Kian Wee**
Director
Operations Planning Division

Absent

Dr Cheung-Gog Soon Joo
Chief Futurist
Chief Research Officer
Futures Office

Dr Koh Tat Suan
Director
Lifelong Learning Institute

Mr Musa Fazal
Group Director
Planning Group

Ms Ong Ai Ming
Director
Shared Services Management Division

Mr Teh Sim Seng
Director
Chief Information Officer
Operations and Support Division
Security and Infrastructure Division

KEY STATISTICS

As of 31 Dec 2018

RESOURCES

Skills Frameworks
25 frameworks

Over **7.6 Million** user visits to MySkillsFuture

SkillsFuture Advice
Over **52,000** individuals attended workshops

- Accountancy
- Aerospace
- Air Transport
- Biopharmaceuticals Manufacturing
- Early Childhood Care and Education
- Electronics
- Energy & Chemicals
- Energy & Power
- Environmental Services
- Food Manufacturing
- Food Services
- Hotel and Accommodation Services
- Human Resource
- Information Communication Technology
- Logistics
- Marine and Offshore
- Media
- Precision Engineering
- Public Transport
- Retail
- Sea Transport
- Security
- Tourism
- Training and Adult Education
- Wholesale Trade

WORK-LEARN PROGRAMMES

Over **3,500** participated in SkillsFuture Work-Learn programmes

SkillsFuture Work-Study Degree
About **150** participants

SkillsFuture Earn and Learn Programme
Over **100** programmes in **35** sectors

EMERGING AREAS

SkillsFuture Series
Over **30,000** Singaporeans

SkillsFuture for Digital Workplace
Over **25,000** Singaporeans

FUNDING AND SUPPORT

In 2018, about **465,000** Singaporeans and **12,000** enterprises have benefitted from training subsidies.

SkillsFuture Credit
About **431,000** Singaporeans

SkillsFuture Study Awards
3,800 award recipients

SkillsFuture Employer Awards
41 Employer Awards

SkillsFuture Fellowships
56 Recipients

SkillsFuture Mid-Career Enhanced Subsidy
About **170,000** Singaporeans

KEY ACHIEVEMENTS FY2018

From April 2018 - March 2019

24 May 2018

Launch of Skills Framework for Human Resource
The Skills Framework for Human Resource (HR) covers 21 job roles across seven career tracks - Operations and Technology, Performance and Rewards, HR Business Partner, Talent Attraction, Employee Experience and Relations, Talent Management, and Learning and Organisation Development.

30 May 2018

Launch of Skills Framework for Public Transport
The Skills Framework for Public Transport covers 87 job roles across four tracks - Rail Engineering, Rail Operations, Bus Operations and Bus Fleet Engineering.

30 Jun 2018

Launch of SkillsFuture Festival
The inaugural month-long SkillsFuture Festival, launched by Senior Minister of State, Ministry of Trade and Industry & Ministry of Education, Mr Chee Hong Tat, at the Lifelong Learning Institute, aimed to build a culture of lifelong learning in support of the SkillsFuture Movement, and featured more than 350 learning activities held islandwide with more than 250 partners.

4 Jul 2018

Launch of Skills Framework for Air Transport
The Skills Framework for Air Transport covers 93 job roles across five tracks - Airport Ground Handling, Airport Management, Airline Ground Operations, Airline Flight Operations and Airline Commercial Management.

5 Jul 2018

WorldSkills Singapore 2018
WorldSkills Singapore had nearly 250 of Singapore's top young talents pitting their skills against one another.

Three days of intense competition yielded a total of 91 winners with 34 Gold, 30 Silver and 27 Bronze medals. The top Medalists represented Singapore at the ASEAN Skills Competition in Bangkok on 20 July 2018, and brought home four Gold, four Silver and four Bronze medals, as well as seven Medallions for Excellence.

16-17 Jul 2018

SkillsFuture Festival @ SMU
Digital learning for the public sector was boosted through new collaborations between the Civil Service College (CSC) and 12 Institutes of Higher Learning (IHLs), as well as between CSC and Udemy. The CSC-IHLs partnership also includes curated SkillsFuture Series modules, which would train the public sector in critical emerging skills areas.

18 Jul 2018

Launch of Skills Framework for Food Manufacturing
The Skills Framework for Food Manufacturing covers 22 job roles across four tracks - Production, Quality Assurance and Quality Control, Research and Development, and Business Development.

27 Jul 2018

Launch of SAP Skills University Singapore
A Memorandum of Understanding was signed among SAP SE, the five polytechnics and SSG, to launch the SAP Skills University Singapore, which is SAP's first such collaboration in South East Asia. The SAP Skills University Singapore will help to equip fresh graduates and mid-career professionals with critical skills needed in today's digital economy.

28 Jul 2018

Launch of SkillsFuture Work-Learn Bootcamp, and Six New SkillsFuture Earn and Learn Programmes

More work-learn opportunities for Singaporeans were announced at the second SkillsFuture Earn and Learn Carnival. This included the launch of a new SkillsFuture Work-Learn Bootcamp, and six new SkillsFuture Earn and Learn Programmes.

The SkillsFuture Work-Learn Bootcamp is a three-year collaboration among SSG, the five polytechnics, ITE and Generation, a US-based global non-profit organisation. It aims to equip fresh graduates and mid-career individuals with the relevant job-role specific behavioural, mind-set and technical skills in sectors with acute demand.

30 Jul 2018

Launch of National Centre of Excellence for Workplace Learning (NACE)

NACE, led by Nanyang Polytechnic and supported by SSG, is a collaboration with the Swiss Federal Institute for Vocational Education and Training and the German Chamber of Industry & Commerce (IHK Akademie). It provides support to companies in building up their work-learn capabilities and developing workplace learning systems.

31 Jul 2018

SkillsFuture Fellowships and SkillsFuture Employer Awards Ceremony

A total of 27 companies, including eight SMEs and 19 non-SMEs, received the SkillsFuture Employer Awards. Separate award categories were introduced to recognise the different human capital efforts and practices of SMEs and non-SMEs.

A total of 29 Singaporeans also received the SkillsFuture Fellowships. Both awards were presented by President Halimah Yacob, the Patron for both the SkillsFuture Fellowships and SkillsFuture Employer Awards.

17 Oct 2018

New Advanced Manufacturing (AM) Continuing Education and Training (CET) Strategy

The New AM CET Strategy, announced at the Industrial Transformation - Asia Pacific event, aims to prepare the workforce for Industry 4.0. It comprises key initiatives that cover talent attraction, retention and skills development to ensure a skilled and ready Singapore AM workforce, and was developed by SSG in consultation with lead agencies, industry partners, unions, and education and training providers.

30 Oct 2018

Launch of Skills Framework for Energy and Power

The Skills Framework for Energy and Power covers 122 job roles across 11 career tracks - Terminal Operations and Fuel Systems Operations, Power Generation, Energy Trading and Portfolio Management, Distributed Generation, Electricity Transmission and Distribution, Gas System Operations, Town Gas Production and Plant Maintenance, Gas Transmission and Distribution, Town Gas Technical Services, Energy Retail, Liquefied Natural Gas Trading and Research.

31 Oct 2018

Launch of Skills Framework for Tourism

The Skills Framework for Tourism covers 69 job roles across five career tracks - Business Development, Sales, Sponsorships and Marketing, Attractions Management and Operations, Event Management and Operations, Venue Management and Operations, and Travel Management and Operations.

1 Nov 2018

Launch of Skills Framework for Training and Adult Education and the Adult Certificate in Learning and Performance Training Programme

SSG launched three new initiatives to uplift the overall quality of the Training and Adult Education (TAE) sector and boost the development of TAE professionals at the 7th Adult Learning Symposium. These three initiatives included a new Skills Framework for TAE, an Advanced Certificate in Learning and Performance training programme offered by the Institute for Adult Learning, and the extension of mandatory requirements for Adult Educators to non-WSQ training providers offering certifiable programmes that are funded by SSG.

9 Nov 2018

Collaboration with Oracle

SSG and Oracle signed a Memorandum of Understanding to incorporate the Skills Frameworks in the Oracle Human Capital Management Cloud, allowing HR professionals, employers and employees to quickly and easily access the Skills Frameworks. Oracle would also be expanding its CET offerings through intermediaries such as IHLs and CET centres, to help build the talent pipeline for the workforce of tomorrow.

14 Nov 2018

Launch of Skills Framework for Wholesale Trade

The Skills Framework for Wholesale Trade covers 42 job roles across four career tracks - Marketing, Business Development and Analysis, Trading and Sales, Operations, Procurement and Sourcing, and Finance and Regulations.

29 Nov 2018

Enhancements to Fraud Risk Management System

SSG announced its improved ability to detect and act against suspected fraudulent claims, while ensuring that genuine grant applications continue to benefit from good service standards. This was accomplished via the changes made to systems and processes, through organisational restructuring, enhanced data analytics and new enforcement strategies, originating from several recommendations made by the Inter-Agency Process Review Task Force setup in Nov 2017.

30 Nov 2018

Collaboration with Han Culture and Education Group (HCEG) and People's Association (PA)

SSG embarked on a collaboration with HCEG and PA to equip SMEs and Singaporeans with the skills necessary for engaging in business with Chinese partners via two courses - the Han Business Culture Course and the Adult Chinese Conversational Course. Participants will be equipped with the necessary language and culture skills to support their business engagements.

5 Dec 2018

Launch of Skills Framework for Media

The Skills Framework for Media covers 112 media job roles across 10 career tracks - Game Production, Game Design, Game Technical Development, Quality Assurance, Content Production and Management, Visual Graphics, Production Technical Services, Content Post-Production, Media Technology and Operations, and Media Business Management.

7 Jan 2019

Launch of SkillsFuture Earn and Learn Programme for Air Transport Sector

The SkillsFuture Earn and Learn Programme for Air Transport sector was launched in collaboration with SATS and SIM Global Education. It aims to equip participants with knowledge and skills such as design thinking, project management for business innovation, and business analytics for decision making to meet the skill sets required for trained Air Transport Officers.

12 Jan 2019

Launch of Skills Framework for Social Service

The Skills Framework for Social Service covers 60 job roles across five career tracks - Social Work, Youth Work, Psychology, Early Intervention Teaching, and Care and Programme.

11 Feb 2019

Launch of Skills Framework for Biopharmaceuticals Manufacturing

The Skills Framework for Biopharmaceuticals Manufacturing covers 27 job roles across four career tracks - Process Development/Manufacturing Science and Technology, Quality Assurance and Quality Control, Production, and Engineering and Maintenance.

6 Mar 2019

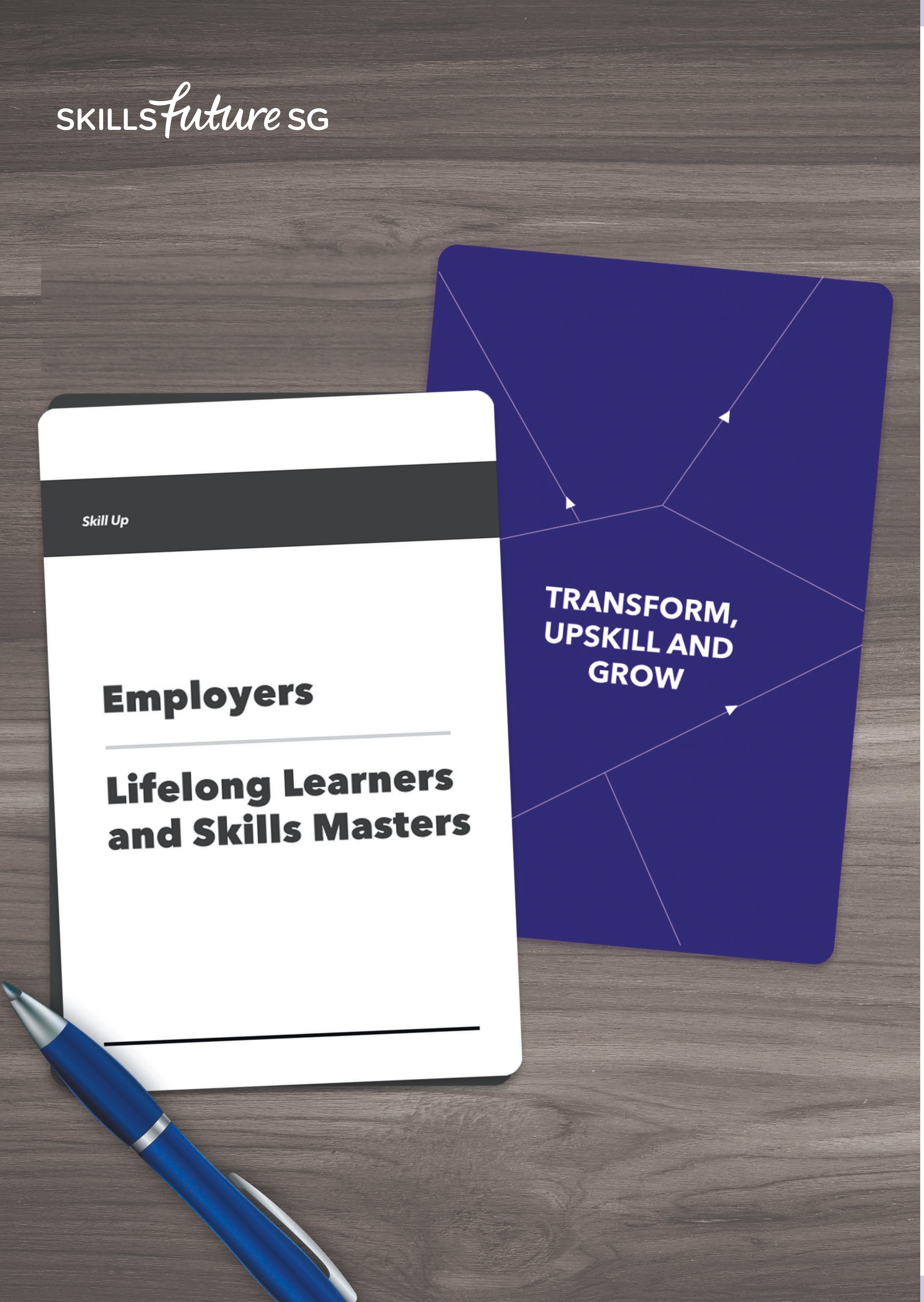
Launch of Skills Framework for Healthcare

The Skills Framework for Healthcare covers 70 job roles across six career tracks - Nursing, Physiotherapy, Occupational Therapy, Speech Therapy, Operations and Pharmacy Support.

13 Mar 2019

Collaboration with Apple, SUTD and RMIT Online

SSG collaborated with Apple, the Singapore University of Technology and Design (SUTD) and RMIT Online to launch app development courses using Apple's App Development with Swift curriculum for adult learners. Pathlight School, Singapore's first autism-focused school, will offer a Swift Accelerator program for its secondary students.



SKILLSFUTURE EMPLOYER AWARDS 2018

The SkillsFuture Employer Awards, a joint partnership with tripartite partners, recognises exemplary and progressive employers that champion skills development. They grow their talent pool and bring out the best in their employees, offering learning opportunities and structured skills-based career pathways.

THE WOK PEOPLE

The Wok People is an institutional caterer that provides food to the staff of more than 60 organisations. Established in 2009, the company views technology as key to increasing productivity, improving customer service and most importantly, tackling the constant challenge of lean manpower in the food and beverage industry.

The organisation champions skills development and nurtures talent with comprehensive training plans that are designed for all levels of its staff.

Since receiving the SkillsFuture Employer Awards in 2018, The Wok People has introduced a meal-ordering app which will reduce food wastage and the waiting time for diners. It has sent about 300 employees for the two-day SkillsFuture for Digital Workplace course to prepare themselves for digital transformation of their sector.

RIVERWOOD

Established in 2010, Riverwood is a local logistics solutions company that places strong emphasis on developing and training its employees. The organisation prioritises training for its employees so that they would be equipped with the essential skills and knowledge in their area of work, and also for their future progression.

In order to empower its employees in their learning and career development, Riverwood welcomes its employees to provide innovative recommendations during their monthly internal training sessions. With a clear focus on learning, Riverwood aims to collaborate with other organisations to set up a logistics training academy to inculcate a learning culture in the industry.

Riverwood also uses the SkillsFuture Framework for Logistics to help its employees assess their career interests and identify relevant training programmes.

EU YAN SANG

Eu Yan Sang Singapore focuses on certifying its employees to ensure that the brand delivers the best service to its customers. Committed to being a people developer and a strong believer of continuing education, the organisation draws up training plans to upskill every employee, be they frontline retail staff or employees working in the head office.

The organisation is also committed to a culture of mentorship and on-the-job training, where experienced and older employees coach newer ones to pass on institutional knowledge. This peer learning approach also helps develop cohesiveness among its employees.

The organisation also encourages its employees to access their internal e-learning platforms on a regular basis in their own time.

LIFELONG LEARNERS

USHA NARASIMHAN

A mother of four, Usha started her career at a company specialising in software development for banks before taking a 15-year break to focus on her family.

Though returning to the workforce after a prolonged break proved to be challenging, Usha has advanced in her career by constantly upgrading her skills and through on-the-job training to progress to more challenging roles in the Wholesale Trade industry. For instance, an opportunity to travel to the Kolkata office has helped her improve the work processes in their Indian office, and honed her leadership and management skills.

Usha aims to equip herself with key skills such as FOREX, Risk Management and MIS Report Presentations in order to grow further in her career. She believes that if she puts her mind into achieving something, even a person with no prior experience can have a fulfilling career and advance in the desired career path.

NORSURIAH BINTE MANSOOR

Fueled by her passion in retail operations and customer experience, Norsuriah took up a diploma in Retail Management to continue delivering excellent customer service and maintaining the facilities at Resorts World Sentosa. Her daily job scope involves planning for manpower allocation, inventory and maintaining the store's visual merchandising display.

She strongly believes in lifelong learning and upskilling herself to remain relevant in this ever-changing and competitive industry. Norsuriah was able to learn from retails experts while studying for her diploma in retail management studies supported by the SkillsFuture Study Award. Though juggling work and studies proved to be challenging, Norsuriah strived on and completed the diploma with support and encouragement from her family.

SKILLSFUTURE FELLOWSHIPS 2018

The SkillsFuture Fellowships, in joint partnership with tripartite partners, recognises Singaporeans who demonstrate skills mastery. Not only have they acquired depth in their skills, they are also advocates of lifelong learning, devoted to mentoring and developing others.

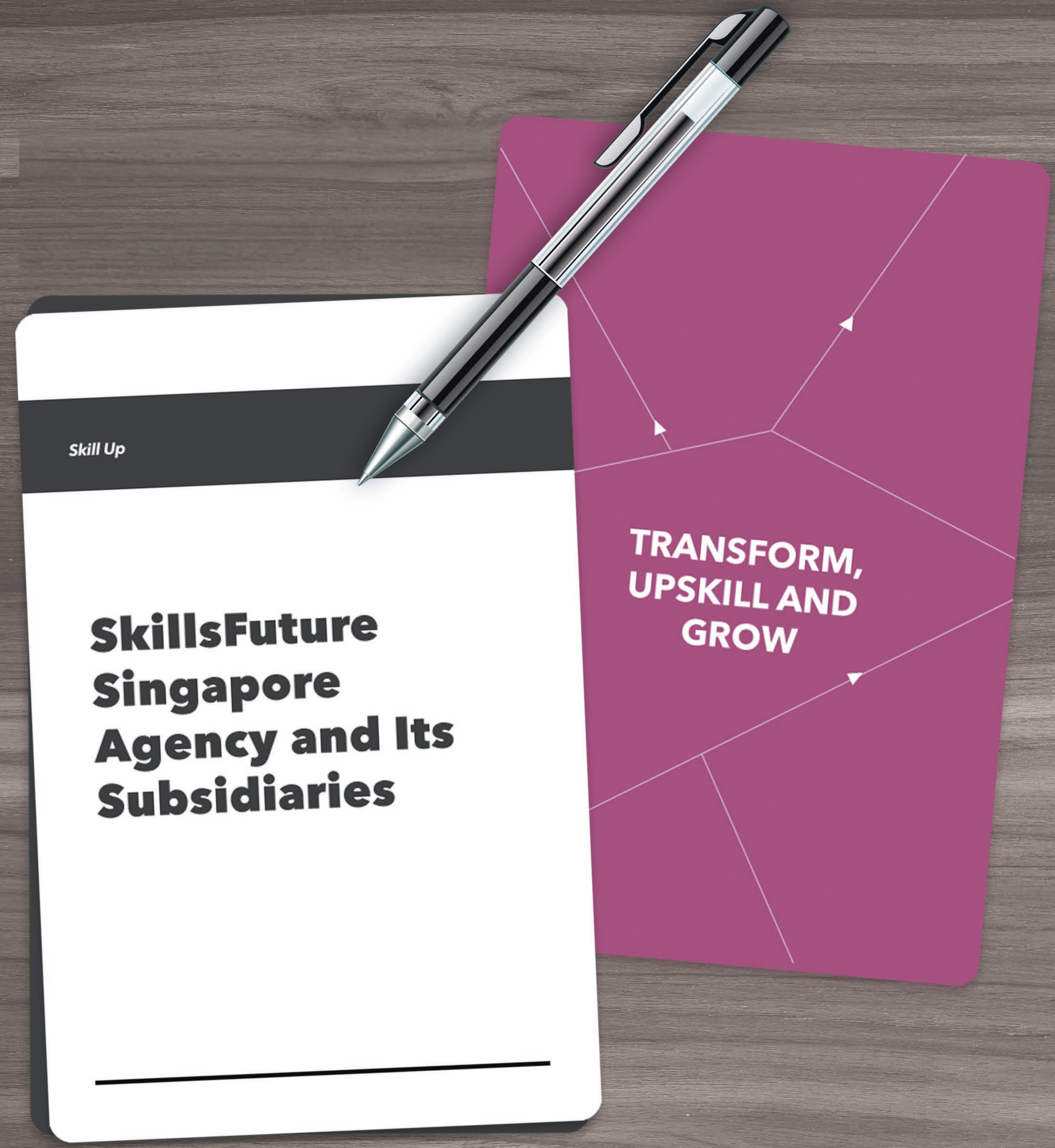
SKILLS MASTER – EDWIN LOW

In 2011, Edwin left his job to pursue his design interest and started Supermama, a store that promotes Singapore design. He built his business from scratch.

From selling unique Japan-sourced gifts and souvenirs to crafting his own line of products, Edwin learnt from design masters and constantly broadened his network of suppliers to bring his uniquely Singapore-inspired masterpieces to life. He is a strong advocate of lifelong learning and creates opportunities for younger designers by showcasing their work locally and overseas.

Besides bagging the Design of the Year Award under the President's Design Award for one of his collections titled "Singapore Icons", Edwin is also a recipient of the SkillsFuture Fellowships in 2018.

SKILLSfuture SG



CONTENTS

SKILLSFUTURE SINGAPORE AGENCY AND ITS SUBSIDIARIES

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 39 to 99 are properly drawn up in accordance with the provisions of the SkillsFuture Singapore Agency Act (No. 24 of 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 2019, 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

NG CHER PONG
Chief Executive

Singapore
22 July 2019

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE BOARD OF 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 2019, 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 39 to 99.

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, Act 5 of 2018 (the 'PSG Act'), SkillsFuture Singapore Agency Act, Chapter [No. of 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 2019 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 matters

The financial statement for the year ended 31 March 2018 were audited by another firm of Certified Public Accountants whose report dated 23 July 2018 expressed an unqualified opinion on these financial statements.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

INDEPENDENT AUDITORS' REPORT

We have obtained the Directors' statement ('the Report') 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.

INDEPENDENT AUDITORS' REPORT

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.

INDEPENDENT AUDITORS' REPORT

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.

INDEPENDENT AUDITORS' REPORT

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

KPMG LLP
Public Accountants and Chartered Accountants
Singapore
22 July 2019

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	Group 2019 $'000	Group 2018 $'000	SSG 2019 $'000	SSG 2018 $'000
Non-current assets					
Property, plant and equipment	5	211,335	224,763	211,239	224,654
Intangible assets	6	61,472	73,559	61,472	73,559
Investment in subsidiaries	7	-	-	-	-
		272,807	298,322	272,711	298,213
Current assets					
Trade and other receivables	8	108,894	49,834	137,639	69,210
Cash and cash equivalents	9	82,585	126,141	32,883	93,330
Deposits and prepayments	10	4,766	3,525	5,097	4,015
		196,245	179,500	175,619	166,555
Total assets		469,052	477,822	448,330	464,768
Equity attributable to shareholders of SSG					
Share capital	11	4,145	4,145	4,145	4,145
Capital reserves	12	17,678	17,678	18,028	18,028
Accumulated surplus:					
General Fund		21,354	6,732	21,045	7,499
Restricted Funds	13	16,189	2,178	-	-
Total equity		59,366	30,733	43,218	29,672
Non-current liabilities					
Provision for reinstatement costs	14	2,526	4,246	2,526	4,246
Deferred capital grants	15	269,854	294,892	269,854	294,892
		272,380	299,138	272,380	299,138
Current liabilities					
Trade and other payables	16	107,855	115,310	106,253	111,094
Provision for contribution to consolidated fund	17	2,775	833	2,775	833
Income tax payable		66	61	-	-
Provision for reinstatement costs	14	2,127	857	2,217	857
Government grants received in advance	19	24,483	30,890	21,577	23,174
		137,306	147,951	132,732	135,958
Total liabilities		409,686	447,089	405,112	435,096
Total equity and liabilities		469,052	477,822	448,330	464,768
Net assets of trust and agency funds					
Skills Development Fund	20	1,224,904	1,274,825	1,224,904	1,274,825
Lifelong Learning Endowment Fund	21	2,122	2,446	2,122	2,446
National Productivity Fund	22	3,685	5,548	3,685	5,548
SkillsFuture Jubilee Fund	23	20,421	20,351	20,421	20,351

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2019

	Note	General Fund 2019 $'000	General Fund 2018 $'000	Restricted Funds 2019 $'000	Restricted Funds 2018 $'000	Total 2019 $'000	Total 2018 $'000
Group							
Operating income	24	664	674	6,236	6,185	6,900	6,859
Other income	25	1,073	2,028	15,195	16,387	16,268	18,415
Other (losses)/gains	26	131	(100)	193	4	324	(96)
		1,868	2,602	21,624	22,576	23,492	25,178
Expenditure							
Amortisation of intangible assets	6	(10,287)	(3,185)	(19,368)	(18,200)	(29,655)	(21,385)
Depreciation expense	5	(5,398)	(5,370)	(13,979)	(13,076)	(19,377)	(18,446)
Staff costs	27	(41,496)	(38,825)	(21,062)	(21,750)	(62,558)	(60,575)
Rental expenses on operating leases		(2,698)	(2,838)	(2,344)	(2,980)	(5,042)	(5,818)
Professional services		(22,008)	(23,976)	(11,345)	(15,898)	(33,353)	(39,874)
Maintenance expenses		(11,025)	(7,112)	(10,047)	(7,024)	(21,072)	(14,136)
Others		(15,278)	(5,705)	(6,279)	(8,715)	(21,557)	(14,420)
		(108,190)	(87,011)	(84,424)	(87,643)	(192,614)	(174,654)
Deficit before government grant		(106,322)	(84,409)	(62,800)	(65,067)	(169,122)	(149,476)
Add							
Grants from goverment	19	203,489	159,530	46,041	37,824	249,530	197,354
Deferred capital grants amortised	15	15,344	8,335	33,778	30,790	49,122	39,125
Grant disbursements		(95,114)	(78,806)	(2,950)	(1,839)	(98,064)	(80,645)
		123,719	89,059	76,869	66,775	200,588	155,834
Surplus before contribution to consolidated fund		17,397	4,650	14,069	1,708	31,466	6,358
Contribution to consolidated fund	17	(2,775)	(833)	-	-	(2,775)	(833)
Income tax expense	18	-	-	(58)	(51)	(58)	(51)
Net surplus, representing total comprehensive income for the year		14,622	3,817	14,011	1,657	28,633	5,474

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2019

		General Fund		Restricted Funds		Total	
	Note	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
SSG							
Operating income	24	664	674	6,236	6,185	6,900	6,859
Other income	25	1,545	2,121	12,705	12,801	14,250	14,922
Other (losses)/gains	26	131	(100)	193	4	324	(96)
		2,340	2,695	19,134	18,990	21,474	21,685
Expenditure							
Amortisation of intangible assets	6	(10,287)	(3,185)	(19,368)	(18,200)	(29,655)	(21,385)
Depreciation expense	5	(5,398)	(5,370)	(13,952)	(13,062)	(19,350)	(18,432)
Staff costs	27	(41,496)	(38,008)	(15,023)	(17,116)	(56,519)	(55,124)
Rental expenses on operating leases		(4,264)	(3,640)	(2,145)	(3,263)	(6,409)	(6,903)
Professional services		(22,008)	(23,994)	(10,931)	(13,194)	(32,939)	(37,188)
Maintenance expenses		(10,977)	(6,930)	(6,863)	(6,594)	(17,840)	(13,524)
Others		(15,308)	(5,733)	(3,710)	(5,951)	(19,018)	(11,684)
		(109,738)	(86,860)	(71,992)	(77,380)	(181,730)	(164,420)
Deficit before government grant		(107,398)	(84,165)	(52,858)	(58,390)	(160,256)	(142,555)
Add							
Grants from goverment	19	203,489	159,530	41,195	29,439	244,684	188,969
Deferred capital grants amortised	15	15,344	8,335	33,778	30,790	49,122	39,125
Grant disbursements		(95,114)	(78,806)	(22,115)	(1,839)	(117,229)	(80,645)
		123,719	89,059	52,858	58,390	176,577	147,449
Surplus before contribution to consolidated fund		16,321	4,894	-	-	16,321	4,894
Contribution to consolidated fund	17	(2,775)	(833)	-	-	(2,775)	(833)
Income tax expense	18	-	-	-	-	-	-
Net surplus, representing total comprehensive income for the year		13,546	4,061	-	-	13,546	4,061

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2019

	Share capital $'000	Capital reserve $'000	Accumulated surplus General fund $'000	Accumulated surplus Restricted fund $'000	Total $'000
Group					
At 1 April 2017	4,145	17,678	2,915	521	25,259
Net surplus for the year, representing total comprehensive income for the year	-	-	3,817	1,657	5,474
At 31 March 2018	4,145	17,678	6,732	2,178	30,733
At 1 April 2018	4,145	17,678	6,732	2,178	30,733
Net surplus for the year, representing total comprehensive income for the year	-	-	14,622	14,011	28,633
At 31 March 2019	4,145	17,678	21,354	16,189	59,366

	Share capital $'000	Capital reserve $'000	Accumulated surplus General fund $'000	Accumulated surplus Restricted fund $'000	Total $'000
SSG					
At 1 April 2017	4,145	18,028	3,438	-	25,611
Net surplus for the year, representing total comprehensive income for the year	-	-	4,061	-	4,061
At 31 March 2018	4,145	18,028	7,499	-	29,672
At 1 April 2018	4,145	18,028	7,499	-	29,672
Net surplus for the year, representing total comprehensive income for the year	-	-	13,546	-	13,546
At 31 March 2019	4,145	18,028	21,045	-	43,218

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Deficit before government grant		(267,186)	(230,121)
Adjustments for:			
Amortisation and depreciation		49,032	39,831
Loss on disposal of property, plant and equipment and intangible assets		168	212
Interest income		(1,516)	(892)
Reversal of overprovision for reinstatement costs		(498)	(117)
		(220,000)	(191,087)
Changes in:			
Trade and other receivables		(59,060)	27,113
Deposits and prepayments		(1,241)	(467)
Other payables		(7,407)	35,805
Cash used in operations		(287,708)	(128,636)
Contribution to consolidated fund		(833)	(704)
Income tax paid		(54)	(45)
Net cash used in operating activities		(288,595)	(129,385)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(6,567)	(10,901)
Purchase of intangible assets	6	(17,568)	(26,068)
Proceeds from disposal of property, plant and equipment		451	15
Interest received		1,516	892
Net cash used in investing activities		(22,168)	(36,062)
Cash flows from financing activities			
Grants received from government		267,207	259,674
Increase in cash set aside for restricted funds		(14,011)	(1,657)
Net cash used in financing activities		253,196	258,017
Net (decrease)/increase in cash and cash equivalents		(57,567)	92,570
Cash and cash equivalents at beginning of the year		123,963	31,393
Cash and cash equivalents at end of the year (Note A)		66,396	123,963

Note A

	Note	2019 $'000	2018 $'000
Centralised Liquidity Management ("CLM") deposits held with AGD	9	82,585	126,141
Less: Cash set aside for restricted funds	9	(16,189)	(2,178)
		66,396	123,963

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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 22 July 2019.

1 General

The SkillsFuture Singapore Agency ("SSG") was established in the Republic of Singapore under the SkillsFuture Singapore Agency Act (No. 24 of 2016). The address of the registered office and principal place of operations of the Agency is No. 1 Marina Boulevard #18-01, One Marina Boulevard, Singapore 018989.

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"), an existing statutory board under MOE.

The principal activities of the subsidiaries are described in Note 7 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 preparing to enter the labour market and to other people;

(m) to administer the Private Education Act (Cap. 247A) in accordance with that Act and the Skills Development Fund in accordance with the Skills Development Levy Act (Cap. 306);

(n) to cooperate and collaborate with the Workforce Singapore Agency ("WSG") in the discharge of its functions under the Workforce Singapore Agency Act (Cap. 305D);

(o) to perform such other functions as may be conferred on the Agency by any other Act.

The financial statements of SSG for the financial year ended 31 March 2019 were authorised for issue by members of the board on 22 July 2019.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Statutory Board Financial Reporting Standards ("SB-FRS"), including interpretations of SB-FRS ("INT SB-FRS") and Guidance Notes.

An explanation of how the application of SB-FRS 109 and SB-FRS 115 have affected the reported financial position, financial performance and cash flows is provided in Note 2.4.

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.

NOTES TO THE FINANCIAL STATEMENTS

2.4 Changes in accounting policies

SSG 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 2018:

- SB-FRS 115 *Revenue from Contracts with Customers;*
- *Clarifications to SB-FRS 115 Revenue from Contracts with Customers* (Amendments to SB-FRS 115);
- SB-FRS 109 *Financial Instruments*;
- Applying SB-FRS 109 *Financial Instruments* with SB-FRS 104 *Insurance Contracts* (Amendments to SB-FRS 104);

The adoption of these SB-FRSs, amendments to standards and interpretations did not have a material effect on SSG's financial statements.

Due to the transition methods chosen by SSG in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

A.* SB-FRS 115 *Revenue from Contracts with Customers

SB-FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced SB-FRS 18 *Revenue*, SB-FRS 11 *Construction Contracts* and related interpretations. Under SB-FRS 115, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

SSG has adopted SB-FRS 115 using the cumulative effect method to contracts that are not completed contracts at the date of initial application (i.e. 1 April 2018), with the effect of initially applying this standard recognised at the date of initial application. Accordingly, the information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under SB-FRS 18, SB-FRS 11 and related interpretations, as applicable. Additionally, the disclosure requirements in SB-FRS 115 have not been applied to comparative information.

The adoption of SB-FRS 115 has no significant effect on the Group's revenue recognition basis, due to the nature of the Group's revenue. There is no restatement of prior year's results.

B.* SB-FRS 109 *Financial Instruments

SB-FRS 109 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new ECL model and a new general hedge accounting model.

In accordance with the exemption in SB-FRS, the Group elected not to restate information for 2018. Accordingly, the information presented for prior year is presented, as previously reported, under SB-FRS 39 Financial Instruments: Recognition and Measurement. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SB-FRS 109 are recognised in retained earnings and reserves as at 1 April 2018.

NOTES TO THE FINANCIAL STATEMENTS

2.4 Changes in accounting policies *(Continued)*

B.* SB-FRS 109 *Financial Instruments (Continued)

Arising from this election, the Group is exempted from providing disclosures required by SB-FRS 107 Financial Instruments: Disclosures for the comparative period to the extent that these disclosures relate to items within the scope of SB-FRS 109. Instead, disclosures under SB-FRS 107 Financial Instruments: Disclosures relating to items within the scope of SB-FRS 39 are provided for in the comparative period.

Classification and measurement of financial assets and financial liabilities

SB-FRS 109 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under SB-FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SB-FRS 109 eliminates the previous SB-FRS 39 categories of held to maturity, loans and receivables and available for sale.

SB-FRS 109 largely retains the existing requirements in SB-FRS 39 for the classification and measurement of financial liabilities.

The adoption of SB-FRS 109 has not had a significant effect on the Fund's accounting policies related to financial liabilities.

The following tables and the accompanying notes below explain the original measurement categories under SB-FRS 39 and the new measurement categories under SB-FRS 109 for each class of the Fund's financial assets as at 1 April 2018.

Notes	Financial assets	Classification under SB-FRS 39	New classification under SB-FRS 109	Carrying amount under SB-FRS 39 $'000	Carrying amount under SB-FRS 109 $'000
8	Trade and other receivables	Loan and receivables	Amortised cost	49,834	49,834
9	Cash and cash equivalents	Loan and receivables	Amortised cost	126,141	126,141
10	Deposits and prepayments	Loan and receivables	Amortised cost	3,525	3,525
				179,500	179,500

The adoption of SB-FRS 109 did not have a material effect on SSG's financial statements and SSG's statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

2.4 Changes in accounting policies *(Continued)*

B. **SB-FRS 109 *Financial Instruments (Continued)***

Impairment of financial assets

SB-FRS 109 replaces the 'incurred loss' model in SB-FRS 39 with an ECL model. The new impairment model applies to financial assets measured at amortised cost and debt investments at amortised cost and intra-group financial guarantee contracts, but not to equity investments.

The adoption of SB-FRS 109 has no significant effect on the Group's expected credit loss of its financial assets due to the low credit risks of its counterparties. There is no material impact of transition to SB-FRS 109 on the opening balance of reserves and retained earnings.

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 Group entities.

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. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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 retranslated 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.

NOTES TO THE FINANCIAL STATEMENTS

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade and other 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 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

Policy applicable from 1 April 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

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.

NOTES TO THE FINANCIAL STATEMENTS

3.3 Financial instruments *(Continued)*

(ii) Classification and subsequent measurement (Continued)

Financial assets: Business model assessment – Policy applicable from 1 April 2018

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.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 April 2018

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.

NOTES TO THE FINANCIAL STATEMENTS

3.3 Financial instruments *(Continued)*

(ii) Classification and subsequent measurement (Continued)

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 – Policy applicable from 1 April 2018

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 assets – Policy applicable before 1 April 2018

The Group classifies non-derivative financial assets into the following categories: financial assets at FVTPL and loans and receivables.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 April 2018

Loans and receivables

Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprised cash and cash equivalents, and trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

3.3 Financial instruments *(Continued)*

(ii) Classification and subsequent measurement (Continued)

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 trade and 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.

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. In these cases, the transferred assets are not derecognised.

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.

NOTES TO THE FINANCIAL STATEMENTS

3.3 Financial instruments *(Continued)*

(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 and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(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

Items of property, plant and equipment are stated 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3.4 Property, plant and equipment *(Continued)*

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, and adjusted as appropriate, at each reporting date.

3.5 Intangible assets

(i) 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 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

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.

NOTES TO THE FINANCIAL STATEMENTS

3.6 Leases

Leases in terms of which of the Group assumes substantially all the risks and rewards of ownership are classified as finances leases. Upon initial recognition, the leased assets is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

<u>The Group as lessor</u>

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

<u>The Group as lessee</u>

Rentals payable under operating leases are charged to income or expense on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.7 Impairment

(i) Non-derivative financial assets

Policies applicable from 1 April 2018

The Group recognises loss allowances for 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 and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

NOTES TO THE FINANCIAL STATEMENTS

3.7 Impairment *(Continued)*

(i) Non-derivative financial assets *(Continued)*

Policies applicable from 1 April 2018 (Continued)

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 borrower 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 Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

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.

NOTES TO THE FINANCIAL STATEMENTS

3.7 Impairment *(Continued)*

(i) Non-derivative financial assets *(Continued)*

Policies applicable from 1 April 2018 (Continued)

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 borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower 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 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.

Policies applicable before 1 April 2018:

A financial asset not carried at FVTPL was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets (including equity securitites) were impaired included default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer would enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost was objective evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS

3.7 Impairment *(Continued)*

(i) Non-derivative financial assets *(Continued)*

Policies applicable from 1 April 2018 (Continued)

Loans and receivables

The Group considered evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables were individually assessed for impairment. All individually significant receivables found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Loans and receivables that were not individually significant were collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group used historical trends of the probability of default and the timing of recoveries, adjusted for management's judgement with respect to current economic and credit conditions.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. Interests on impaired asset continues to be recognised. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

(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 to sell. 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.

NOTES TO THE FINANCIAL STATEMENTS

3.7 Impairment *(Continued)*

(ii) Non-financial assets *(Continued)*

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.

3.8 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 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.

3.9 Government grants

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.

3.10 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.

NOTES TO THE FINANCIAL STATEMENTS

3.10 Trust and agency funds *(Continued)*

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.

3.11 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 Accountant-General Department ("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 13 of the financial statements.

3.12 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) Workers' assessment fees

Income from workers' assessment fees are recognised at a point in time following the satisfaction of the PO, when the assessment tests are undertaken.

(ii) Course fees

Income from course fees are recognised over time, over the duration of the respective courses, attended by the participants.

(iii) 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.

(iv) 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.

(v) 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.

3.13 Interest income

Interest income is accrued, by reference to the principal outstanding and at the effective interest rate applicable.

NOTES TO THE FINANCIAL STATEMENTS

3.14 Retirement benefit obligations

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

3.15 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.

3.16 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, Chapter 319A. 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.

3.17 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is 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, 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.17 Tax *(Continued)*

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.

A deferred tax asset is recognised for unused tax losses, 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 utilised. 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.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.18 New standards and interpretations not adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 April 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SB-FRSs, interpretations and amendments to SB-FRSs are effective for annual periods beginning after 1 April 2018:

Applicable to 2019 financial statements
- SB-FRS 116 *Leases*;
- INT FRS 123 *Uncertainty over Income Tax Treatments*;
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SB-FRS 28);
- *Prepayment Features with Negative Compensation* (Amendments to SB-FRS 109);
- *Previously Held Interest in a Joint Operation* (Amendments to SB-FRS 103 and SB-FRS 111);
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to FRS SB-12);
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SB-FRS 23); and
- *Plan Amendment, Curtailment or Settlement* (Amendments to SB-FRS 19)

Applicable to 2021 financial statements
- SB-FRS 117 *Insurance Contracts*

Mandatory effective date deferred
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to SB-FRS 110 and SB-FRS 28)*

3.18 New standards and interpretations not adopted *(Continued)*

SB-FRS 116 Leases

SB-FRS 116 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SB-FRS 116 replaces existing lease accounting guidance, including FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* The standard is effective for annual periods beginning on or after 1 April 2019, with early adoption permitted.

The Group plans to apply SB-FRS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SB-FRS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019 with no restatement of comparative information. The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply SB-FRS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with FRS 17 and INT FRS 104.

(i) The Group as lessee

The Group expects to measure lease liabilities by applying a single discount rate to its portfolio of leases. Furthermore, the Group will apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 April 2019. For lease contracts that contain the option to renew, the Group is expected to use hindsight in determining the lease term.

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SB-FRS 116. Lease payments that are increased every five years to reflect market rentals, and those that are based on changes in local price index, are included in the measurement of lease liabilities as at date of initial application. In addition, the Group will no longer recognise provisions for operating leases that it assessed to be onerous as described in Note 28. Instead, the Group will include the payments due under the lease in its lease liability.

A preliminary measurement indicates that the Group will recognise a ROU asset of $13 million and a corresponding lease liability.

The nature of expenses related to those leases will change as SB-FRS 116 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3.18 New standards and interpretations not adopted *(Continued)*

(ii) The Group as lessor

SB-FRS 116 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively.

No significant impact is expected for the leases in which the Group is a lessor.

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.

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Executive Officer.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as independent valuers' report, is used to measure fair values, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SB-FRS, including the level in the fair value hierarchy in which such valuations should be classified.

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.

There are no significant areas of estimation uncertainty or critical judgements in the application of accounting policies that have significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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 2017	13,095	967	16,666	31,182	2,547	172,423	4,116	240,996
Additions	2,056	1,183	2,437	730	370	-	4,125	10,901
Transfers	83	-	3,886	-	-	3,929	(7,898)	-
Disposal/write-off	(384)	(10)	(51)	-	(15)	-	-	(460)
At 31 March 2018	14,850	2,140	22,938	31,912	2,902	176,352	343	251,437
Additions	10	183	5,298	39	2	-	1,035	6,567
Transfers	158	33	-	-	-	-	(191)	-
Disposal/write-off	(484)	-	(28)	-	(189)	(177)	-	(878)
At 31 March 2019	14,534	2,356	28,208	31,951	2,715	176,175	1,187	257,126
Accumulated depreciation								
At 1 April 2017	991	146	3,419	619	133	3,211	-	8,519
Depreciation	2,847	469	6,976	1,268	331	6,555	-	18,446
Disposal/write-off	(236)	(5)	(49)	-	(1)	-	-	(291)
At 31 March 2018	3,602	610	10,346	1,887	463	9,766	-	26,674
Depreciation	2,344	520	8,361	1,270	314	6,568	-	19,377
Disposal/write-off	(183)	-	(27)	-	(36)	(14)	-	(260)
At 31 March 2019	5,763	1,130	18,680	3,157	741	16,320	-	45,791
Carrying amounts								
At 1 April 2017	12,104	821	13,247	30,563	2,414	169,212	4,116	232,477
At 31 March 2018	11,248	1,530	12,592	30,025	2,439	166,586	343	224,763
At 31 March 2019	8,771	1,226	9,528	28,794	1,974	159,855	1,187	211,335

NOTES TO THE FINANCIAL STATEMENTS

5 Property, plant and equipment *(Continued)*

	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 2017	13,095	962	16,657	31,182	2,502	172,423	4,116	240,937
Additions	2,056	1,103	2,433	730	370	-	4,125	10,817
Transfers	83	-	3,886	-	-	3,929	(7,898)	-
Disposal/write-off	(384)	(10)	(51)	-	-	-	-	(445)
At 31 March 2018	14,850	2,055	22,925	31,912	2,872	176,352	343	251,309
Additions	10	177	5,292	39	-	-	1,035	6,553
Transfers	158	33	-	-	-	-	(191)	-
Disposal/write-off	(484)	-	(28)	-	(189)	(177)	-	(878)
At 31 March 2019	14,534	2,265	28,189	31,951	2,683	176,175	1,187	256,984
Accumulated depreciation								
At 1 April 2017	991	145	3,418	619	129	3,211	-	8,513
Depreciation	2,847	465	6,972	1,268	325	6,555	-	18,432
Disposal/write-off	(236)	(5)	(49)	-	-	-	-	(290)
At 31 March 2018	3,602	605	10,341	1,887	454	9,766	-	26,655
Depreciation	2,344	504	8,357	1,270	307	6,568	-	19,350
Disposal/write-off	(183)	-	(27)	-	(36)	(14)	-	(260)
At 31 March 2019	5,763	1,109	18,671	3,157	725	16,320	-	45,745
Carrying amounts								
At 1 April 2017	12,104	817	13,239	30,563	2,373	169,212	4,116	232,424
At 31 March 2018	11,248	1,450	12,584	30,025	2,418	166,586	343	224,654
At 31 March 2019	8,771	1,156	9,518	28,794	1,958	159,855	1,187	211,239

NOTES TO THE FINANCIAL STATEMENTS

6 Intangible assets

Group and SSG	Computer software $'000	Assets under development $'000	Total $'000
Cost			
At 1 April 2017	63,975	13,042	77,017
Additions	11,768	14,300	26,068
Disposals	(116)	-	(116)
At 31 March 2018	75,627	27,342	102,969
Additions	14,718	2,850	17,568
Transfer	27,404	(27,404)	-
Disposals	-	(1)	(1)
At 31 March 2019	117,749	2,787	120,536
Accumulated amortisations			
At 1 April 2017	8,083	-	8,083
Amortisation	21,385	-	21,385
Disposals	(59)	-	(59)
At 31 March 2018	29,409	-	29,409
Amortisation	29,655	-	29,655
At 31 March 2019	59,064	-	59,064
Carrying amounts			
At 1 April 2017	55,892	13,042	68,934
At 31 March 2018	46,217	27,342	73,559
At 31 March 2019	58,685	2,787	61,472

7 Investments in subsidiaries

	2019 $'000	2018 $'000
Equity investments at cost [i]	-	-
	-	-

NOTES TO THE FINANCIAL STATEMENTS

7 Investments in subsidiaries *(Continued)*

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/Country of incorporation	Effective equity held by SSG 2019 %	2018 %
Held by LG			
Learning Gateway Ltd ("LG") [i]	Singapore	100	100
Held by LG			
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 $949,000 (2018: $961,000) 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.

8 Trade and other receivables

	Group 2019 $'000	Group 2018 $'000	SSG 2019 $'000	SSG 2018 $'000
Trade receivables	2,411	5,200	588	1,912
Other receivables	2,547	2,368	2,381	2,164
Amount due from WSG	16,967	35,743	16,967	35,743
Amount due from LLEF	6,624	6,523	6,624	6,523
Amount due from MOE	80,345	-	80,345	-
Amount due from subsidiaries	-	-	30,734	22,868
	108,894	49,834	137,639	69,210

The credit period on rendering of services is 30 days (2018: 30 days).

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

Credit and market risks, and impairment losses

The Group and SSG's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in Note 31.

NOTES TO THE FINANCIAL STATEMENTS

9 Cash and cash equivalents

	Group		SSG	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Centralised Liquidity Management ("CLM") deposits held with AGD	82,585	126,141	32,883	93,330

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 1.74% (2018: 1.23% per annum).

Cash and cash equivalents includes an amount of $16,189,000 (2018: $2,178,000) set aside for restricted funds.

10 Deposits and prepayments

	Group		SSG	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Deposits	1,425	1,085	1,770	1,462
Prepayments	3,341	2,440	3,327	2,553
	4,766	3,525	5,097	4,015

NOTES TO THE FINANCIAL STATEMENTS

11 Share capital

	2019		2018	
	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 (Chapter 183). The holder of these shares, which has no par value, is entitled to receive dividends.

12 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.

NOTES TO THE FINANCIAL STATEMENTS

13 Restricted funds

	RF		Operations funded by SDF		Operations funded by LLEF		Total	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Group								
Income								
Operating income	-	-	3,219	2,236	3,017	3,949	6,236	6,185
Other income	508	5	14,133	15,570	554	812	15,195	16,387
Other (losses) gains	209	(31)	(37)	(77)	21	112	193	4
	717	(26)	17,315	17,729	3,592	4,873	21,624	22,576
Less: Expenditure								
Amortisation of intangible assets	(1)	(2)	(19,047)	(17,892)	(320)	(306)	(19,368)	(18,200)
Depreciation expense	(322)	(842)	(11,627)	(11,690)	(2,030)	(544)	(13,979)	(13,076)
Staff costs	(6,524)	(6,525)	(14,514)	(12,746)	(24)	(2,479)	(21,062)	(21,750)
Grant disbursements	(190)	-	(1,479)	(1,604)	(1,281)	(235)	(2,950)	(1,839)
Rental expenses on operating leases	(528)	(888)	(1,816)	(2,061)	-	(31)	(2,344)	(2,980)
Professional services	-	(99)	(2,935)	(5,574)	(8,410)	(10,225)	(11,345)	(15,898)
Maintainance expenses	(53)	(83)	(9,669)	(6,720)	(325)	(221)	(10,047)	(7,024)
Others	(142)	(116)	(4,705)	(6,194)	(1,432)	(2,405)	(6,279)	(8,715)
Deficit before government grant	(7,043)	(8,581)	(48,477)	(46,752)	(10,230)	(11,573)	(65,750)	(66,906)
Add								
Grants from government	6,737	8,149	12,255	19,019	27,049	10,656	46,041	37,824
Deferred capital grants amortised	306	432	31,122	29,416	2,350	942	33,778	30,790
	7,043	8,581	43,377	48,435	29,399	11,598	79,819	68,614
Surplus before contribution	-	-	(5,100)	1,683	19,169	25	14,069	1,708
Income tax expense	-	-	(58)	(51)	-	-	(58)	(51)
Net surplus for the year	-	-	(5,158)	1,632	19,169	25	14,011	1,657
Accumulated surplus at the beginning of the year	-	-	1,973	341	205	180	2,178	521
Accumulated surplus at the end of the year *	-	-	(3,185)	1,973	19,374	205	16,189	2,178

* The above balances predominantly comprise cash balances and accruals

NOTES TO THE FINANCIAL STATEMENTS

13 Restricted funds *(Continued)*

	RF		Operations funded by SDF		Operations funded by LLEF		Total	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
SSG								
Income								
Operating income	-	-	3,219	2,236	3,017	3,949	6,236	6,185
Other income	508	5	11,643	11,984	554	812	12,705	12,801
Other (losses) gains	209	(31)	(37)	(77)	21	112	193	4
	717	(26)	14,825	14,143	3,592	4,873	19,134	18,990
Less: Expenditure								
Amortisation of intangible assets	(1)	(2)	(19,047)	(17,892)	(320)	(306)	(19,368)	(18,200)
Depreciation expense	(322)	(842)	(11,600)	(11,676)	(2,030)	(544)	(13,952)	(13,062)
Staff costs	(6,524)	(6,525)	(8,475)	(8,112)	(24)	(2,479)	(15,023)	(17,116)
Grant disbursements	(190)	-	(1,480)	(1,604)	(20,445)	(235)	(22,115)	(1,839)
Rental expenses on operating leases	(528)	(888)	(1,617)	(2,324)	-	(51)	(2,145)	(3,263)
Professional services	-	(99)	(2,521)	(2,869)	(8,410)	(10,226)	(10,931)	(13,194)
Maintainance expenses	(53)	(83)	(6,485)	(6,290)	(325)	(221)	(6,863)	(6,594)
Others	(142)	(116)	(2,131)	(3,426)	(1,437)	(2,409)	(3,710)	(5,951)
Deficit before government grant	(7,043)	(8,581)	(38,531)	(40,050)	(29,399)	(11,598)	(74,973)	(60,229)
Add								
Grants from government	6,737	8,149	7,409	10,634	27,049	10,656	41,195	29,439
Deferred capital grants amortised	306	432	31,122	29,416	2,350	942	33,778	30,790
	7,043	8,581	38,531	40,050	29,399	11,598	74,973	60,229
Surplus before contribution	-	-	-	-	-	-	-	-
Contribution to consolidated fund	-	-	-	-	-	-	-	-
Income tax expense	-	-	-	-	-	-	-	-
Net surplus for the year	-	-	-	-	-	-	-	-
Accumulated surplus at the beginning of the year	-	-	-	-	-	-	-	-
Accumulated surplus at the end of the year	-	-	-	-	-	-	-	-

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14 Provision for reinstatement costs

	Group and SSG $'000
At 1 April 2017	3,624
Provision made during the year	1,596
Reversal of overprovision (Note 26)	(117)
At 31 March 2018	5,103
Provision made during the year	48
Reversal of overprovision (Note 26)	(498)
At 31 March 2019	4,653

	2019 $'000	2018 $'000
Represented by:		
Current portion	2,127	857
Non-current portion	2,526	4,246
	4,653	5,103

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 as the commencement of the lease terms. 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.

15 Deferred capital grants

	Group and SSG $'000
At 1 April 2017	298,830
Amounts transferred from government grants	17,608
Amounts transferred from National Productivity Fund	17,579
Amortisation of deferred capital grants	(39,125)
At 31 March 2018	294,892
Amounts transferred from government grants	14,225
Amounts transferred from National Productivity Fund	9,859
Amortisation of deferred capital grants	(49,122)
At 31 March 2019	269,854

16 Trade and other payables

	Group		SSG	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Other payables				
Related parties	5,977	10,420	7,757	10,573
Third parties	57,478	34,223	56,571	33,348
Amount due to SDF	18,589	51,729	18,589	51,729
Accruals	17,213	14,090	17,006	12,904
Advance receipts	8,598	4,848	6,330	2,540
	107,855	115,310	106,253	111,094

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

17 Contribution to consolidated fund

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

	SSG	
	2019 $'000	2018 $'000
Surplus of SSG before contribution to consolidated fund	16,321	4,894
Contribution at 17%	2,775	833

18 Income tax expense

	Group	
	2019 $'000	2018 $'000
Current tax expense		
Current year	58	51
Reconciliation of effective tax rate		
Surplus before tax	31,466	6,358
Tax calculated using Singapore tax rate of 17% (2018: 17%)	5,349	1,081
Surplus of SSG not subject to tax	(5,282)	(1,033)
Others	(9)	3
	58	51

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19 Government grants received in advance

	RF[i] $'000	Operations funded by SDF [ii] $'000	Operations funded by LLEF [ii] $'000	Operating grant $'000	Total $'000
Group					
At 1 April 2017	(330)	2,773	1,314	-	3,757
Grants received during the financial year	8,284	56,639	15,947	161,225	242,095
Transfer to Statement of comprehensive income	(8,149)	(19,020)	(10,655)	(159,530)	(197,354)
Transfer to deferred capital grants (Note 15)	(42)	(11,561)	(4,310)	(1,695)	(17,608)
At 31 March 2018	(237)	28,831	2,296	-	30,890
Grants received during the financial year	7,614	9,014	26,677	214,043	257,348
Transfer to Statement of comprehensive income	(6,737)	(12,255)	(27,049)	(203,489)	(249,530)
Transfer to deferred capital grants (Note 15)	(1)	(8,532)	(971)	(4,721)	(14,225)
At 31 March 2019	639	17,058	953	5,833	24,483
SSG					
At 1 April 2017	(330)	(262)	1,315	-	723
Grants received during the financial year	8,284	43,572	15,947	161,225	229,028
Transfer to statement of comprehensive income	(8,149)	(10,634)	(10,656)	(159,530)	(188,969)
Transfer to deferred capital grants (Note 15)	(42)	(11,561)	(4,310)	(1,695)	(17,608)
At 31 March 2018	(237)	21,115	2,296	-	23,174
Grants received during the financial year	7,614	8,978	26,677	214,043	257,312
Transfer to statement of comprehensive income	(6,737)	(7,409)	(27,049)	(203,489)	(244,684)
Transfer to deferred capital grants (Note 15)	(1)	(8,532)	(971)	(4,721)	(14,225)
At 31 March 2019	639	14,152	953	5,833	21,577

(i) Reinvestment Funds
Reinvestment Funds ("RF") are provided by Ministry of Finance ("MOF") to supplement SSG's operating grant and/or project funds. There are various types of Reinvestment Funds allocated on an annual or multiple periods' basis.

(ii) Operations funded by Skills Development Fund and Lifelong Learning Endowment Fund

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.

NOTES TO THE FINANCIAL STATEMENTS

20 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 (Cap. 306). 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 rejoining 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 2019 $'000	2018 $'000
Income		
Operating income	265,509	258,784
Other income	17,397	14,129
Fair value gain	7,198	3,717
	290,104	276,630
Expenditure		
Net disbursements	(339,888)	(345,173)
Allowance for impairment loss on receivables	(133)	(97)
Others	(4)	(5)
	(340,025)	(345,275)
Deficit for the year	(49,921)	(68,645)
Accumulated surplus at the beginning of the year	403,686	472,331
Accumulated surplus at the end the year	353,765	403,686

NOTES TO THE FINANCIAL STATEMENTS

20 Net assets of Skills Development Fund *(Continued)*

	Group and SSG 2019 $'000	Group and SSG 2018 $'000
Represented by:		
Current assets		
Cash and cash equivalents	808,021	900,650
Levy and other receivables	48,295	99,405
Grants disbursed in advance	14,152	23,925
Financial assets at amortised cost (2018: held-to-maturity)	1,505	5,013
Financial assets, at fair value through profit or loss	310,915	203,717
	1,182,888	1,232,710
Non-current assets		
Financial assets at amortised cost (2018: held-to-maturity)	74,879	76,666
Current liability		
Payables	(32,863)	(34,551)
Capital account	(871,139)	(871,139)
Accumulated surplus at the end of the year	(353,765)	(403,686)
Net assets	(1,224,904)	(1,274,825)

NOTES TO THE FINANCIAL STATEMENTS

21 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, Cap.162A 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 and audited by another firm of Certified Public Accountants whose report dated 13 May 2019 expressed in unqualified opinion on these financial statements:

	Group and SSG 2019 $'000	Group and SSG 2018 $'000
Receipts		
Refund of unused grant from programme manager	90	319
Interest income	193	376
	283	695
Expenditure		
Grants disbursed	(77,149)	(90,542)
Grants received	76,542	91,878
(Deficit)/Surplus for the year	(324)	2,031
Accumulated surplus at the beginning of the year	2,446	415
Accumulated surplus at the end the year	2,122	2,446
Represented by:		
Current assets		
Cash and cash equivalents	10,547	22,085
Other assets	-	2
	10,547	22,087
Current liabilities		
Payables	(1,801)	(13,118)
Payment due to related parties	(6,624)	(6,523)
	(8,425)	(19,641)
Net assets	2,122	2,446

NOTES TO THE FINANCIAL STATEMENTS

22 Net assets (liabilities) 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.

	Group and SSG 2019 $'000	2018 $'000
Receipts		
Government grants received	107,886	104,148
Expenditure		
Grants disbursements	(91,538)	(66,611)
Staff costs	(4,996)	(4,842)
Others	(3,356)	(7,897)
Purchase of plant and equipment (Note 15)	(9,859)	(17,579)
	(109,749)	(96,929)
(Deficit)/Surplus for the year	(1,863)	7,219
Accumulated surplus/(deficit) at the beginning of the year	5,548	(1,671)
Accumulated surplus at the end the year	3,685	5,548
Represented by:		
Current assets		
Cash and bank balances	17,882	33,355
Trade and other receivables	141	383
	18,023	33,738
Current liabilities		
Current payables	(9,632)	(25,570)
Accruals	(4,706)	(2,620)
	(14,338)	(28,190)
Net assets	3,685	5,548

NOTES TO THE FINANCIAL STATEMENTS

23 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 (Chapter 306). 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 2019 $'000	2018 $'000
Income		
Interest income	360	257
Expenditure		
Grants disbursed	(290)	(270)
Surplus/(Deficit) for the year	70	(13)
Accumulated surplus at the beginning of the year	20,351	20,364
Accumulated surplus at the end the year	20,421	20,351
Represented by:		
Current assets		
Cash and cash equivalents	20,185	20,222
Interest receivables	236	129
	20,421	20,351
Net assets	20,421	20,351

24 Operating income

	Group and SSG 2019 $'000	2018 $'000
Revenue from contracts with customers		
Workers' assessment fees	897	143
Application fees	884	1,049
Course fees	3,633	4,322
Income from rendering of services	1,319	1210
Annual fees	167	135
	6,900	6,859

Operating income is generated in Singapore.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

25 Other income

	Group 2019 $'000	Group 2018 $'000	SSG 2019 $'000	SSG 2018 $'000
Interest income from:				
- CLM deposits held with AGDS	1,516	892	1,516	892
Rental and service income	13,990	14,521	11,375	11,735
Others	762	3,002	1,359	2,295
	16,268	18,415	14,250	14,922

26 Other (losses)/gains

	Group 2019 $'000	Group 2018 $'000	SSG 2019 $'000	SSG 2018 $'000
Loss on disposal of property, plant and equipment and intangible assets	(168)	(212)	(168)	(212)
Reversal of overprovision for reinstatement costs (Note 14)	498	117	498	117
Currency translation loss	(6)	(1)	(6)	(1)
	324	(96)	324	(96)

27 Staff costs

	Group 2019 $'000	Group 2018 $'000	SSG 2019 $'000	SSG 2018 $'000
Wages, salaries and staff related costs	53,076	51,450	47,795	46,775
Contributions to defined contribution plans	6,859	7,206	6,181	6,507
Staff training and benefits	2,569	1,866	2,494	1,793
Skills Development Levy	54	53	49	49
	62,558	60,575	56,519	55,124

28 Operating lease commitments

The Group leases office premises and equipment under non-cancellable operating lease arrangements. The leases typically run for 1 to 5 periods with an option to renew the lease thereafter and rentals are fixed for an average of 3 periods.

As lessee

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities as at 31 March 2019 are as follows:

	Group 2019 $'000	Group 2018 $'000	SSG 2019 $'000	SSG 2018 $'000
Within one period	6,694	5,447	7,108	6,854
In the second to fifth period inclusive	6,504	448	6,504	1,434
	13,198	5,895	13,612	8,288

As lessor

The future aggregate minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as at 31 March 2019 are as follows:

	Group and SSG 2019 $'000	Group and SSG 2018 $'000
Within one period	7,811	8,943
In the second to fifth period inclusive	9,197	12,236
After five periods	5,883	7,275
	22,891	28,454

29 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 2019 $'000	Group and SSG 2018 $'000
Commitments for the acquisition of:		
Property, plant and equipment	358	419
Intangible assets	75,173	60,439
	75,531	60,858

NOTES TO THE FINANCIAL STATEMENTS

30 Related parties

Some of the Group's transactions and arrangements are with related parties and these balances are unsecured and non-interest bearing.

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				
2019				
Operating income	-	(284)	(267)	(551)
Grant disbursement	-	-	14,617	14,617
Other expenditure	1,705	2,910	16,133	20,748
Payments made on behalf of WSG by SSG:				
- Shared services [1]	-	-	42,064	42,064
- Other expenditure	-	-	237	237
Payments made on behalf of SSG by WSG:				
- Other expenditure	-	-	412	412
2018				
Operating income	(45)	(561)	(407)	(1,013)
Grant disbursement	-	-	39,310	39,310
Other expenditure	1,522	2,004	16,408	19,934
Payments made on behalf of WSG by SSG:				
- Shared services [1]	-	-	52,019	52,019
- Other expenditure	-	-	75	75
Payments made on behalf of SSG by WSG:				
- Other expenditure	-	-	639	639

[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 provides various services ("shared services") to WSG at cost, including outsourcing, technological and facility services to deliver the shared goal.

NOTES TO THE FINANCIAL STATEMENTS

30 Related parties *(Continued)*

Compensation of key management personnel

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

	Group 2019 $'000	Group 2018 $'000	SSG 2019 $'000	SSG 2018 $'000
Wages and salaries	9,480	9,683	9,480	9,683
Employers' contribution to Central Provident Fund	500	602	500	602
	9,980	10,285	9,980	10,285

31 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 are 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.

NOTES TO THE FINANCIAL STATEMENTS

31 Financial instruments *(Continued)*

(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.

The Group's most significant debtor amounts to $80,345,000 (2018: $nil) which pertained to amounts owing by the Ministry of Education ("MOE") as at 31 March 2019. The Group believes the concentration of risks in the above receivables is low due to the low credit risk of MOE.

Based on the Group's monitoring of customer credit risk, The Group believes that, apart from the above, no loss allowance is necessary in respect of trade and other receivables.

Cash and cash equivalents

The Group held cash and cash equivalents of $82,585,425 at 31 March 2019 (2018: $126,141,388). The cash and cash equivalents are held with bank and financial institution counterparties which are rated AA- , based on S&P's ratings as of 31 March 2019.

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 loss allowance on cash and cash equivalents is 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).

Amount due from related parties, subsidiaries and trade receivables

Impairment on amount due from related parties, subsidiaries and trade receivables has been measured on a 12-months expected loss and lifetime expected loss basis respectively. The Group and SSG considers that the amount due from related parties, subsidiaries and trade receivables 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).

NOTES TO THE FINANCIAL STATEMENTS

31 Financial instruments *(Continued)*

(b) Credit risk (Continued)

Comparative information under SB-FRS 39

An analysis of the credit quality of trade receivables that were neither past due nor impaired and the ageing of trade receivables that were past due but not impaired is as follows:

	Group $'000	SSG $'000
Gross, as at 31 March 2018	31,870	34,806
Neither past due nor impaired		
Past due but not impaired		
Past due 1-30 days	2,999	2,871
Past due 31-90 days	13,986	16,664
More than 90 days past due	979	14,869
Total not impaired trade receivables	49,834	69,210

Impairment losses

The ageing of trade receivables as at the 31 March 2018 is:

	Group		SSG	
	Gross receivables $'000	Impairment losses $'000	Gross receivables $'000	Impairment losses $'000
Current (not past due)	31,870	-	34,806	–
1 – 30 days past due	2,999	-	2,871	–
31 – 60 days past due	5,344	-	5,291	–
61 – 90 days past due	8,642	-	11,373	–
More than 90 days past due	979	-	14,869	–
	49,834	-	69,210	–

The credit period on rendering of services is 30 days (2018: 30 days). Colleteral is held by the Group over certain trade receivables in form of security deposits as stipulated in the lease agreements. The Group had no impaired trade receivables and no write-off as at 1 April 2018 and as at 31 March 2019, as per SB-FRS 39 & SB-FRS 109.

NOTES TO THE FINANCIAL STATEMENTS

31 Financial instruments *(Continued)*

(c) *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 2019				
Non-derivative financial liability				
Trade and other payables	107,855	107,855	107,855	-
31 March 2018				
Non-derivative financial liability				
Trade and other payables	115,310	115,310	115,310	-

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

			Cash Flows	
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Between 2 to 5 years $'000
SSG				
31 March 2019				
Non-derivative financial liability				
Other payables	106,253	106,253	106,253	-
31 March 2018				
Non-derivative financial liability				
Other payables	111,094	111,094	111,094	-

NOTES TO THE FINANCIAL STATEMENTS

31 Financial instruments *(Continued)*

(d) *Market risk*

Market risk is the risk that changes in market prices, such as interest rates, that 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 has limited exposure to interest rate risk as variable rate interest-bearing assets are mainly of a short-term nature (Note 9).

(e) *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, current deposits, cash and cash equivalents, and trade and other payables) approximate their fair values because of the short period to maturity.

(f) *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.

NOTES TO THE FINANCIAL STATEMENTS

31 Financial instruments *(Continued)*

(f) *Accounting classification and fair values (Continued)*

Fair value versus carrying amounts (Continued)

	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
Group				
31 March 2019				
Financial assets not measured at fair value				
Cash and cash equivalents	82,585	-	82,585	82,585
Trade and other receivables	108,894	-	108,894	108,894
Deposits	1,425	-	1,425	1,425
	192,904	-	192,904	192,904
Financial liabilities not measured at fair value				
Trade and other payables	-	107,855	107,855	107,855

	Loans and receivables $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
31 March 2018				
Financial assets not measured at fair value				
Cash and cash equivalents	126,141	-	126,141	126,141
Trade and other receivables	49,834	-	49,834	49,834
Deposits	1,085	-	1,085	1,085
	177,060	-	177,060	177,060
Financial liabilities not measured at fair value				
Trade and other payables	-	115,310	115,310	115,310

NOTES TO THE FINANCIAL STATEMENTS

31 Financial instruments *(Continued)*

(f) *Accounting classification and fair values (Continued)*

Fair value versus carrying amounts (Continued)

	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
SSG				
31 March 2019				
Financial assets not measured at fair value				
Cash and cash equivalents	32,883	-	32,883	32,883
Trade and other receivables	137,639	-	137,639	137,639
Deposits	1,770	-	1,770	1,770
	172,292	-	172,292	172,292
Financial liabilities not measured at fair value				
Trade and other payables	-	106,253	106,253	106,253

	Loans and receivables $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
31 March 2018				
Financial assets not measured at fair value				
Cash and cash equivalents	93,330	-	93,330	93,330
Trade and other receivables	69,210	-	69,210	69,210
Deposits	1,462	-	1,462	1,462
	164,002	-	164,002	164,002
Financial liabilities not measured at fair value				
Trade and other payables	-	111,094	111,094	111,094

NOTES TO THE FINANCIAL STATEMENTS

31 Financial instruments *(Continued)*

(g) 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.

32 Other matter

In the last financial year, fraudulent claims of $40 million in relation to training grants drawn from the Skills Development Fund (SDF) were uncovered. The case was under police investigation, which showed that a criminal syndicate was involved. The syndicate operated an organised network that used business entities, comprising employer companies and training providers, to submit fraudulent claims which were made in the last financial year, with most claims being made in October 2017. When these irregular claims were detected, SSG immediately suspended all payments of grants to relevant business entities and reported the case to the Police. There are no significant developments in the current year.

To improve the system of fraud detection, checks and audits, management had formed an Inter-Agency Process Review Task Force, overseen by the SSG Board, and comprising of members from SSG management, the Accountant-General's Department, Commercial Affairs Department and Ministry of Education. In addition, management has strengthened our fraud detection system through data analytics. Through appropriate use of data analytics and drawing on data across government agencies, SSG believes that it would be able to better detect false claims, without significantly affecting genuine employers applying for training grants to upgrade the skills of their workers. Management has also made selected organisational restructuring to strengthen fraud detection, and had implemented some of the measures manually, and will progressively automate and systematise these measures.

NOTES TO THE FINANCIAL STATEMENTS

33 Subsequent Event

Subsequent to the end of the financial year, on 1 April 2019, the Institute for Adult Learning (IAL) an institute of SkillsFuture Singapore was transferred to Singapore University of Social Sciences. The consideration for the transfer of IAL's business and operations, is calculated based on the net book value of assets and liabilities of IAL as at 31 March 2019.

34 Comparative information

The financial statements for the year ended 31 March 2018 were audited by another firm of Certified Public Accountants whose report dated 23 July 2018 expressed an unqualified opinion on these financial statements.


SKILLSfuture SG
Skill Up
SkillsFuture Jubilee Fund
TRANSFORM, UPSKILL AND GROW

CONTENTS

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 106 to 122 are properly drawn up in accordance with the provisions of the Skills Development Levy Act (Cap. 306), Singapore Charities Act (Cap. 37) (the "Acts") and Statutory Board Financial Reporting Standards in Singapore ("SB-FRSs") so as to present fairly, in all material respects, the financial position of SFJF as at 31 March 2019, and the financial performance, changes in accumulated surplus, and cash flows of SFJF for the financial year ended on that date;

(b) the receipts, expenditure and investment of moneys of SFJF and the acquisition and disposal of assets by SFJF during the financial year have been in accordance with the provisions of the Skills Development Levy Act (Cap. 306);

(c) the use of donation moneys is in accordance with the objectives of SFJF as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations;

(d) SFJF has complied with Regulation 15 of the Charities (Institutions of a Public Character) Regulations; and

(e) 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

NG CHER PONG
Chief Executive

22 July 2019

INDEPENDENT AUDITORS' REPORT

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 2019, 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 106 to 122.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Skills Development Levy Act (Cap. 306), Singapore Charities Act (Cap. 37) (the "Acts") and Statutory Board Financial Reporting Standards in Singapore ("SB-FRSs") so as to give a true and fair view of the state of affairs of SFJF and of the results, 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 matters

The financial statement for the year ended 31 March 2018 were audited by another firm of Certified Public Accountants whose report dated 23 July 2018 expressed an unqualified opinion on these financial statements.

Other Information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

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.

INDEPENDENT AUDITORS' REPORT

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 Regulations and Statutory Board Financial Reporting Standards in Singapore (SB-FRSs), 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 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:

a) 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.

b) 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.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

d) 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.

e) 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 SFJF during the year are, in all material respects, in accordance with the provisions of the Acts; and

(b) proper accounting and other records have been kept in accordance with the provisions of the Acts.

During the course of our audit, nothing has come to our attention that causes us to believe that during the year:

(a) the Charity has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and

(b) the Charity has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

KPMG LLP

KPMG LLP
Public Accountants and Chartered Accountants

Singapore
22 July 2019

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 $	2018 $
Assets			
Other receivable	5	236,367	129,296
Cash and cash equivalents	6	20,184,713	20,221,831
Current assets		20,421,080	20,351,127
Total current assets representing total assets		20,421,080	20,351,127
Accumulated surplus		20,421,080	20,351,127
Total accumulated surplus		20,421,080	20,351,127

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2019

	Note	2019 $	2018 $
Income			
Interest income		359,953	256,728
Expenditure			
Other expenses	7	(290,000)	(270,000)
Surplus/(deficit) for the year, representing total comprehensive income for the year		69,953	(13,272)

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS

YEAR ENDED 31 MARCH 2019

	Accumulated surplus $
At 1 April 2017	20,364,399
Net deficit for the year, representing total comprehensive loss for the year	(13,272)
At 31 March 2018/1 April 2018	20,351,127
Net surplus for the year, representing total comprehensive income for the year	69,953
At 31 March 2019	20,421,080

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Surplus/(deficit) for the year		69,953	(13,272)
Adjustment for:			
Interest income		(359,953)	(256,728)
Operating cash flow before movements in working capital		(290,000)	(270,000)
Interest received		252,882	303,448
Net cash (used in)/generated from operating activities		(37,118)	33,448
Net (decrease)/increase in cash and cash equivalents		(37,118)	33,448
Cash and cash equivalents at beginning of the year	6	20,221,831	20,188,383
Cash and cash equivalents at end of the year	6	20,184,713	20,221,831

The accompanying notes form an integral part of these financial statements.

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 22 July 2019.

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 (Cap. 306). SFJF was administered by Singapore Workforce 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.

As SFJF resides within SDF, in accordance with the objects of the Skills Development Levy Act (Cap. 306), 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 rejoining 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 No.1 Marina Boulevard, #18-01, One Marina Boulevard, Singapore 018989. SFJF is an Institute of Public Character ("IPC") and registered charity under the Charities Act (Cap. 37). The financial statements are expressed in Singapore dollars.

NOTES TO THE FINANCIAL STATEMENTS

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 in Singapore ("SB-FRSs"), including Interpretations of FRS ("INT FRS") and Guidance Notes.

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 the SFJF's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SB-FRSs 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 estimate is revised and in any future periods affected.

There are neither critical judgements in applying accounting policies nor assumptions and estimation uncertainties that have significant effect on the amounts recognised in the financial statements.

2.5 Changes in accounting policies

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 2018:

- SB-FRS 109 *Financial Instruments*;
- Applying SB-FRS 109 *Financial Instruments* with SB-FRS 104 *Insurance Contracts* (Amendments to SB-FRS 104);

The adoption of these SB-FRSs, amendments to standards and interpretations did not have a material effect on the financial statements. Due to the transition methods chosen by the SFJF in applying these standards, comparative information throughout these financial statements have not been restated to reflect the requirements of the new standards.

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation *(Continued)*

2.5 Changes in accounting policies *(Continued)*

A. SB-FRS 109 *Financial Instruments*

SB-FRS 109 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. SFJF adopted SB-FRS 109 from 1 April 2018.

In accordance with the exemption in SB-FRS, SFJF elected not to restate information for 2018. Accordingly, the information presented for 2018 is presented, as previously reported, under SB-FRS 39 *Financial Instruments: Recognition and Measurement.* Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SB-FRS 109 are recognised in retained earnings and reserves as at 1 April 2018.

Arising from this election, SFJF is exempted from providing disclosures required by SB-FRS 107 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SB-FRS 109. Instead, disclosures under SB-FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of SB-FRS 39 are provided for in the comparative period.

Transition

Changes in accounting policies resulting from the adoption of SB-FRS 109 have been generally applied by SFJF retrospectively, except as described below.

- The following assessments were made on the basis of facts and circumstances that existed at 1 April 2018:
  - The determination of the business model within which a financial asset is held;
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding;

The application of the requirements of SB-FRS 109 does not have any significant impact on the financial statements, except for the financial assets which were previously classified as loans and receivables under SB-FRS 39, are now classified as financial assets measured at amortised cost under SB-FRS 109.

There is no material impact of transition to SB-FRS 109 on the opening balance of reserves and retained earnings.

NOTES TO 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 SFJF.

3.1 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of SFJF 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 that 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 recognised in profit or loss.

3.2 Non-derivative financial assets

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when SFJF 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 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

Policies applicable from 1 April 2018:

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

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 FVOCI and FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies *(Continued)*

3.2 Non-derivative financial assets *(Continued)*

(ii) Classification and subsequent measurement (Continued)

Policies applicable from 1 April 2018 *(Continued)*

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 amortised cost comprise cash and cash equivalents and other receivables.

Cash and cash equivalents comprise cash balances and short-term deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by SFJF in the management of short term commitments.

Other receivables comprise interest receivable from cash balances in the CLM account. SFJF's exposure to credit risk is minimal as its interest receivable from cash placed with AGD under CLM are placed with high credit quality financial institutions.

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 how those risks are managed 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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies *(Continued)*

3.2 Non-derivative financial assets *(Continued)*

(ii) Classification and subsequent measurement (Continued)

Policies applicable from 1 April 2018 *(Continued)*

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, 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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies *(Continued)*

3.2 Non-derivative financial assets *(Continued)*

(ii) Classification and subsequent measurement (Continued)

Policy applicable before 1 April 2018

SFJF classifies non-derivative financial assets as loans and receivables.

Subsequent measurement and gains and losses

Loans and receivables

Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprised cash and cash equivalents, and other receivables.

(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 in the statement of cash flows comprise cash balances and deposits placed with the Accountant-General's Department ("AGD") and are subject to an insignificant risk of changes in value.

Under the Accountant-General Circular No.4/2009 dated 2 November 2009, SFJF is required to participate in the Centralised Liquidity Management Framework ("CLM"). Under the CLM, all bank accounts maintained with selected banks will be linked up with AGD's bank accounts such that excess available cash can be automatically aggregated for central management on a daily basis.

These balances are included in cash and cash equivalents as "Centralised Liquidity Management ("CLM") deposits held with AGD".

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies *(Continued)*

3.2 Non-derivative financial assets *(Continued)*

(v) Impairment

Policy applicable from 1 April 2018

SFJF recognises loss allowances for 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies *(Continued)*

3.2 Non-derivative financial assets *(Continued)*

(v) Impairment (Continued)

General approach (Continued)

Policy applicable from 1 April 2018 *(Continued)*

SFJF considers a financial asset to be in default when:

- the borrower 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.

SFJF considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to SFJF in full, without recourse by SFJF to actions such as realising security (if any is held).

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 borrower or issuer;
- 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;
- it is probable that the borrower 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 are deducted from the gross carrying amount of these assets.

3 Significant accounting policies *(Continued)*

3.2 Non-derivative financial assets *(Continued)*

(v) Impairment (Continued)

Policy applicable from 1 April 2018 *(Continued)*

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.

Policy applicable before 1 April 2018:

A financial asset not carried at FVTPL was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets (including equity investments) were impaired included default or delinquency by a debtor, restructuring of an amount due to SFJF on terms that SFJF would not consider otherwise, indications that a debtor or issuer would enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

SFJF considered evidence of impairment for loans and receivables at both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, SFJF used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When SFJF considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies *(Continued)*

3.3 Finance income

SFJF's finance income include:

- 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.

3.4 Government grants

SFJF receives government grants to meet its operating and development 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 whose primary condition is that SFJF 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 SFJF with no future related costs are recognised in income or expenses in the period in which they become receivables.

NOTES TO THE FINANCIAL STATEMENTS

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of SFJF's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Management is of the opinion that there are no critical judgements or significant estimates that would have a significant effect on the amounts recognised in the financial statements.

5 Other receivable

	2019 $	2018 $
Interest receivable from Centralised Liquidity Management deposits held with AGD	236,367	129,296

6 Cash and cash equivalents

	2019 $	2018 $
Centralised Liquidity Management deposits held with AGD [i]	20,184,713	20,221,831

[i] SFJF participates in the Centralised Liquidity Managment 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 rates between 1.44% to 1.98% (2018: 1.21% to 1.28%) per annum.

7 Other expenses

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

8 Financial instruments, financial risks and capital risk management

(a) *Categories of financial instruments*

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

	2019 $	2018 $
Financial assets		
Other receivable	236,367	129,296
Cash and cash equivalents	20,184,713	20,221,831
	20,421,080	20,351,127

(b) *Financial risk management*

Cash and cash equivalents

SFJF has limited exposure to financial risks as its financial assets consist mainly of interest income receivables from cash and cash equivalents placed with AGD and cash and cash equivalents placed with AGD (Notes 5 and 6).

SFJF maintains sufficient cash and cash equivalents, and internally generated cash flows to finance its activities.

Cash and fixed deposits are placed with banks which are regulated. Impairment on interest income receivables cash and fixed deposits have been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The amount of allowances on interest income receivables and cash and cash equivalents were negligible.

9 Key management personnel compensation

SFJF relies on SSG for management and administrative support. Accordingly, SFJF does not have any remuneration paid to directors and key management personnel.

10 Comparative information

The financial statements for the year ended 31 March 2018 were audited by another firm of Chartered Accountants whose report dated 23 July 2018 expressed an unmodified opinion on those statements.

CONTENTS

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 129 to 157 are properly drawn up in accordance with the provisions of the Skills Development Levy Act, Cap. 306 (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 2019, 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 this 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

NG CHER PONG
Chief Executive

TAN WEE BENG
Deputy Chief Executive

22 July 2019

INDEPENDENT AUDITORS' REPORT

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 2019, 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 129 to 157.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Skills Development Levy Act, Cap. 306 (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 2019 and the results, 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 matters

The financial statements for the year ended 31 March 2018 were audited by another firm of Certified Public Accountants whose report dated 23 July 2018 expressed an unqualified opinion on these financial statements.

Other Information

Management is responsible for the other information. Other information is defined as all information in the annual report other than 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.

INDEPENDENT AUDITORS' REPORT

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 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 skepticism throughout the audit. We also:

a) 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 control.

b) 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 SDF's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) 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.

INDEPENDENT AUDITORS' REPORT

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

e) 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

Opinion

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.

KPMG LLP

KPMG LLP
Public Accountants and Chartered Accountants

Singapore
22 July 2018

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 $'000	2018 $'000
Assets			
Financial assets, at amortised cost	4	74,879	76,666
Non-current assets		74,879	76,666
Cash and cash equivalents	5	808,021	900,650
Levy and other receivables	6	48,295	99,405
Grants disbursed in advance	7	14,152	23,925
Financial assets, at amortised cost	4	1,505	5,013
Financial assets, at fair value through profit or loss	8	310,915	203,717
Current assets		1,182,888	1,232,710
Total assets		1,257,767	1,309,376
Equity			
Capital account	9	871,139	871,139
Accumulated profits		353,765	403,686
Total equity		1,224,904	1,274,825
Liability			
Payables	10	32,863	34,551
Current liability		32,863	34,551
Total liability		32,863	34,551
Total equity and liability		1,257,767	1,309,376

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2019

	Note	2019 $'000	2018 $'000
Operating income	11	265,576	258,784
Other income	12	17,397	14,129
Fair value gain		7,198	3,717
Expenditure			
Net disbursements		(339,955)	(345,173)
Disbursements		(342,304)	(345,515)
Less: Disbursement refunds		2,349	342
Allowance for impairment loss on receivables		(133)	(97)
Bad debts written off		(4)	(5)
		(340,092)	(345,275)
Deficit for the year, representing total comprehensive loss for the year		(49,921)	(68,645)

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2019

	Capital account $'000	Accumulated profits $'000	Total $'000
At 1 April 2017	871,139	472,331	1,343,470
Net deficit for the year, representing total comprehensive loss for the year	–	(68,645)	(68,645)
At 31 March 2018	871,139	403,686	1,274,825
At 1 April 2018	871,139	403,686	1,274,825
Net deficit for the year, representing total comprehensive loss for the year	–	(49,921)	(49,921)
At 31 March 2019	871,139	353,765	1,224,904

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Deficit for the year		(49,921)	(68,645)
Adjustments for:			
Allowance for impairment loss on receivables		133	97
Bad debts written off		4	5
Fair value gain		(7,198)	(3,717)
Interest income	12	(17,397)	(14,129)
Operating cash flow before movements in working capital		(74,379)	(86,389)
Changes in:			
Levy and other receivables		55,087	(42,523)
Payables		(1,688)	24,181
Net cash used in operating activities		(20,980)	(104,731)
Cash flows from investing activities			
Proceeds on maturity of financial assets, at amortised cost		5,000	4,000
Interest received		13,577	18,749
Purchase of financial assets, at fair value through profit or loss		(100,000)	(200,000)
Net cash used in investing activities		(81,423)	(177,251)
Cash flows from financing activity			
Grants refunded/(paid in advanced)		9,774	(20,766)
Net cash generated from/(used in) financing activity		9,774	(20,766)
Net decrease in cash and cash equivalents		(92,629)	(302,748)
Cash and cash equivalents at beginning of the year	5	900,650	1,203,398
Cash and cash equivalents at end of the year	5	808,021	900,650

The accompanying notes form an integral part of these financial statements.

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 22 July 2019.

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, Cap. 306. 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 SSG with effect from 3 October 2016. The registered office and principal place of operations of SSG, being the administrator of SDF, is No.1 Marina Boulevard, #18-01, One Marina Boulevard, Singapore 018989.

The 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 rejoining 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.

This is the first set of the SDF's annual financial statements in which SB-FRS 115 *Revenue from Contracts with Customers* and SB-FRS 109 *Financial Instruments* have been applied. Changes to significant accounting policies are described in Note 2.5.

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 the SDF's functional currency. All information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation *(Continued)*

2.4 Use of estimates and judgments

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 estimate is revised and in any future periods affected.

2.5 Changes in accounting policies

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 2018:

- SB-FRS 109 *Financial Instruments;*
- Applying SB-FRS 109 *Financial Instruments* with SB-FRS 104 *Insurance Contracts* (Amendments to SB-FRS 104);

Other than that disclosed below, the adoption of these SB-FRSs, amendments to and interpretations of SB-FRS did not have a material effect on SDF's financial statements and SDF's statement of financial position.

SB-SB-FRS 109 *Financial instruments*

SB-FRS 109 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new expected credit loss ("ECL") model and a new general hedge accounting model.

In accordance with the exemption in SB-FRS, SDF elected not to restate information for 2018. Accordingly, the information presented for prior year is presented, as previously reported, under SB-FRS 39 Financial Instruments: Recognition and Measurement. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SB-FRS 109 are recognised in retained earnings and reserves as at 1 April 2018.

Arising from this election, SDF is exempted from providing disclosures required by SB-FRS 107 Financial instruments: Disclosures relating to items within the scope of SB-FRS 39 are provided for in the comparative period.

Classification and measurement of financial assets and financial liabilities

SB-FRS 109 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under SB-FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SB-FRS 109 eliminates the previous SB-FRS 39 categories of held to maturity, loans and receivables and available for sale.

SB-FRS 109 largely retains the existing requirements in SB-FRS 39 for the classification and measurement of financial liabilities.

2 Basis of preparation *(Continued)*

2.5 Changes in accounting policies *(Continued)*

Classification and measurement of financial assets and financial liabilities (Continued)

SB-FRS 109 *Financial instruments (Continued)*

The adoption of SB-FRS 109 has not had a significant effect on the Fund's accounting policies related to financial liabilities.

The following tables and the accompanying notes below explain the original measurement categories under SB-FRS 39 and the new measurement categories under SB-FRS 109 for each class of the Fund's financial assets as at 1 April 2018.

Financial assets	Classification under SB-FRS 39	New classification under SB-FRS 109	Carrying amount under SB-FRS 39 $'000	Carrying amount under SB-FRS 109 $'000
Financial assets at amortised cost	Held-to-maturity	Amortised cost	81,679	81,679
Cash and cash equivalents	Loans and receivables	Amortised cost	900,650	900,650
Levy and other receivables	Loan and receivables	Amortised cost	99,405	99,405
Financial assets at fair value through profit or loss	FVTPL	Mandatorily at FVTPL	203,717	203,717
			1,285,451	1,285,451

The adoption of SB-FRS 109 did not have a material effect on SDF's financial statements.

Impairment of financial assets

SB-FRS 109 replaces the 'incurred loss' model in SB-FRS 39 with an ECL model. The new impairment model applies to financial assets measured at amortised cost and debt investments at amortised cost and intra-group financial guarantee contracts, but not to equity investments. The adoption of SB-FRS 109 did not have a material effect on SDF's expected credit loss of its financial assets due to the nature of the assets held by the Fund. There is no material impact of transition to SB-FRS109 on the opening balance of reserves and retained earnings.

NOTES TO 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 and debt investments 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 FVTPL, transaction costs that are directly attributable to its acquisition or issue. A levy receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 April 2018

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 FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies *(Continued)*

3.1 Financial instruments *(Continued)*

(ii) Classification and subsequent measurement *(Continued)*

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 April 2018

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 – Policy applicable from 1 April 2018

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies *(Continued)*

3.1 Financial instruments *(Continued)*

(ii) Classification and subsequent measurement *(Continued)*

Non-derivative financial assets – Policy applicable before 1 April 2018

SDF classifies non-derivative financial assets into the following categories: financial assets at FVTPL, held-to-maturity financial assets and loans and receivables.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 April 2018

Financial assets at FVTPL

A financial asset was classified at FVTPL if it was classified as held-for-trading or was designated as such upon initial recognition. Financial assets were designated at FVTPL if SDF managed such investments and made purchase and sale decisions based on their fair value in accordance with SDF's documented risk management or investment strategy. Directly attributable transaction costs were recognised in profit or loss as incurred. Financial assets at FVTPL were measured at fair value, and changes therein, which took into account any dividend income, were recognised in profit or loss.

Financial assets designated at FVTPL comprised equity investments that otherwise would have been classified as available-for-sale.

Held-to-maturity financial assets

If SDF had the positive intent and ability to hold debt investments to maturity, then such financial assets were classified as held-to-maturity. Held-to-maturity financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets were measured at amortised cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets comprised debt investments.

Loans and receivables

Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprised cash and cash equivalents, and levy and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies *(Continued)*

3.1 Financial instruments *(Continued)*

(ii) Classification and subsequent measurement *(Continued)*

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 and other 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.

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. In these cases, the transferred assets are not derecognised.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies *(Continued)*

3.1 Financial instruments *(Continued)*

v) Cash and cash equivalents

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

Under the Accountant-General Circular No.4/2009 dated 2 November 2009, SDF is required to participate in the Centralised Liquidity Management Framework ("CLM"). Under the CLM, all bank accounts maintained with selected banks will be linked up with AGD's bank accounts such that excess available cash can be automatically aggregated for central management on a daily basis.

These balances are included in cash and cash equivalents as "Centralised Liquidity Management ("CLM") deposits held with AGD".

3.2 Impairment

(i) Non-derivative financial assets and contract assets

Policy applicable from 1 April 2018

SDF recognises loss allowances for 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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies *(Continued)*

3.2 Impairment *(Continued)*

(i) Non-derivative financial assets and contract assets *(Continued)*

Policy applicable from 1 April 2018 *(Continued)*

General approach

SDF applies the general approach to provide for ECLs on all other financial instruments and FGCs. 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 borrower 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.

SDF considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to SDF in full, without recourse by SDF to actions such as realising security (if any is held).

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies *(Continued)*

3.2 Impairment *(Continued)*

(i) Non-derivative financial assets and contract assets *(Continued)*

Policy applicable from 1 April 2018 *(Continued)*

Credit-impaired financial assets

At each reporting date, SDF assesses whether financial assets carried at amortised cost and debt investments at FVOCI 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 borrower or issuer;
- 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 borrower 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.

For debt investments at FVOCI, loss allowances are charged to profit or loss and recognised in OCI.

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.

Policy applicable before 1 April 2018

A financial asset not carried at FVTPL, including an interest in an associate and joint venture, was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets (including equity investments) were impaired included default or delinquency by a debtor, restructuring of an amount due to SDF on terms that SDF would not consider otherwise, indications that a debtor or issuer would enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost was objective evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies *(Continued)*

3.2 Impairment *(Continued)*

(i) Non-derivative financial assets and contract assets *(Continued)*

Policy applicable from 1 April 2018 *(Continued)*

Loans and receivables and held-to-maturity investment securities

SDF considered evidence of impairment for loans and receivables and held-to-maturity investment securities at both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, SDF used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When SDF considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of SDF'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. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. 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 to sell. 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. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies *(Continued)*

3.2 Impairment *(Continued)*

(ii) Non-financial assets *(Continued)*

Policy applicable from 1 April 2018 *(Continued)*

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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.

3.3 Finance income and finance costs

SDF's finance income and finance costs include
- interest income;
- the net gain or loss on financial assets at FVTPL;
- impairment losses (and reversals) on debt investments carried at amortised cost;

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 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.

3.4 Revenue recognition

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

4 Financial assets at amortised cost

	At amortised cost	
	2019	**2018**
	$'000	**$'000**
Singapore Government Bonds	60,822	61,062
Corporate Bonds	15,562	20,617
	76,384	81,679
Represented by		
Current portion	1,505	5,013
Non-current portion	74,879	76,666
	76,384	81,679

The quoted bonds have fixed interest rates ranging from 2.25% to 4.75% (2018: 2.25% to 4.90%) per annum and have maturity periods ranging from 5 to 41 months (2018: 4 to 54 months).

5 Cash and cash equivalents

	2019	**2018**
	$'000	**$'000**
Centralised Liquidity Management deposits held with AGD [i]	808,021	900,650

[i] With effect from financial year 2009/2010, SDF is required 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 SDF upon request and earns interest at the average rate of 1.74% (2018: 1.23%) per annum.

6 Levy and other receivables

	2019	**2018**
	$'000	**$'000**
Levy receivables	2,138	2,021
Interest receivable from bonds & CLM	10,635	6,521
Other receivables from National Productivity Fund	–	796
Other receivables from Lifelong Learning Endowment Fund	1,801	13,119
Other receivables from WSG	15,132	25,219
Other receivables from SSG	18,589	51,729
	48,295	99,405

NOTES TO THE FINANCIAL STATEMENTS

7 Grants disbursed in advance

SDF fund was drawn down to finance WDA's operations from 1 April 2016 to 2 October 2016, and SSG and WSG's operations with effect from 3 October 2016 to meet the increasing demands and needs of workforce development efforts. SSG and WSG have established a mutually agreed allocation framework on the usage of SDF to finance SSG 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 SSG Board to fund expenditures on manpower, other operating expenditures and development costs for selected Continuing Education and Training ("CET") functions using SDF.

These expenditures are for manpower and operating overheads and are related to the delivery of specific CET programmes.

In the current financial year, SSG and WSG had drawn down grants in excess of the actual expenditures incurred. The excess will be offset against financial year 2020 projection of expenditure and is recorded as grants disbursed in advance by the SDF.

During the previous financial year, SSG and WSG had drawn down grants in excess of the actual expenditures incurred. The excess will be offset against financial year 2019 projection of expenditure and is recorded as grants disbursed in advance by the SDF.

8 Financial assets, at fair value through profit or loss

	2019 $'000	2018 $'000
Fund investments	310,915	203,717

Information about fair value measurement of fund investments is included in Note 15.

9 Capital account

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

10 Payables

	2019 $'000	2018 $'000
Related parties	8,906	4,283
Third parties	23,957	30,268
	32,863	34,551

NOTES TO THE FINANCIAL STATEMENTS

11 Operating income

	2019 $'000	2018 $'000
Skills development levy ("SDL") from:		
- Private sector	243,092	236,775
- Statutory boards	7,973	7,852
- Ministries and Organs of State	14,445	14,148
Others	66	9
	265,576	258,784

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

12 Other income

	2019 $'000	2018 $'000
Interest income from:		
- CLM deposits held with AGD	15,465	11,997
- Financial assets, at amortised cost	1,932	2,132
	17,397	14,129

13 Related parties

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:

	2019 $'000	2018 $'000
Disbursements to related parties	122,173	110,120
Receipts from related parties in relation to payments made on behalf of related parties by SDF	(119,717)	(76,838)

Key management personnel compensation

SDF relies on SSG for management and administrative support. Accordingly, SDF does not have any remuneration paid to directors and key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

14 Commitments

The following represents the training assistance granted by SSG, and funded by the SDF and the grants committed by SDF for the development of CET Campuses 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.

	2019 $'000	2018 $'000
Training assistance committed for disbursement	513,328	541,946
CET campuses development committed for disbursement	42,290	42,290
	555,618	584,236

Training assistance grant commitments are administered through SkillsNet and SkillsConnect Systems and are derived from gross commitments less disbursements and unutilised grants. Unutilised grants are classified as grants that are more than 120 days from the programme end date in the SkillsConnect System and grants that are withdrawn from the system by system users in the SkillsNet System.

15 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, the 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).

15 Financial instruments *(Continued)*

(a) Financial risk management (Continued)

Fund investments (Continued)

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 Accountant General's Department ("AGD") Demand Aggregation Scheme, which consists of funds placements with two 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 includes 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) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, 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 2019 would have been higher by $31,092,000 (2018: $20,372,000). Correspondingly, the surplus would have been higher by $31,092,000 (2018: $20,372,000). 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.

NOTES TO THE FINANCIAL STATEMENTS

15 Financial instruments *(Continued)*

(b) Market risk (Continued)

Sensitivity analysis (Continued)

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 Accountant-General's Department as disclosed in Note 5.

Profile

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

	Carrying amount	
	2019	**2018**
	$'000	**$'000**
Fixed rate instruments		
Financial assets at amortised costs	76,384	81,679
Variable rate instruments		
Centralised Liquidity Management deposits held with AGD	808,021	900,650

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in interest rates at the reporting date would have increased/ (decreased) surplus by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Surplus	
	50 bp Increase	**50 bp Decrease**
	$'000	**$'000**
2019		
Variable rate instruments	4,040	(4,040)
2018		
Variable rate instruments	4,503	(4,503)

NOTES TO THE FINANCIAL STATEMENTS

15 Financial instruments *(Continued)*

(c) Credit risk

Credit risk refers to the risk that a counterparty or counterparty to a financial instrument will default on its contractual obligations resulting in financial loss to SDF.

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's exposure to credit risk is minimal as its cash and fixed deposits are placed with AGD under CLM.

Impairment on cash and fixed deposits has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The loss allowance on cash and cash equivalents is 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) and bonds in which ratings are not available.

Impairment on AAA-rated and bonds that have no available ratings 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.

Impairment on bonds which have no available ratings are computed mainly based on the historical data of default rates of individual bond issuer. The amount of the loss allowances on these bonds which have no available ratings was negligible. No forward-looking factors are used in the computation as the balances are measured on the 12-month expected loss basis (i.e short-term).

NOTES TO THE FINANCIAL STATEMENTS

15 Financial instruments *(Continued)*

(c) *Credit risk (Continued)*

Levy and other receivables

Exposure to credit risk

SDF's most significant debtor amounts to $18,588,889 (2018: $51,729,414) which pertained to amounts owing by SkillsFuture Singapore Agency, its administrator, as at 31 March 2019.

Breakdown of SDF's levy and other receivables are disclosed under Note 6.

SDF does not require collateral in respect of levy and other receivables. SDF does not have levy and other receivables for which no loss allowance is recognised because of collateral.

SDF believes the concentration of credit risk in levy and other receivables are mitigated.

Expected credit loss assessment

SDF evaluates at the end of each reporting period whether there is any significant change in credit risk on the amounts due from levy and other receivables and determines the amount of impairment loss as a result of the inability of counterparties to make required payments. SDF's judgement is required in the area of impairment in determining the key assumptions used in deriving the expected credit loss. Changes in any of the assumptions could materially affect the recoverable amount.

The following table provides information about the exposure to credit risk and lifetime ECLs for levy and other receivables with no credit rating or no representative credit rating or equivalent as at 31 March 2019:

	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Current (not past due)	48,285	–	No
1 – 30 days past due	9	–	No
31 – 60 days past due	1	–	No
61 – 90 days past due	–	–	No
More than 90 days past due	–	–	No
	48,295	–	

Impairment on levy and other receivables has been measured based on the 12-month expected loss basis. SDF believes that no impairment allowance is necessary in respect of levy and other receivables. These receivables have low credit risk based on the external credit ratings of the counterparties.

NOTES TO THE FINANCIAL STATEMENTS

15 Financial instruments *(Continued)*

(c) *Credit risk (Continued)*

Levy and other receivables (Continued)

Comparative information under SB-FRS 39

The age analysis of levy and other receivables as at 31 March 2018 is:

	31 March 2018 Gross receivables $'000	Impairment loss allowance $'000
Current (not past due)	99,394	–
1 – 30 days past due	11	–
31 – 60 days past due	–	–
61 – 90 days past due	–	–
More than 90 days past due	–	–
	99,405	–

The credit period is 30 days (2018: 30 days). No interest is charged on levy and other receivables and no collateral is held by SDF over the levy and other receivables.

(d) *Liquidity risk*

Liquidity risk is the risk that the SDF will not be able to meet its financial obligations as and when they fall due. 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 flow of SDF's non-derivative financial liabilities (comprising 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.

(e) *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 the SDF may be applied under the Skills Development Levy Act, Cap. 306.

SDF is not subject to any capital requirements under the Skills Development Levy Act, Cap. 306 or any other externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

15 Financial instruments *(Continued)*

(f) 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				
		Designated at FVTPL $'000	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
2019						
Financial assets measured at fair value						
Fund investments at FVTPL	8	310,915	–	–	310,915	310,915
Financial assets not measured at fair value						
Financial investments at amortised cost (Previously classified as held-to-maturity)	4	–	76,384	–	76,384	
Levy and other receivables	6	–	48,295	–	48,295	
Cash and cash equivalents	5	–	808,021	–	808,021	
Grants disbursed in advance	7	–	14,152	–	14,152	
		–	946,852	–	946,852	
Financial liabilities						
Payables	10	–	–	32,863	32,863	

NOTES TO THE FINANCIAL STATEMENTS

15 Financial instruments *(Continued)*

(f) Accounting classifications and fair values (Continued)

	Note	Carrying amount					
		Designated at FVTPL $'000	Loans and receivables $'000	Held to maturity $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
2018							
Financial assets measured at fair value							
Fund investments at FVTPL	8	203,717	–	–	–	203,717	203,717
Financial assets not measured at fair value							
Financial investments – held-to-maturity	4	–	–	81,679	–	81,679	
Levy and other receivables	6	–	99,405	–	–	99,405	
Cash and cash equivalents	5	–	900,650	–	–	900,650	
Grant disbursed in advance	7	–	23,925	–	–	23,925	
		–	1,023,980	81,679	–	1,105,659	
Financial liabilities not measured at fair value							
Payables	10	–	–	–	34,551	34,551	

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 the 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 bank balances and payables approximate their respective fair values due to the short-term to maturity.

NOTES TO THE FINANCIAL STATEMENTS

15 Financial instruments *(Continued)*

(f) Accounting classifications and fair values (Continued)

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 assets or liability that are not based on observable market data (unobservable inputs).

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
2019			
Financial investments at amortised cost (Previously classified as held-to-maturity)	77,020	–	77,020
Fund investments at FVTPL	–	310,915	310,915
	77,020	310,915	387,935
2018			
Financial investments – held-to-maturity	81,034	–	81,034
Fund investments at FVTPL	–	203,717	203,717
	81,034	203,717	284,751

* *Excludes financial assets and liabilities whose carrying amounts measured on amortised costs basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.*

SDF does not have any investments in the Level 3 category and there were no transfers between Level 1 and Level 2 in 2019 and 2018.

NOTES TO THE FINANCIAL STATEMENTS

15 Financial instruments *(Continued)*

(f) Accounting classifications and fair values (Continued)

Fair value hierarchy (Continued)

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	*Market comparison technique:* 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

16 Other matters

In the last financial year, fraudulent claims of $40 million in relation to training grants drawn from the Skills Development Fund (SDF) were uncovered. The case was under police investigation which showed that a criminal syndicate was involved. The syndicate operated an organised network that used business entities, comprising employer companies and training providers, to submit fraudulent claims which were made in the last financial year, with most claims being made in October 2017. When these irregular claims were detected, SSG immediately suspended all payments of grants to relevant business entities and reported the case to the Police. There are no significant developments in the current year.

To improve the system of fraud detection, checks and audits, management had formed an Inter-Agency Process Review Task Force, overseen by the SSG Board, and comprising of members from SSG management, the Accountant-General's Department, Commercial Affairs Department and Ministry of Education. In addition, management has strengthened our fraud detection system through data analytics. Through appropriate use of data analytics and drawing on data across government agencies, SSG believes that it would be able to better detect false claims, without significantly affecting genuine employers applying for training grants to upgrade the skills of their workers. Management has also made selected organisational restructuring to strengthen fraud detection, and had implemented some of the measures manually, and will progressively automate and systematise these measures.

17 Comparative information

The financial statements for the year ended 31 March 2018 were audited by another firm of Chartered Accountants whose report dated 23 July 2018 expressed an unmodified opinion on those statements.

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