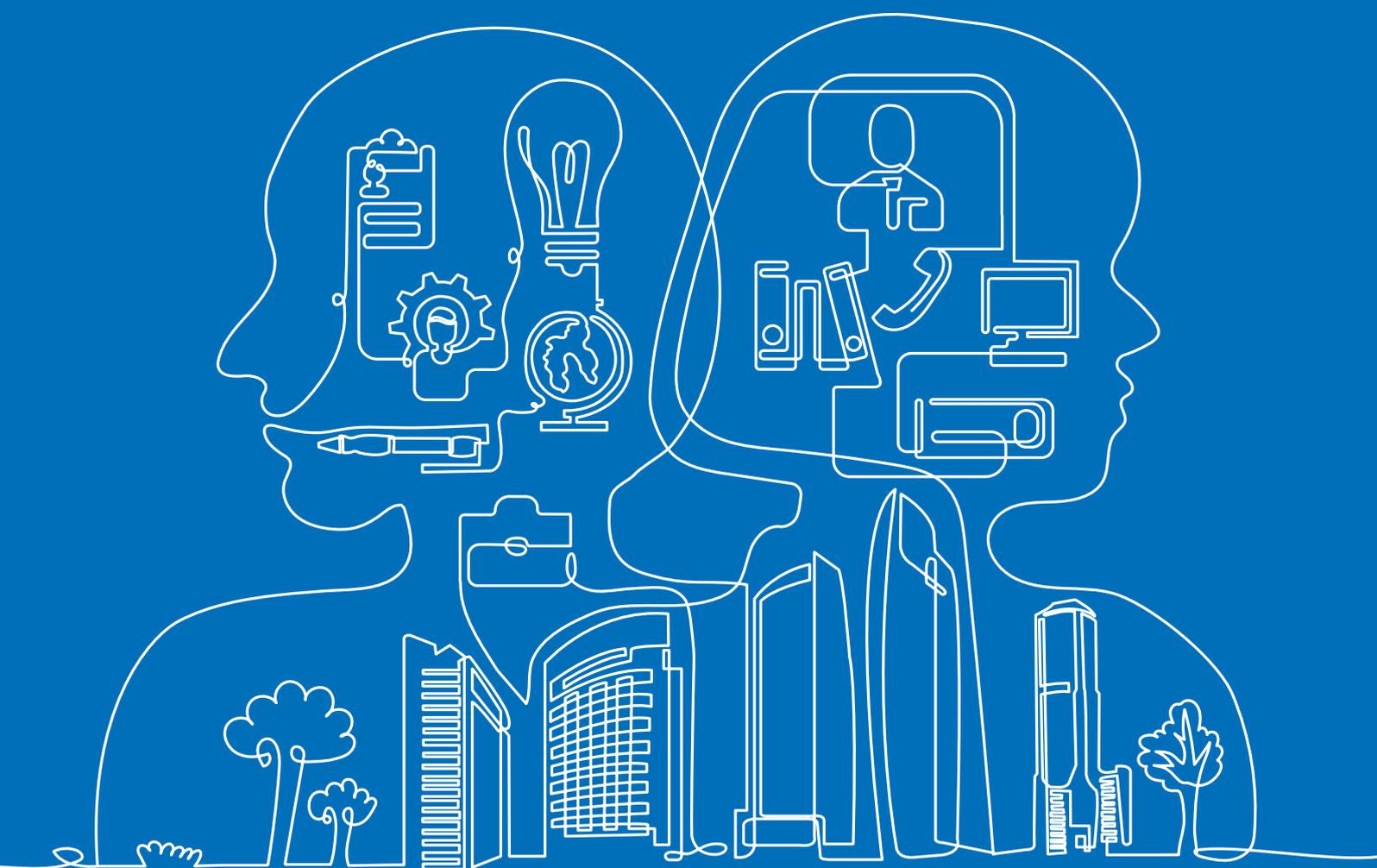


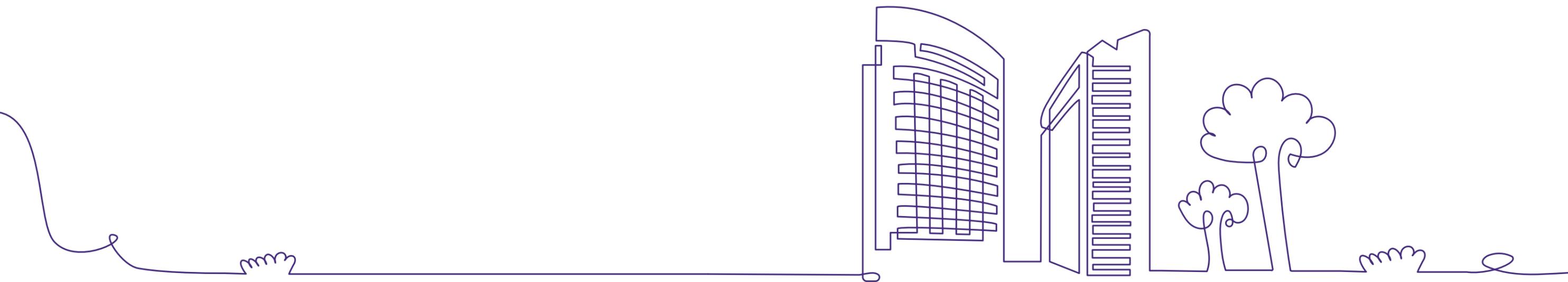
REIMAGINING OUR FUTURE WORKFORCE

ANNUAL REPORT 2016/17



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CHAIRMAN'S AND CHIEF EXECUTIVE'S FOREWORD



Mr Tan Pheng Hock
Chairman

Mr Ng Cher Pong
Chief Executive

2016 marked a major milestone, as we restructured the Singapore Workforce Development Agency (WDA) and Council for Private Education (CPE) to form SkillsFuture Singapore (SSG), as a new statutory board under the Ministry of Education. With a strong mandate to champion skills development and mastery, SSG is well-positioned to fulfil its long-term objectives of building an integrated, high-quality and responsive education and training system, fostering employer recognition and ownership of skills, and creating a strong culture of lifelong learning. To further these objectives, we seized the opportunity to reimagine how we can create a truly exceptional education and training landscape that supports continuous re-skilling and up-skilling. Our work in FY2016 was driven by these four Reimagines:

Reimagine Educational and Training Pathways

First, we envisage a society where everyone has a world of opportunities to learn and re-skill through their lives. To achieve this, we sought to expand education and training pathways that Singaporeans can take to embark on and progress in their careers. We focused on developing work-learn pathways at different levels, such as the SkillsFuture Earn and Learn Programme and the SkillsFuture Work-Study Degree Programmes. We also stepped up the development and rollout of the Skills Framework, which enables Singaporeans to make informed choices about training and careers, based on their interests and strengths.

Reimagine Learning

Second, in today's fast-changing world, learning must be made bite-sized and pervasive. The modes of learning must also be broadened. Therefore, we focused on promoting workplace learning to companies and helping them build capabilities to deliver training. We also catalysed learning innovations among training providers, with an emphasis on enabling them to use technology purposefully to enhance learning. In addition, we launched a SkillsFuture national marketing campaign to change mindsets around lifelong learning and skills mastery amongst individuals.

Reimagine Building Trust and Quality in the Education and Training Landscape

Third, with the increasing importance of the Training and Adult Education sector, we sharpened our focus on building both trust and quality in this industry, so as to strengthen Singapore's brand in adult education. We integrated the quality assurance, accreditation and regulatory frameworks between WDA and CPE, to streamline regulations for training providers. At the same time, we also introduced additional requirements to strengthen student protection and increase information transparency for prospective students in the private education sector.

Reimagine Service Delivery

Last but not least, it is important for SSG to continually enhance service delivery through process improvements and the use of technology. We expect to achieve a major breakthrough with the MySkillsFuture portal, which is scheduled to be launched in the second half of 2017. Every Singaporean will be given an account, which can be used to not only access training and career information, but also apply for jobs and submit claims for SkillsFuture Credit. MySkillsFuture will therefore empower Singaporeans to make informed choices and take ownership for their learning and career plans.

We have made a good start in FY2016 to translate the four Reimagines into reality but to sustain the progress, we will require the continued support of our partners. We are fortunate to have a wide network of partners since WDA's formation in 2003 and we will strengthen the collaboration with them as we expand the SkillsFuture movement. Our partners include training providers, adult educators, employers, unions and community groups. We would like to take this opportunity to thank all of them for their unstinting support in equipping our workforce with skills to thrive in a future economy and throughout the course of our restructuring in 2016. We are confident that with the collective efforts of all our partners, SSG will move ever closer to realising its vision of a nation of lifelong learners and a society that strives towards skills mastery.

Chairman

Mr Tan Pheng Hock

Chief Executive

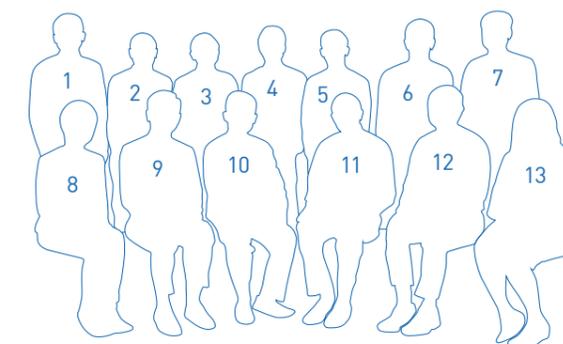
Mr Ng Cher Pong



SSG BOARD MEMBERS AND COMMITTEES, CORPORATE GOVERNANCE, MANAGEMENT TEAM



SSG Board Members



1. **Mr Soon Sze Meng**
Senior Director & General Manager,
PayPal Hong Kong, Taiwan and Korea
 2. **Mr Yuen Kuan Moon**
Chief Executive Officer,
Consumer Singapore of SingTel
 3. **Mr Joe Sim**
Chief Executive Officer,
Parkway Pantai Limited
 4. **Mr Benjamin Tang Chun Wai**
President, Port Officers' Union
Central Committee Member,
National Trades Union Congress
 5. **Mr Wong Kim Yin**
Group Chief Executive Officer,
Singapore Power Ltd
 6. **Prof Tan Thiam Soon**
President,
Singapore Institute of Technology
 7. **Prof Pang Hwee Hwa**
Dean,
School of Information Systems,
Singapore Management University
 8. **Ms Grace Yow**
Executive Vice President,
(Manufacturing) and
Managing Director,
Fluidigm Singapore Pte Ltd
 9. **Mr Ng Cher Pong**
Chief Executive Officer,
SkillsFuture Singapore Agency
 10. **Mr Tan Pheng Hock**
Advisor, ST Engineering
Chairman,
SkillsFuture Singapore Agency
 11. **Mr Ramasamy Dhinakaran**
Managing Director,
Jay Gee Enterprises Pte Ltd
Deputy Chairman,
SkillsFuture Singapore Agency
 12. **Mr Tan Choon Shian**
Chief Executive Officer,
Workforce Singapore Agency
 13. **Mrs Goh Mui Hong**
President & Chief Executive Officer,
ST Asset Management Ltd
- Absent:**
14. **Mr Suhaimi Bin Zainul Abidin**
Director and General Counsel,
Quantedge Capital Pte Ltd
 15. **Ms Charlene Chang**
Senior Director (Development),
Public Service Division
- Left board:**
16. **Mr Koh Chin Hean**
SSG Board Member,
Chairman,
Committee for Private Education
(3 Oct 2016 - 30 Jun 2017)

SSG Board Committees

Audit and Risk Committee (ARC)

CHAIRMAN

Mr Ramasamy Dhinakaran
Managing Director,
Jay Gee Enterprises Pte Ltd
Deputy Chairman,
SkillsFuture Singapore Agency

MEMBERS

Ms Charlene Chang
Senior Director (Development),
Public Service Division

Prof Pang Hwee Hwa

Dean,
School of Information Systems,
Singapore Management University

Grants Committee (GC)

CHAIRMAN

Mr Tan Pheng Hock
Advisor, ST Engineering,
Chairman,
SkillsFuture Singapore Agency

MEMBERS

Mr Tan Choon Shian
Chief Executive Officer,
Workforce Singapore Agency

Mr Soon Sze Meng

Senior Director & General Manager,
PayPal Hong Kong, Taiwan and Korea

Mr Yuen Kuan Moon

Chief Executive Officer,
Consumer Singapore of SingTel

Investment Committee (IC)

CHAIRMAN

Mrs Goh Mui Hong
President & Chief Executive Officer,
ST Asset Management Ltd

MEMBER

Mr Suhaimi Bin Zainul Abidin
Director and General Counsel,
Quantedge Capital Pte Ltd

CO-OPTED MEMBER

Mr Yap Chuin Houi
Former Executive Director,
(Reserve Management),
Monetary Authority of Singapore

Remuneration Committee (RC)

CHAIRMAN

Prof Tan Thiam Soon
President
Singapore Institute of Technology

MEMBERS

Mr Benjamin Tang
President, Port Officers' Union
Central Committee Member,
National Trades Union Congress

Ms Grace Yow

Executive Vice President
(Manufacturing) and
Managing Director,
Fluidigm Singapore Pte Ltd

IT Committee (ITC)

CHAIRMAN

Mr Joe Sim
Chief Executive Officer,
Parkway Pantai Limited

CO-OPTED MEMBERS

Dr Chong Yoke Sin
Chief Executive Officer,
Integrated Health Information System
Pte Ltd

Dr Janson Yap

Risk Advisory Leader, Deloitte Southeast Asia,
Asia Pacific leader,
Deloitte Global Risk Advisory,
Deloitte Singapore

Mr Tan Eng Pheng

Senior Director (Clusters Group)
Government Technology Agency of Singapore

Committee for Private Education (CPE)

CHAIRMAN

Mr Wong Kim Yin
Group Chief Executive Officer,
Singapore Power Ltd
(Chairman from 1 Jul 2017)

CO-OPTED MEMBERS

Mr Choe Peng Sum
Chief Executive Officer,
Frasers Hospitality Pte Ltd

Mr Leong Keng Thai

Deputy Chief Executive,
Info-communications Media
Development Authority of
Singapore

Mr Andrew Lim Ming-Hui

Partner and Co-Head,
Allen & Gledhill LLP

Mr Ted Tan

Deputy Chief Executive,
SPRING Singapore

Mr Wan Aik Chye

Chief Examiner, Banking &
Insurance Group,
Monetary Authority of Singapore

Mr Ervin Yeo

Assistant Vice President,
Office of President,
CapitaLand

Mr Brandon Lee

Director-General
(Private Education),
SkillFuture Singapore Agency

LEFT CPE:

Mr Khoo Chin Hean
Chairman,
Committee for Private Education
(3 Oct 2016 - 30 Jun 2017)



Corporate Governance

The SkillsFuture Singapore Agency (SSG) is committed to high standards of corporate governance. The SSG Board and Management have established a framework to ensure strict adherence to good corporate governance practices.

Function of the SSG Board

The SSG 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 the unions, the private and public sectors. This allows SSG to tap on their varied experiences and perspectives.

The SSG Board Committees

The SkillsFuture Singapore Agency 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 report 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 ensures that SSG has a rigorous and robust system of internal controls. It reviews SSG's risk assessment and management systems, and the setup of the internal audit function. It also reviews, together with internal and external auditors, the results of their audit reports on SSG's work and processes.
- 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 fulfill 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) **Investment Committee** - The Investment Committee formulates investment policies and guidelines that are in line with the approach set by the Ministry of Education and 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.
- e) **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 oversight on IT enablement to meet the expected corporate performance of SSG.
- 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.



Risk Management Practices and Internal Controls

Internal Control Framework

SSG's internal control system ensures that assets and resources are safeguarded, and that the risk management, control measures and procedures are adequate and effective. It also ensures compliance with established policies and regulations, proper maintenance of accounting records and reliability of the financial statements. The risk items and mitigation measures are monitored regularly by the SSG Management and reported to the Audit and Risk Committee and the SSG Board. The SSG Management is responsible to review and monitor the effectiveness of internal controls to safeguard SSG's interests, and will evaluate the need to implement other internal control policies from time to time, aimed at compliance with all regulatory and statutory standards.

Internal and External Audit Functions

The Internal Audit Unit (IAU) functions independently and reports directly to the Audit and Risk Committee and administratively to SSG's Chief Executive. The IAU provides assurance to management through its evaluation of the adequacy and effectiveness of internal controls and processes, and compliance with established policies, procedures and regulatory requirements. Results of audits and recommendations for control enhancements are promptly communicated to the SSG Management. The IAU also monitors the implementation status of the audit observations.

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

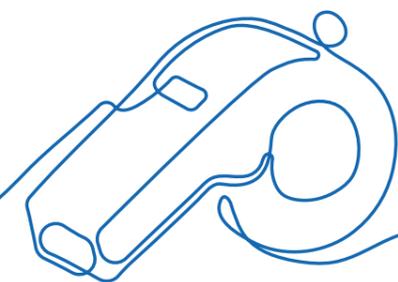
Business and Ethical Conduct

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.

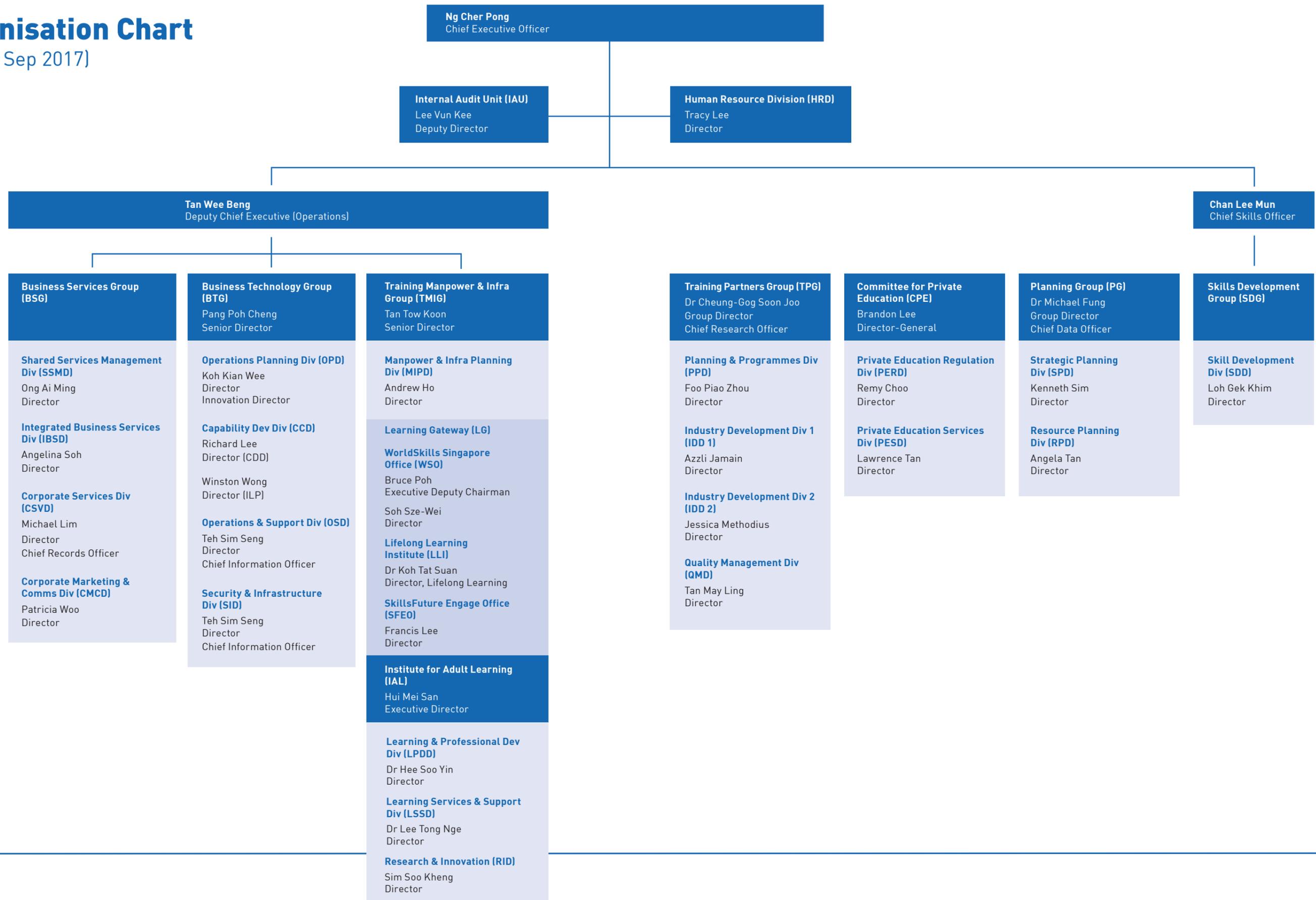
Annual Report and Financial Reporting

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



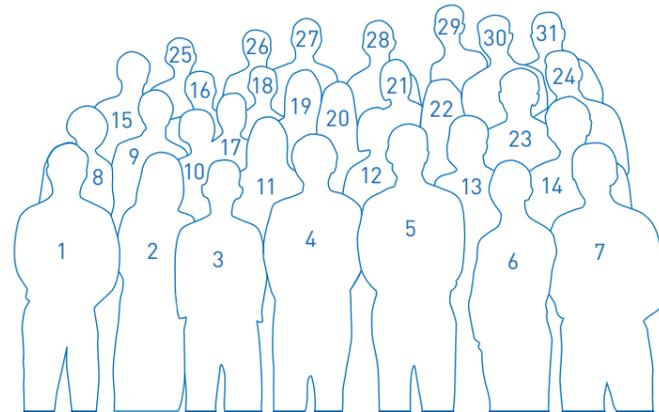
Organisation Chart

(As at 1 Sep 2017)





Management Team



1. **Mr Francis Lee**
Director,
SkillsFuture Engage Office
2. **Ms Patricia Woo**
Director,
Corporate Marketing &
Communications Division
3. **Dr Cheung-Gog Soon Joo**
Group Director,
Training Partners Group,
Chief Research Officer
4. **Mr Ng Cher Pong**
Chief Executive Officer
5. **Mr Tan Wee Beng**
Deputy Chief Executive (Operations)
6. **Mr Brandon Lee**
Director-General,
Committee for Private Education
7. **Dr Lee Tong Nge**
Director,
Learning Services & Support
Division
8. **Dr Hee Soo Yin**
Director,
Learning & Professional
Development Division
9. **Mr Richard Lee**
Director,
Capability Development Division
10. **Ms Angelina Soh**
Director,
Integrated Business Services
Division
11. **Ms Tracy Lee**
Director,
Human Resource Division
12. **Ms Tan May Ling**
Director,
Quality Management Division
13. **Mr Lawrence Tan**
Director,
Private Education Services
Division
14. **Mr Chan Lee Mun**
Chief Skills Officer
Skills Development Group
15. **Dr Michael Fung**
Group Director,
Planning Group,
Chief Data Officer
16. **Mr Remy Choo**
Director,
Private Education Regulation
Division
17. **Ms Sim Soo Kheng**
Director,
Research & Innovation Division
18. **Ms Hui Mei San**
Executive Director,
Institute for Adult Learning (IAL)
19. **Ms Pang Poh Cheng**
Senior Director,
Business Technology Group
20. **Ms Angela Tan**
Director,
Resource Planning Division
21. **Ms Ong Ai Ming**
Director,
Shared Services Management
Division
22. **Ms Jessica Methodius**
Director,
Industry Development Division 2
23. **Mr Teh Sim Seng**
Director,
Security & Infrastructure Division
Operations & Support Division
Chief Information Officer
24. **Mr Foo Piao Zhou**
Director,
Planning & Programmes Division
25. **Mr Tan Tow Koon**
Senior Director,
Training Manpower &
Infrastructure Group
26. **Mr Michael Lim**
Director,
Corporate Services Division,
Chief Records Officer
27. **Mr Kenneth Sim**
Director,
Strategic Planning Division
28. **Dr Koh Tat Suan**
Director, Lifelong Learning
Lifelong Learning Institute (LLI)
29. **Mr Soh Sze-Wei**
Director,
WorldSkills Singapore Office
30. **Mr Andrew Ho**
Director,
Manpower & Infrastructure Planning Division
31. **Mr Winston Wong**
Director,
Capability Development Division
- Absent:
32. **Mr Bruce Poh**
Executive Deputy Chairman,
WorldSkills Singapore Office
33. **Mr Azzli Jamain**
Director,
Industry Development Division 1
34. **Mr Koh Kian Wee**
Director,
Operations Planning Division
Innovation Director
(With effect from 16 August 2017)
35. **Ms Loh Gek Khim**
Director,
Skills Development Division



Management Team



CE Office and Skills Development Group

Seated (from left): Mr Ng Cher Pong, Mr Tan Wee Beng
Standing (from left): Ms Tracy Lee, Mr Chan Lee Mun



Training Manpower & Infrastructure Group

Seated (from left): Ms Hui Mei San, Dr Hee Soo Yin,
Mr Tan Wee Beng, Ms Sim Soo Kheng
Standing (from left): Mr Andrew Ho, Dr Koh Tat Suan, Mr Francis Lee,
Dr Lee Tong Nge, Mr Tan Tow Koon, Mr Soh Sze-Wei



Training Partners Group

Seated (from left): Dr Cheung-Gog Soon Joo, Ms Tan May Ling
Standing (from left): Mr Foo Piao Zhou, Ms Jessica Methodius



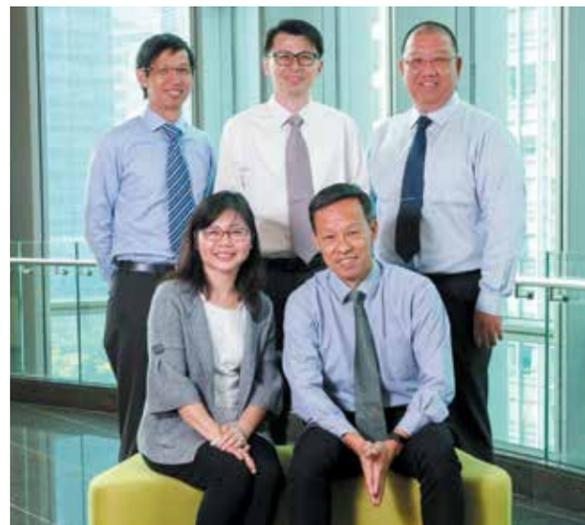
Committee for Private Education (CPE)

Seated (from left): Mr Brandon Lee, Mr Remy Choo
Standing: Mr Lawrence Tan



Business Services Group

Seated (from left): Mr Michael Lim, Mr Tan Wee Beng
Standing (from left): Ms Patricia Woo, Ms Ong Ai Ming,
Ms Angelina Soh



Business Technology Group

Seated (from left): Ms Pang Poh Cheng, Mr Tan Wee Beng
Standing (from left): Mr Richard Lee, Mr Teh Sim Seng,
Mr Winston Wong



Planning Group

Seated (from left): Ms Angela Tan, Mr Kenneth Sim
Standing: Dr Michael Fung



Absent: Mr Bruce Poh, Mr Azzli Jamain, Mr Koh Kian Wee, Ms Loh Gek Khim

KEY STATISTICS

SkillsFuture Highlights

(As at end March 2017)



SkillsFuture Earn and Learn

805  ITE and polytechnic graduates enrolled in 50  programmes

SkillsFuture Mid-Career Enhanced Subsidy

Over  80,000 Singaporeans benefited

About  9,000 courses available

SkillsFuture Credit

Utilised by over  126,000 Singaporeans

More than  18,000 courses available

SkillsFuture Study Awards

Over  1,200 Singaporeans awarded in 27 areas of specialisation

Skills Frameworks

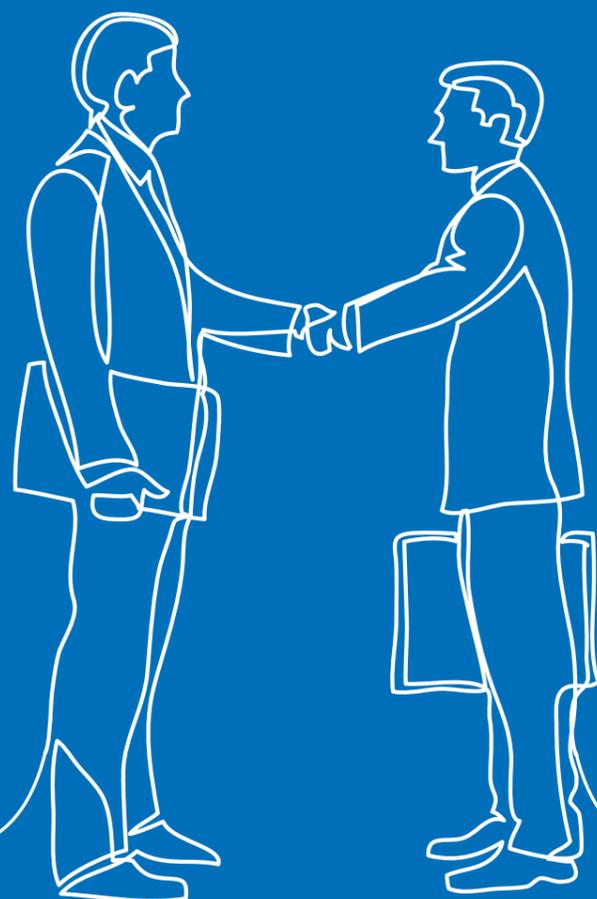
 3 Skills Frameworks launched

- Hotel and Accommodation Services
- Early Childhood Care and Education
- Precision Engineering

KEY ACHIEVEMENTS

FY16

(APRIL 2016-MARCH 2017)



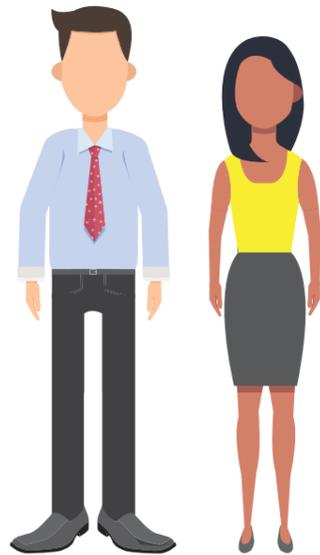
KEY STATISTICS

Impact of Singapore Workforce Skills Qualifications (WSQ) Training:

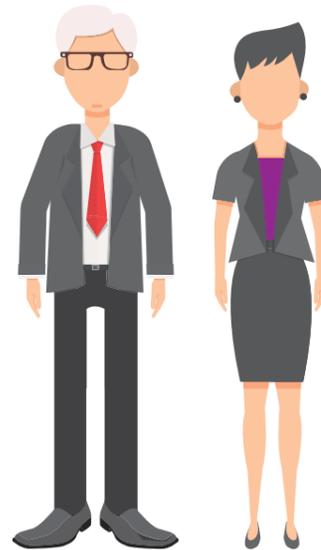
Survey conducted from Sep 2016 to Jan 2017, with 1,587 employers and 9,416 individuals.



Individuals



Employers

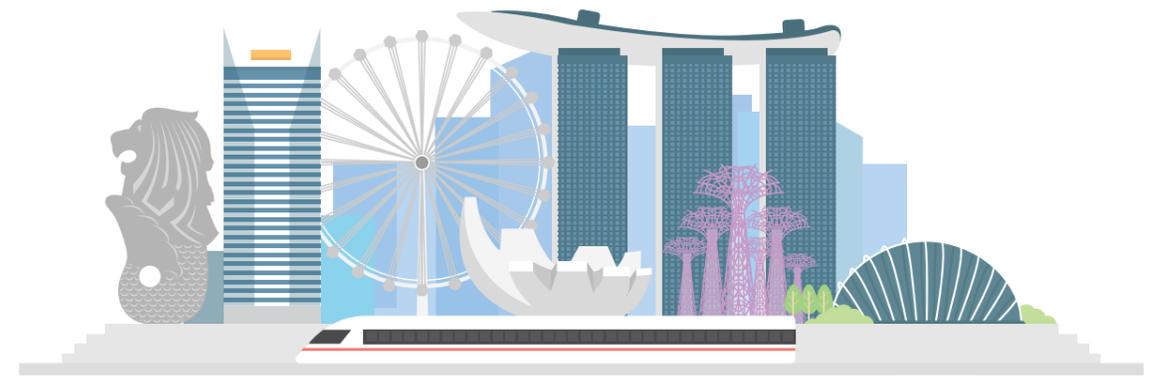


- 97.2%** Learnt new skills
- 93.2%** Applied their new skills
- 45.8%** Received more job responsibilities
- 71.5%** Felt course facilitated job search

- 95.7%** Employees developed new skills
- 96.7%** Employers applied learnt skills

KEY STATISTICS

Overall training numbers in Singapore



In 2016, a record number of **418,000** individuals took up **950,000** training places¹ funded by the Ministry of Education (MOE) and SkillsFuture Singapore (SSG).



¹Training places refers to the number of courses taken up by individuals.

REIMAGINE PATHWAYS

Reimagine educational and training pathways, towards an integrated system with no dead ends.

23 Sep 2016

Launch of skills framework for hotel and accommodation services to provide key information on sector



Ssg collaborated with the Singapore Tourism Board (STB) to develop the Skills Framework for Hotel and Accommodation Services (HAS). This skills framework contains 279 unique skills for 57 occupations identified under four specialisations. These emerging skills will enable the sector to respond to increasing global competition.

9 Jul 2016

Recognising individuals for their commitment to skills mastery

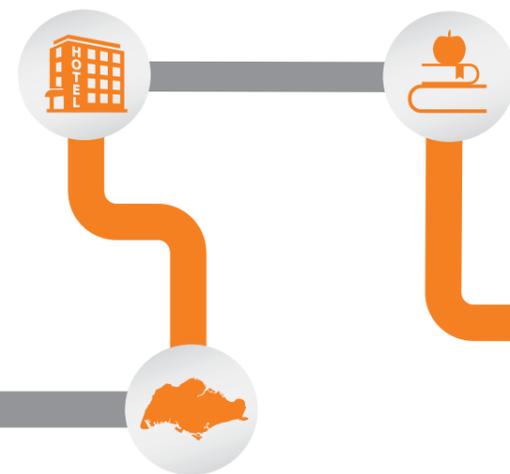
About 350 Singaporeans received the SkillsFuture Study Awards at the award ceremony. Each recipient received \$5,000 to support their skills deepening efforts in priority sectors or areas of demand.

1 Oct 2016

Launch of skills framework for early childhood care and education to provide key information on sector



Ssg and Wsg collaborated with the Early Childhood Development Agency (ECDA) to develop the Skills Framework for Early Childhood Care and Education (ECCE). This skills framework contains 210 unique skills for 13 occupations identified under three specialisation tracks. It articulates the skills needed by early childhood professionals to grow in their careers and covers emerging skills in areas.



19 Sep 2016 - 28 Mar 2017

Driving awareness and adoption of SkillsFuture



A SkillsFuture national campaign was conducted to raise awareness of SkillsFuture and encourage Singaporeans to adopt SkillsFuture initiatives. The campaign was conducted through print and outdoor ads and digital channels. SkillsFuture Lab roadshows were also organised at Punggol and Ang Mo Kio to bring the SkillsFuture message to the heartlands.

1 Dec 2016

Building a strong local core of Singaporeans through structured workplace learning

The Return-to-Nursing (RTN) Programme for Enrolled Nurses and Registered Nurses, under a new collaboration between MOH and Ssg, was launched under the Healthcare Manpower 2020. The programme targets to train 180 nurses to re-join the healthcare industry.

12 Oct 2016

Launch of skills framework for precision engineering



Ssg and Wsg collaborated with the Economic Development Board (EDB) and SPRING Singapore (SPRING) to develop the Skills Framework for Precision Engineering (PE). This skills framework contains 574 unique skills defined for 13 occupations in two specialisation tracks and articulates the skills needed for the various occupations to progress in their careers. It supports the attraction of talents by raising awareness of career opportunities in the PE industry.

29 Mar 2017

Expanding SkillsFuture Earn and Learn Programme to benefit more students

New programmes were introduced in new sectors such as Building Services, Human Resource, Medical Technology, and Sports and Wellness.

Entry was made more flexible by extending the window of enrolment to three years after graduation or ORD, and males entering NS could be provisionally accepted into the programme.

25 Mar 2017

Engaging prospective students and stakeholders through outreach activities

The "SkillsFuture ECG Workshop: Making Informed Choices" was held at the Lifelong Learning Institute, to provide education and career guidance to prospective students and members of the public during their transition between graduation and employment.

20 Dec 2016

Recognising advocates of lifelong learning and skills mastery

The SkillsFuture Fellowships and SkillsFuture Employer Awards were opened for applications. The awards recognise Singaporeans who have acquired deep skills and employers who have made significant efforts to invest in their employees' skills respectively.

REIMAGINE QUALITY

Reimagine building trust and quality in the education and training landscape, to strengthen Singapore's brand in adult education.

28 June 2016

Launching Singapore's first culinary training institute for Asian cuisine



The Asian Culinary Institute (ACI), a collaboration between Nanyang Polytechnic and then-Singapore Workforce Development Agency (now SkillsFuture Singapore), was officially launched.

To-date, ACI has trained over 8,000 individuals.

3 Nov 2016

Elevating the training and adult education sector through TAESTP



The Training and Adult Education Sector Transformation Plan (TAESTP) was launched to raise the quality of Training and Adult Education (TAE) in Singapore and support the expansion of the sector. In line with the SkillsFuture movement, the TAESTP aims to transform the TAE sector, in order to enable Singaporeans to keep pace with the changing skills needs of the economy and achieve skills mastery.

21 Oct 2016

Strengthening student protection and increasing information transparency

The Committee for Private Education (CPE) announced new regulatory requirements to strengthen student protection and increase information transparency for prospective students. The measures include making it mandatory the requirement for External Degree Programme (EDP) providers to obtain EduTrust certification and participate in the annual Graduate Employment survey among others.

23 Sep 2016

Creating transparency on employment outcomes of Private Education Institutes (PEI)

A pilot Graduate Employment Survey (GES) was conducted on the employment outcomes of bachelor degree graduates from nine Private Education Institutions (PEIs) in Singapore. The PEI GES provided information that would be helpful to prospective students in making informed course decisions.

3-4 Nov 2016

Gaining insights on the future of continuing education and training



The Adult Learning Symposium (ALS) was held at the Sands Expo and Convention Centre and attended by 600 delegates. Themed "Future of Work, Future of Learning", this symposium was helmed by more than 70 local and international speakers focusing on workplace and technology based learning, as well as career development and skills utilisation.

2 Jan 2017

Raising the quality of Adult Educators

The Adult Education Professionalisation initiative was rolled out in Jan 2017, to raise professional standards and strengthen the identity of adult educators in Singapore. By recognising their depth of skills and professional excellence, the initiative also spurs the community to intensify continuing professional development efforts to achieve skills mastery.

21 Feb 2017

Enhancing EduTrust standards to focus on student outcomes

The Committee for Private Education (CPE) announced enhancements to EduTrust standards which place greater emphasis on academic processes and student outcomes through the introduction of an additional criterion to assess student and graduate outcomes.

In addition, the requirement that only PEIs that have at least a 4-year Enhanced Registration Framework (ERF) registration can apply for EduTrust certification also came into effect.

INSPIRING STORIES

REIMAGINE PATHWAYS



Tanujah Swaminathan

From a young age, Tanujah had a curious mind and a natural aptitude for IT. With the **SkillsFuture Earn and Learn Programme**, she turned her passion into a career as a software engineer for big data.



Scan to find out more



Muhammad Asyraf Bin Ramli

A **SkillsFuture Study Award** recipient, Asryaf was surrounded by food from a young age. This inspired him to become a cook at Ritz-Carlton with the goal of becoming an executive sous chef.



Scan to find out more



Siti Mariani Bte Ahmad Dawood

Mariani's fascination for airplanes led her to pursue a career in a male-dominated aviation sector. Through the **SkillsFuture Earn and Learn programme**, she got a job at Rolls-Royce and aspires to become a production leader.



Scan to find out more

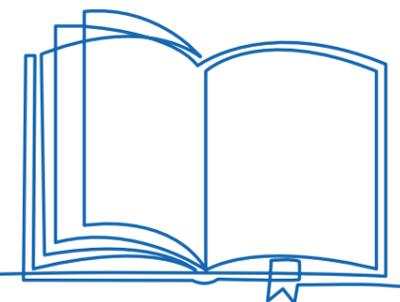


Ramada and Days Hotels Singapore

In the face of strong competition, Ramada and Days Hotels has carved out a niche in serving both value-conscious and leisure travelers. Aware of the importance of having skilled and motivated employees, Ramada aligned its human resource framework with the recently launched **Skills Framework for Hotel and Accommodation Services** to ensure their skills match industry needs. This Skills Framework also enables Ramada to share information about the skills and knowledge that staff require to further their careers.



Scan to find out more



INSPIRING STORIES

REIMAGINE LEARNING



Chan Kim Ying

Even at the age of 67, Kim Ying is not one to rest on his laurels. His hope is to expand his family business overseas and he successfully applied for the **SkillsFuture Study Award** for Internationalisation to support his pursuit of a senior management programme in internationalisation.



Scan to find out more



Vivian Yuan

Vivian was stopped by random strangers to ask about the foldable bicycle she was riding on. Sensing a business opportunity, she started Mighty Velo and sought to take the business online. She tapped on the **Enhanced Training Support for SMEs** to attend the Alibaba Taobao University Digital Commerce CEO Programme.



Scan to find out more



Code for Asia Society

Tapping on the **Learn SG Seed Fund**, Code for Asia was able to impart coding skills to stay at home mums, enabling them to use their newfound coding knowledge to create apps such as helping people who face domestic issues. Code for Asia Society consists of a group of young people with multi skills to promote the learning of coding to create a social change amongst the community.



Scan to find out more



Michelle Lai

Michelle Lai's interest and skills in gardening spurred her to share her skills with the community as she believes doing so will promote community ownership, help forge new relationships and embed existing ones - deepening resilience within the community.



Scan to find out more

Tapping on the **LearnSG SeedFund**, she conducted a comprehensive gardening programme for participants from different age groups, including seniors from Geylang East Home for the Aged and residents at Aljunied Crescent.

REIMAGINE QUALITY

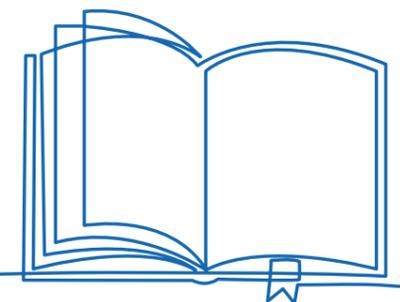


Syed Ali

Syed Ali took the brave step of quitting his corporate job to become a freelance coach offering supply chain management and life skills training. He tapped on SkillsFuture in his journey, enrolled in **Advanced Certificate in Training and Assessment (ACTA)** and used **SkillsFuture Credit** to take up mentorship courses.



Scan to find out more



SKILLSFUTURE SINGAPORE AGENCY AND ITS SUBSIDIARIES REPORT AND FINANCIAL STATEMENTS



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SkillsFuture Singapore Agency and its Subsidiaries

Statement by 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 41 to 75 are properly drawn up in accordance with the provisions of the SkillsFuture Singapore Agency Act (Act 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 2017, and the financial performance and changes in equity of the Group and SSG and cash flows of the Group for the financial period from 3 October 2016 (date of establishment) to 31 March 2017;
- (b) the receipt, expenditure, investments of moneys and the acquisition and disposal of assets by SSG during the financial period 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.

On behalf of the SkillsFuture Singapore Agency and its subsidiaries



Tan Pheng Hock
Chairman



Ng Cher Pong
Chief Executive

Singapore
17 July 2017

Independent Auditor's Report to the 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 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of comprehensive income and statement of changes in equity of SSG for the financial period from 3 October 2016 (date of establishment) to 31 March 2017, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 41 to 75.

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 SkillsFuture Singapore Agency Act (Act 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 2017 and the financial performance and changes in equity of the Group and SSG and cash flows of the Group for the period from 3 October 2016 (date of establishment) to 31 March 2017.

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 the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of *Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Statement by SkillsFuture Singapore Agency set out on page 36, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will 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 identified above 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 Auditor's Report to the Members Of The Board Of SkillsFuture Singapore Agency

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.

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 the Group'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 the Group or for the Group to cease operations.

Those charged with governance are responsible for overseeing the Group'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 the Group'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 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 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 the Group to cease to continue as a going concern.

Independent Auditor's Report to the Members Of The Board Of SkillsFuture Singapore Agency

- (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.
- (f) 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 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 SSG during the financial period from 3 October 2016 (date of establishment) to 31 March 2017 are, in all material respects, in accordance with the provisions of the Act; 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 *Auditor's Responsibilities for the Compliance Audit* section of our report. We are independent of the Group 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 Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

Independent Auditor's Report to the Members Of The Board Of SkillsFuture Singapore Agency

Auditor's Responsibilities for the Compliance Audit

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

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 accounting and internal control system, non-compliances may nevertheless occur and not be detected.



**Public Accountants and
Chartered Accountants
Singapore**

17 July 2017

SkillsFuture Singapore Agency and its Subsidiaries

Statements Of Financial Position
As at 31 March 2017

	Note	GROUP (2017) \$'000	SSG (2017) \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	31,914	9,579
Trade and other receivables	7	76,947	94,532
Deposits and prepayments	8	3,058	3,713
Total current assets		111,919	107,824
Non-Current assets			
Property, plant and equipment	9	232,477	232,424
Intangible assets	10	68,934	68,934
Total non-current assets		301,411	301,358
Total assets		413,330	409,182
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	12	81,101	79,690
Provision for contribution to consolidated fund	13	704	704
Income tax payable	14	55	-
Provision for reinstatement costs	15	366	366
Government grants received in advance	16	3,757	723
Total current liabilities		85,983	81,483
Non-current liabilities			
Provision for reinstatement costs	15	3,258	3,258
Deferred capital grants	17	298,830	298,830
Total non-current liabilities		302,088	302,088
Capital and other funds			
Share capital	18	4,145	4,145
Capital reserves	19	17,678	18,028
Accumulated surplus			
- General Fund		2,915	3,438
- Restricted Funds	20	521	-
Total capital and other funds		25,259	25,611
Total liabilities and equity		413,330	409,182
Net assets (liabilities) of trust funds			
Skills Development Fund	21	1,343,470	1,343,470
Lifelong Learning Endowment Fund	22	415	415
National Productivity Fund	23	(1,671)	(1,671)
SkillsFuture Jubilee Fund	24	20,364	20,364

SkillsFuture Singapore Agency and its Subsidiaries

Statements Of Comprehensive Income

Financial period from 3 October 2016 (date of establishment) to 31 March 2017

	Note	GROUP (2017)			SSG (2017)		
		General fund	Restricted funds	Total	General fund	Restricted funds	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating income	25	301	3,462	3,763	301	3,462	3,763
Other income	26	282	7,673	7,955	324	6,151	6,475
Other gains (losses)	27	40	(795)	(755)	40	(500)	(460)
		623	10,340	10,963	665	9,113	9,778
Expenditure							
Amortisation of intangible assets	10	(1,587)	(6,497)	(8,084)	(1,587)	(6,497)	(8,084)
Depreciation expense	9	(2,398)	(6,196)	(8,594)	(2,397)	(6,191)	(8,588)
Staff costs	28	(13,453)	(21,300)	(34,753)	(12,811)	(19,993)	(32,804)
Grant disbursements		(7,524)	(654)	(8,178)	(7,524)	(654)	(8,178)
Rental expenses on operating leases		(1,620)	(1,469)	(3,089)	(1,809)	(2,259)	(4,068)
Professional services		(8,086)	(8,151)	(16,237)	(8,086)	(7,990)	(16,076)
Maintenance expenses		(3,488)	(3,864)	(7,352)	(3,426)	(2,324)	(5,750)
Others		(2,720)	(5,430)	(8,150)	(2,755)	(4,740)	(7,495)
		(40,876)	(53,561)	(94,437)	(40,395)	(50,648)	(91,043)
Deficit before government grant		(40,253)	(43,221)	(83,474)	(39,730)	(41,535)	(81,265)

SkillsFuture Singapore Agency and its Subsidiaries

Statements Of Comprehensive Income

Financial period from 3 October 2016 (date of establishment) to 31 March 2017

	Note	GROUP (2017)			SSG (2017)		
		General fund	Restricted funds	Total	General fund	Restricted funds	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Add							
Grants from government	16	39,990	30,507	70,497	39,990	28,245	68,235
Deferred capital grants amortised	17	3,882	13,290	17,172	3,882	13,290	17,172
		43,872	43,797	87,669	43,872	41,535	85,407
Surplus before contribution to consolidated fund		3,619	576	4,195	4,142	-	4,142
Contribution to consolidated fund	13	(704)	-	(704)	(704)	-	(704)
Income tax expense	14	-	(55)	(55)	-	-	-
Net surplus, representing total comprehensive income for the period		2,915	521	3,436	3,438	-	3,438

SkillsFuture Singapore Agency and its Subsidiaries

Statements Of Changes In Equity

Financial period from 3 October 2016 (date of establishment) to 31 March 2017

	ACCUMULATED SURPLUS				
	Share capital	Capital reserves	General fund	Restricted fund	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Group					
As at 3 October 2016 transferred from WDA/CPE (Notes 1 and 19)	4,145	17,678	-	-	21,823
Net surplus for the period, representing total comprehensive income for the period	-	-	2,915	521	3,436
At 31 March 2017	4,145	17,678	2,915	521	25,259
SSG					
As at 3 October 2016 transferred from WDA/CPE (Notes 1 and 19)	4,145	18,028	-	-	22,173
Net surplus for the period, representing total comprehensive income for the period	-	-	3,438	-	3,438
Balance at 31 March 2017	4,145	18,028	3,438	-	25,611

SkillsFuture Singapore Agency and its Subsidiaries

Consolidated Statement Of Cash Flows

Financial period from 3 October 2016 (date of establishment) to 31 March 2017

	GROUP (2017)
	\$'000
Operating activities	
Deficit before government grant	(83,474)
Adjustments for:	
Amortisation and depreciation	16,678
Loss on disposal of property, plant and equipment	1,032
Interest income	(146)
Reversal of overprovision for reinstatement costs	(278)
Operating cash flows before movements in working capital	(66,188)
Trade and other receivables	(54,402)
Deposits and prepayments	681
Other payables	54,865
Cash used in operations	(65,044)
Contribution to consolidated fund	(142)
Net cash used in operations	(65,186)
Investing activities	
Purchase of property, plant and equipment	(8,999)
Purchase of intangible assets	(23,051)
Proceeds from disposal of property, plant and equipment	64
Interest income	146
Net cash used in investing activities	(31,840)
Financing activities	
Grants received from government	106,236
Net cash inflows arising from transfer of net assets (Notes 1, 18)	22,704
Net cash from financing activities	128,940
Net increase in cash and cash equivalents	31,914
Cash and cash equivalents at beginning of period (Note 6)	-
Cash and cash equivalents at end of period (Note 6)	31,914

SkillsFuture Singapore Agency and its Subsidiaries

Notes To Financial Statements
31 March 2017

1 GENERAL

The SkillsFuture Singapore Agency ("SSG") was established in the Republic of Singapore under the SkillsFuture Singapore Agency Act (Act 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.

In January 2016, the Singapore Government announced the reorganisation of the functions of Singapore Workforce Development Agency ("WDA") for effective implementation of two key priorities: the national SkillsFuture initiative and the need to ensure competitiveness and quality jobs for Singaporeans over the long term. A new statutory board, SkillsFuture Singapore Agency ("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 has taken over some of the functions previously performed by WDA and absorbed the Council for Private Education ("CPE"), an existing statutory board under MOE.

Following the reorganisation of WDA, the ownership of Learning Gateway Ltd and its subsidiary, Lifelong Learning Institute Pte Ltd was transferred from WDA to SSG with effect from 4 October 2016. The principal activities of the subsidiaries are described in Note 11 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;

SkillsFuture Singapore Agency and its Subsidiaries

Notes To Financial Statements
31 March 2017

- (j) to promote or undertake research in Singapore into matters relating to adult education and further education;
- (k) to facilitate public availability of meaningful and accurate information relating to the quality of courses in adult education or further education provided in Singapore (even if the course is developed outside Singapore);
- (l) to provide career guidance services and facilities to assist students prepare to enter the labour market and to other people;
- (m) to administer the Private Education Act (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 period from 3 October 2016 (date of establishment) to 31 March 2017 were authorised for issue by members of the Board on 17 July 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING AND ADOPTION OF NEW AND REVISED STANDARDS - The financial statements are prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up 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.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SB-FRS 102 *Share-based Payment*, leasing transactions that are within the scope of SB-FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SB-FRS 2 *Inventories* or value in use in SB-FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

SkillsFuture Singapore Agency and its Subsidiaries

Notes To Financial Statements
31 March 2017

- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS – On 3 October 2016, the Group has adopted all the new and revised SB-FRSs and INT SB-FRS and SB-FRS Guidance Notes that are effective from that date and are relevant to its operations. The adoption of these new/revised SB-FRSs, INT SB-FRSs and SB-FRS Guidance Notes does not result in changes to the Group's and SSG's accounting policies and has no material effect on the amounts reported for the current or prior periods.

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of new and revised SB-FRS as at the date of authorisation of these financial statements but effective only in future periods will not have a material impact on the financial statements in the period of its initial adoption, except for the following:

SB-FRS 116 Leases

(Applies to annual periods beginning on or after 1 January 2019, with early application permitted if SB-FRS 115 is adopted.)

SB-FRS 116 was issued in February 2017 and will supersede SB-FRS 17 *Leases* and its associated interpretative guidance.

The standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The standard maintains substantially the lessor accounting approach under the predecessor SB-FRS 17.

As at 31 March 2017, the Group has non-cancellable operating lease commitments amounting to \$12,357,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under FRS 116, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon application of SB-FRS 116. The new requirement to recognise a right-of-use asset and a related lease liability may have a significant impact on the amounts recognised in the Group's financial statements. The Group does not plan to early adopt SB-FRS 116.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of SSG and entities (including special purpose entities) controlled by SSG (its subsidiaries). Control is achieved when SSG:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

SkillsFuture Singapore Agency and its Subsidiaries

Notes To Financial Statements
31 March 2017

SSG reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when SSG obtains control over the subsidiary and ceases when SSG loses control of the subsidiary. Specifically, income and expense of a subsidiary acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date SSG gains control until the date when SSG ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policies into line with SSG's accounting policies.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expenses are recognised on an effective interest basis for debt instruments.

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs.

Loans and receivables

Trade and other receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between

SkillsFuture Singapore Agency and its Subsidiaries

Notes To Financial Statements
31 March 2017

the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the income or expenditure. Changes in the carrying amount of the allowance account are recognised in income or expenditure.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through income or expense to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment loss not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of significant direct issue costs.

Pursuant to the Finance Circular Minute ("FCM") No. 26/2008 on Capital Management Framework ("CMF"), equity injection from the Government is recorded as share capital.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

SkillsFuture Singapore Agency and its Subsidiaries

Notes To Financial Statements
31 March 2017

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

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.

The Group as lessee

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.

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method on the following bases:

Furniture and fittings	- 8 years
Office equipment	- 5 years
Computer equipment	- 3 to 5 years
Leasehold land	- 30 years
Mechanical and electrical equipment	- 10 years
Building	- 30 years

Construction-in-progress included in property, plant and equipment is not depreciated as these assets are not available for use. These are carried at cost, less any accumulated impairment loss. Depreciation of these assets, on the same basis as other assets, commences when the assets are available for use.

The estimated useful lives, residual values and depreciation method of property, plant and equipment are reviewed at the end of each reporting period with the effect of any changes in estimates accounted for on a prospective basis.

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

An item of property, plant and equipment 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 period the asset is derecognised.

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INTANGIBLE ASSETS – Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses.

Intangible assets with finite lives are amortised over their estimated useful lives, using the straight-line method on the following bases:

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.

The estimated useful lives, residual values and amortisation method of intangible assets are reviewed at the end of each reporting period with the effect of any changes in estimates accounted for on a prospective basis.

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.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS – At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 assessment of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately as an expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately as income.

Intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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.

TRUST AND AGENCY FUNDS – Trust and agency funds are set up to account for funds held in trust where SSG is not the owner and beneficiary of the funds received from the Government and other organisations. The receipts and expenditure in respect of agency funds are taken directly to the funds accounts and the net assets relating to the funds are shown as a separate line item in the statement of financial position. Trust funds include Skills Development Fund (“SDF”), Lifelong Learning Endowment Fund (“LLEF”), National Productivity Fund (“NPF”) and SkillsFuture Jubilee Fund (“SFJF”).

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

REVENUE RECOGNITION – Revenue is recognised to the extent that it is probable that economic benefits will flow to SSG and the amount can be reliably measured.

Workers’ assessment fees

Workers’ assessment fees are recognised when the assessment tests are undertaken.

Application fees

Application fees are recognised when the application to be an approved training organisation or application for courses’ accreditation have been approved.

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Course fees

Course fees are recognised upon attendance of the courses by the participants.

Income from rendering of services (including certification fees)

Income from rendering of services is recognised when the services are rendered.

Annual fees

Annual fees are recognised over the period which the certificates are granted.

Interest income

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

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.

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.

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.

INCOME TAX – Income tax represents the sum of the tax currently payable and deferred tax of the subsidiaries of SSG.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which SSG expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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Current and deferred tax are recognised as an expense or income in income or expenditure, except when it relates to items credited or debited outside income or expenditure (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside income or expenditure (either in other comprehensive income or directly in equity, respectively).

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – 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, SSG 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."

FOREIGN CURRENCY TRANSACTIONS – The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group and SSG are presented in Singapore dollars, which is the functional currency of SSG and the presentation currency for the consolidated financial statements.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in income or expenditure for the period.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group'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.

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

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

	GROUP (2017)	SSG (2017)
	\$'000	\$'000
Financial assets at amortised cost		
Loans and receivables (including cash and cash equivalents)	110,007	105,753
Financial liabilities at amortised cost	82,177	81,588

(b) Financial risk management policies and objectives

The Group is exposed to financial risk arising from its operations which include foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group has adopted risk management practices, which set out its general risk management framework as discussed below.

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.

(i) Foreign exchange risk management

The Group's operations are not exposed to significant foreign currency risk as its transactions, monetary assets and liabilities are predominantly denominated in Singapore dollars.

Foreign currency sensitivity analysis has not been presented as management do not expect any reasonable possible changes in foreign currency exchange rates to have a significant impact on the Group's operations and cash flows.

(ii) Interest rate risk management

SSG 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 short-term nature (Note 6).

(iii) Credit risk management

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

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.

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(iv) Liquidity risk management

The Group manages liquidity risk by maintaining sufficient funding from the Government to finance its operations.

(v) Fair values of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities approximate their respective fair values.

(c) Capital risk management policies and objectives

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 account and share capital.

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5 RELATED PARTY TRANSACTIONS

Some of the Group's 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. 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 period:

	Parent Ministry	Other Ministries	Statutory boards	Total
	\$'000	\$'000	\$'000	\$'000
Group and SSG				
Operating income	(13)	(189)	(503)	(705)
Grant disbursement	-	-	2,778	2,778
Other expenditure	49	444	4,746	5,239
Payments made on behalf of WSG by SSG				
- Shared services ⁽ⁱ⁾	-	-	24,686	24,686
- Other expenditure	-	-	887	887
Payments made on behalf of SSG by WSG				
- Other expenditure	-	-	2,518	2,518

(i) 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 as the main resource owner, including outsourcing, technological and facility services to deliver the shared goal.

Compensation of key management personnel

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

	GROUP (2017)	SSG (2017)
	\$'000	\$'000
Wages and salaries	6,290	6,290
Employer's contribution to Central Provident Fund	355	355
	6,645	6,645

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6 CASH AND CASH EQUIVALENTS

	GROUP (2017)	SSG (2017)
	\$'000	\$'000
Centralised Liquidity Management ("CLM") deposits held with AGD	31,914	9,579

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 1.37% per annum.

7 TRADE AND OTHER RECEIVABLES

	GROUP (2017)	SSG (2017)
	\$'000	\$'000
Trade and other receivables		
Not past due and not impaired	424	1,860
Past due but not impaired:	449	229
< 3 months	399	225
3 months to 6 months	50	4
Impaired receivables	84	84
Less: Allowance for impairment	(84)	(84)
	873	2,089
Amount due from WSG	75,091	75,091
Amount due from LLEF	983	983
Amount due from subsidiaries	-	16,369
	76,947	94,532

The credit period on rendering of services is 30 days. No interest is charged on the trade receivables and no collateral is held by the Group over the trade receivables.

In determining the recoverability of a receivable, the Group considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. Credit risk is limited due to management's on-going evaluation of the creditworthiness of the Group's customers and that majority of the Group's trade receivables are within their expected cash collection cycle.

8 DEPOSITS AND PREPAYMENTS

	GROUP (2017)	SSG (2017)
	\$'000	\$'000
Deposits	1,146	1,642
Prepayments	1,912	2,071
	3,058	3,713

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9 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings	Office equipment	Computer equipment
	\$'000	\$'000	\$'000
Group			
Cost:			
As at 3 October 2016 transferred from WDA/CPE (Notes 1 and 19)	9,218	873	16,276
Additions	3,867	103	444
Transfers	112	-	-
Disposal/Write-off	(102)	(9)	(54)
At 31 March 2017	13,095	967	16,666
Accumulated depreciation:			
As at 3 October 2016 transferred from WDA/CPE (Notes 1 and 19)	-	-	-
Depreciation	1,007	150	3,465
Disposal/Write-off	(16)	(4)	(46)
At 31 March 2017	991	146	3,419
Carrying amount:			
At 31 March 2017	12,104	821	13,247
SSG			
Cost:			
As at 3 October 2016 transferred from WDA/CPE (Notes 1 and 19)	9,218	868	16,272
Additions	3,867	103	439
Transfers	112	-	-
Disposal/Write-off	(102)	(9)	(54)
At 31 March 2017	13,095	962	16,657
Accumulated depreciation:			
As at 3 October 2016 transferred from WDA/CPE (Notes 1 and 19)	-	-	-
Depreciation	1,007	149	3,464
Disposal/Write-off	(16)	(4)	(46)
At 31 March 2017	991	145	3,418
Carrying amount:			
At 31 March 2017	12,104	817	13,239

Leasehold land	Mechanical and electrical equipment	Building	Construction- in-progress	Total
\$'000	\$'000	\$'000	\$'000	\$'000
31,406	1,911	173,153	331	233,168
52	636	-	3,897	8,999
-	-	-	(112)	-
(276)	-	(730)	-	(1,171)
31,182	2,547	172,423	4,116	240,996
-	-	-	-	-
619	133	3,220	-	8,594
-	-	(9)	-	(75)
619	133	3,211	-	8,519
30,563	2,414	169,212	4,116	232,477
31,406	1,866	173,153	331	233,114
52	636	-	3,897	8,994
-	-	-	(112)	-
(276)	-	(730)	-	(1,171)
31,182	2,502	172,423	4,116	240,937
-	-	-	-	-
619	129	3,220	-	8,588
-	-	(9)	-	(75)
619	129	3,211	-	8,513
30,563	2,373	169,212	4,116	232,424

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10 INTANGIBLE ASSETS

	Computer software	Assets under development	Total
	\$'000	\$'000	\$'000
Group and SSG			
Cost:			
As at 3 October 2016 transferred from WDA/CPE (Notes 1 and 19)	47,630	6,337	53,967
Additions	16,164	6,887	23,051
Transfers	182	(182)	-
Disposals	(1)	-	(1)
At 31 March 2017	63,975	13,042	77,017
Accumulated amortisation:			
As at 3 October 2016 transferred from WDA/CPE (Notes 1 and 19)	-	-	-
Amortisation	8,084	-	8,084
Disposals	(1)	-	(1)
At 31 March 2017	8,083	-	8,083
Carrying amount:			
Group and SSG			
At 31 March 2017	55,892	13,042	68,934

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11 INVESTMENT IN SUBSIDIARIES

As at end of the reporting period, details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation and place of business	Proportion of ownership interest and voting power held 2017 (%)
Held by SSG			
Learning Gateway Ltd ("LG") ⁽ⁱ⁾	Management of the CET East and West campuses	Singapore	100
Held by Learning Gateway Ltd			
Lifelong Learning Institute Pte Ltd ("LLI") ⁽ⁱⁱ⁾	Management of the CET East campus' operations	Singapore	100

⁽ⁱ⁾ LG was incorporated on 17 May 2013 as a company limited by guarantee.
⁽ⁱⁱ⁾ LLI is a wholly-owned subsidiary of LG, incorporated on 12 August 2013.

SSG has provided a commitment for financial support of \$969,000 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 when they fall due.

12 TRADE AND OTHER PAYABLES

	GROUP (2017)	SSG (2017)
	\$'000	\$'000
Other payables		
- Related parties (Note 5)	7,630	8,951
- Third parties	9,046	7,846
Amount due to SDF	35,487	35,487
Accruals	26,390	25,680
Advance receipts	2,548	1,726
	81,101	79,690

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13 CONTRIBUTION TO CONSOLIDATED FUND

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

	SSG (2017) \$'000
Surplus of SSG before contribution to consolidated fund	4,142
Contribution at 17%	<u>704</u>

14 INCOME TAX EXPENSE

	GROUP (2017) \$'000
Current tax	<u>55</u>

Domestic income tax is calculated at 17% of the estimated assessable income for the period.

The charge for the period can be reconciled to the accounting surplus as follows:

	GROUP (2017) \$'000
Surplus before contribution to consolidated fund and taxation	4,195
Income tax expense at statutory tax rate of 17%	713
Surplus of SSG not subjected to tax	(644)
Non-allowable items	3
Utilisation of deferred tax benefits	<u>(17)</u>
	<u>55</u>

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15 PROVISION FOR REINSTATEMENT COSTS

	GROUP AND SSG (2017) \$'000
As at 3 October 2016 transferred from WDA/CPE (Notes 1 and 19)	4,262
Adjustment	(360)
Reversal of overprovision (Note 27)	(278)
At 31 March 2017	<u>3,624</u>
Represented by:	
Current portion	366
Non-current portion	<u>3,258</u>
	<u>3,624</u>

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 at the commencement of the lease terms. Management's estimate for reinstatement costs of land include 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.

16 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					
Grants received during the financial period	4,350	34,592	16,967	45,297	101,206
Transfer to income or expenditure	(4,680)	(12,086)	(13,741)	(39,990)	(70,497)
Transfer to deferred capital grants (Note 17)	-	(19,733)	(1,912)	(5,307)	(26,952)
At 31 March 2017	<u>(330)</u>	<u>2,773</u>	<u>1,314</u>	<u>-</u>	<u>3,757</u>
SSG					
Grants received during the financial period	4,350	29,294	16,969	45,297	95,910
Transfer to income or expenditure	(4,680)	(9,823)	(13,742)	(39,990)	(68,235)
Transfer to deferred capital grants (Note 17)	-	(19,733)	(1,912)	(5,307)	(26,952)
At 31 March 2017	<u>(330)</u>	<u>(262)</u>	<u>1,315</u>	<u>-</u>	<u>723</u>

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(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.

17 DEFERRED CAPITAL GRANTS

	GROUP AND SSG (2017)
	\$'000
As at 3 October 2016 transferred from WDA/CPE (Notes 1 and 19)	284,020
Amounts transferred from government grants (Note 16)	26,952
Amounts transferred from National Productivity Fund (Note 23)	5,030
	316,002
Amortisation of deferred capital grants	(17,172)
At 31 March 2017	298,830

18 SHARE CAPITAL

	Group and SSG (2017)	Group and SSG (2017)
	Number of shares ('000)	\$'000
Issued and fully paid up:		
At 3 October 2016 and 31 March 2017	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.

19 CAPITAL RESERVES

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

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20 STATEMENT OF COMPREHENSIVE INCOME – RESTRICTED FUNDS

	RF (2017)	Operations funded by SDF (2017)	Operations funded by LLEF (2017)	Total (2017)
	\$'000	\$'000	\$'000	
Group				
Income				
Operating income	-	1,336	2,126	3,462
Other income and gains	-	7,610	63	7,673
Other (loss) gain	(9)	(985)	199	(795)
Less: Expenditure				
Amortisation of intangible assets	(1)	(6,361)	(135)	(6,497)
Depreciation expense	(297)	(5,785)	(114)	(6,196)
Staff costs	(4,055)	(9,734)	(7,511)	(21,300)
Grant disbursements	-	(654)	-	(654)
Rental expenses on operating leases	(444)	(639)	(386)	(1,469)
Professional services	-	(2,714)	(5,437)	(8,151)
Maintenance expenses	(41)	(3,376)	(447)	(3,864)
Others	(45)	(3,215)	(2,170)	(5,430)
Deficit before government grant	(4,892)	(24,517)	(13,812)	(43,221)
Add				
Grants from government	4,680	12,086	13,741	30,507
Deferred capital grants amortised	212	12,827	251	13,290
	4,892	24,913	13,992	43,797
Surplus before contribution	-	396	180	576
Contribution to consolidated fund	-	-	-	-
Income tax expense	-	(55)	-	(55)
Net surplus for the period and balance at the end of the period	-	341	180	521

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	RF (2017)	Operations funded by SDF (2017)	Operations funded by LLEF (2017)	Total (2017)
	\$'000	\$'000	\$'000	\$'000
SSG				
Income				
Operating income	-	1,336	2,126	3,462
Other income and gains	-	6,088	63	6,151
Other (loss) gain	(9)	(690)	199	(500)
Less: Expenditure				
Amortisation of intangible assets	(1)	(6,361)	(135)	(6,497)
Depreciation expense	(297)	(5,780)	(114)	(6,191)
Staff costs	(4,055)	(8,427)	(7,511)	(19,993)
Grant disbursements	-	(654)	-	(654)
Rental expenses on operating leases	(444)	(1,249)	(566)	(2,259)
Professional services	-	(2,553)	(5,437)	(7,990)
Maintenance expenses	(41)	(1,836)	(447)	(2,324)
Others	(45)	(2,525)	(2,170)	(4,740)
Deficit before government grant	(4,892)	(22,651)	(13,992)	(41,535)
Add				
Grants from government	4,680	9,824	13,741	28,245
Deferred capital grants amortised	212	12,827	251	13,290
	4,892	22,651	13,992	41,535
Net surplus for the period	-	-	-	-

SkillsFuture Singapore Agency and its Subsidiaries

Notes To Financial Statements
31 March 2017

21 NET ASSETS OF SKILLS DEVELOPMENT FUND

The Skills Development Fund ("SDF") was established in the Republic of Singapore on 1 October 1979 as a Government fund under the Skills Development Levy Act (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 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 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:

- 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;
- the retraining of retrenched persons; and
- the provision of financial assistance by grants, loans or otherwise for the above-mentioned purposes.

The following financial information represents SDF:

	GROUP and SSG (3 October 2016 to 31 March 2017)
	\$'000
Income	
Operating income	136,012
Other income	8,465
Fair value gain	1,639
	146,116
Expenditure	
Net disbursements	(132,839)
Allowance for impairment loss on receivables	(200)
Others	(22)
	(133,061)
Surplus for the period	13,055
Accumulated surplus at the beginning of the period	459,276
Accumulated surplus at the end of the period	472,331

SkillsFuture Singapore Agency and its Subsidiaries

Notes To Financial Statements
31 March 2017

	GROUP and SSG (2017)
	\$'000
Represented by:	
Current assets	
Cash and cash equivalents	1,203,398
Levy and other receivables	61,291
Grants disbursed in advance	3,158
Financial assets, held-to-maturity	4,021
	<u>1,271,868</u>
Non-current assets	
Financial assets, held-to-maturity	81,971
	<u>81,971</u>
Current liabilities	
Payables	(10,369)
	<u>(10,369)</u>
Capital account	(871,139)
Net assets	1,343,470
	<u>472,331</u>

SkillsFuture Singapore Agency and its Subsidiaries

Notes To Financial Statements
31 March 2017

22 NET ASSETS OF LIFELONG LEARNING ENDOWMENT FUND

The Lifelong Learning Endowment Fund ("LLEF") is set up by the Singapore Government under the Lifelong Learning Endowment Fund Act, 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.

WDA had been appointed by the MOM as the programme manager of the LLEF, from 1 September 2003 to 3 October 2016, to receive and deploy the grant for programmes that are congruent with the objectives of the LLEF. On 4 October 2016, WDA had been reconstituted into a new statutory board, Workforce Singapore Agency ("WSG"), under MOM. With effect from 4 October 2016, LLEF was jointly managed by WSG and SSG.

The financial statements of the LLEF, as presented below, are prepared by MOE on a cash basis and audited by another audit firm:

	GROUP and SSG (3 October 2016 to 31 March 2017)
	\$'000
Receipts	
Refund of unused grant from programme manager	78
Interest income	232
	<u>310</u>
Expenditure	
Grants disbursed	(48,204)
	<u>48,309</u>
Grants received	
Surplus for the period	415
Accumulated surplus at the beginning of the period	-
Accumulated surplus at the end of the period	<u>415</u>
	<u>(2017)</u>
	\$'000
Represented by:	
Current assets	
Cash and cash equivalents	33,679
Other assets	210
	<u>33,889</u>
Current liability	
Payables	1,722
Payment due to related parties	31,752
	<u>33,474</u>
Net assets	<u>415</u>

SkillsFuture Singapore Agency and its Subsidiaries

Notes To Financial Statements
31 March 2017

23 NET 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.

The following financial information represents NPF:

	GROUP and SSG (3 October 2016 to 31 March 2017)
	\$'000
Receipts	
Government grants received	40,952
Expenditure	
Grants disbursements	(36,945)
Staff costs	(1,245)
Others	(2,344)
Purchase of plant and equipment (Note 17)	(5,030)
	(45,564)
Deficit for the period	(4,612)
Accumulated surplus at the beginning of the period	2,941
Accumulated deficit at the end of the period	(1,671)
	2017
	\$'000
Represented by:	
Current assets	
Cash and bank balances	12,160
Trade and other receivables	587
	12,747
Current liabilities	
Other payables	(6,817)
Accruals	(7,601)
	(14,418)
Net liabilities	(1,671)

SkillsFuture Singapore Agency and its Subsidiaries

Notes To Financial Statements
31 March 2017

24 NET ASSETS OF SKILLSFUTURE JUBILEE FUND

The SkillsFuture Jubilee Fund ("SFJF") was established in the Republic of Singapore as part of the Skills Development Fund ("SDF") established under section 5 of the Skills Development Levy Act (Chapter 306). SFJF was approved by the Cabinet on 11 February 2015 and 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.

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

	GROUP and SSG (3 October 2016 to 31 March 2017)
	\$'000
Income	
Interest income	135
	135
Surplus for the period	135
Accumulated surplus at the beginning of the period	20,229
Accumulated surplus at the end of the period	20,364
	(2017)
	\$'000
Represented by:	
Current assets	
Cash and cash equivalents	20,188
Interest receivables	176
	20,364
Net assets	20,364

SkillsFuture Singapore Agency and its Subsidiaries

Notes To Financial Statements
31 March 2017

25 OPERATING INCOME

	GROUP and SSG (3 October 2016 to 31 March 2017)	
	\$'000	
Workers' assessment fees		174
Application fees		624
Course fees		2,394
Income from rendering of services		504
Annual fees		67
		3,763

26 OTHER INCOME

	GROUP (3 October 2016 to 31 March 2017)	SSG (3 October 2016 to 31 March 2017)
	\$'000	\$'000
Interest income from:		
- CLM deposits held with AGD	146	146
Rental and service income	7,713	5,935
Others	96	394
	7,955	6,475

27 OTHER GAINS (LOSSES)

	GROUP (3 October 2016 to 31 March 2017)	SSG (3 October 2016 to 31 March 2017)
	\$'000	\$'000
Loss on disposal of property, plant and equipment	(1,032)	(737)
Reversal of overprovision for reinstatement costs (Note 15)	278	278
Currency translation loss	(1)	(1)
	(755)	(460)

28 STAFF COSTS

	GROUP (3 October 2016 to 31 March 2017)	SSG (3 October 2016 to 31 March 2017)
	\$'000	\$'000
Wages, salaries and staff related costs	29,154	27,463
Contributions to defined contribution plans	4,576	4,336
Staff training and benefits	994	977
Skills Development Levy	29	28
	34,753	32,804

SkillsFuture Singapore Agency and its Subsidiaries

Notes To Financial Statements
31 March 2017

29 OPERATING LEASE ARRANGEMENTS

As lessee

The Group and SSG 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.

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 2017 are as follows:

	GROUP (2017)	SSG (2017)
	\$'000	\$'000
Within one period	6,462	8,484
In the second to fifth period inclusive	5,895	8,045
	12,357	16,529

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 2017 are as follows:

	GROUP (2017)
	\$'000
Within one period	12,059
In the second to fifth period inclusive	16,382
After five periods	8,458
	36,899

30 CAPITAL COMMITMENTS

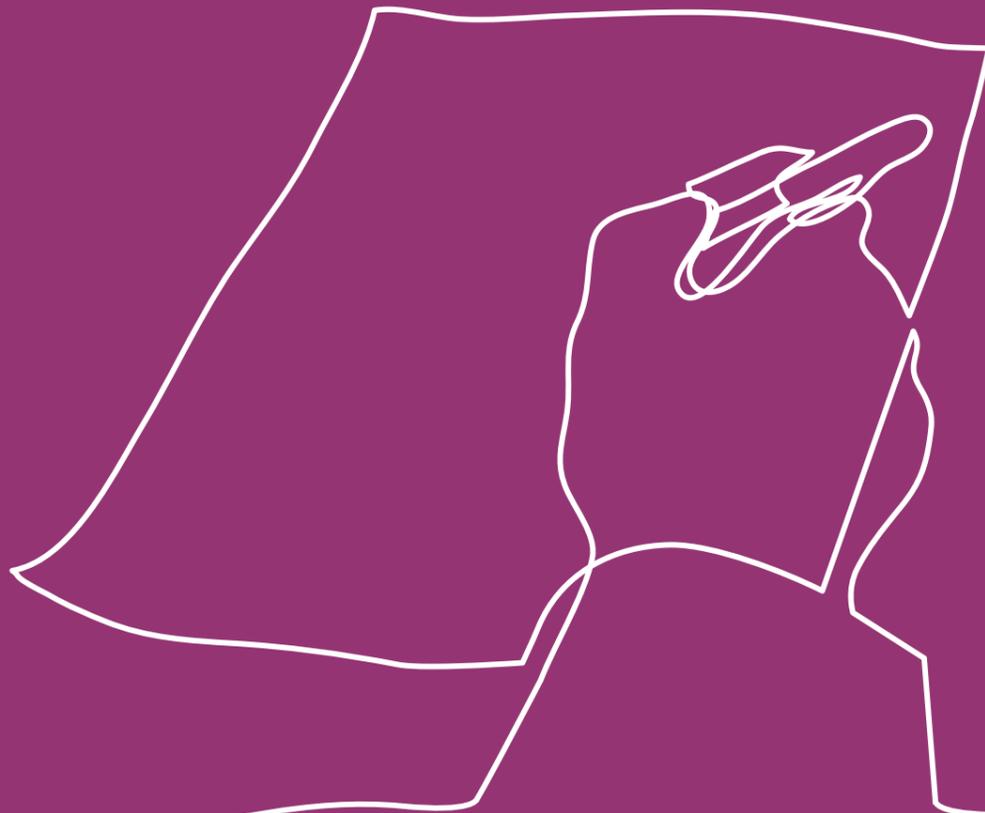
Capital expenditure contracted for at the end of each reporting period but not recognised in the financial statements are as follows:

	GROUP and SSG (2017)
	\$'000
Commitments for the acquisition of:	
Property, plant and equipment	2,236
Intangible assets	72,630
	74,866

31 COMPARATIVE FIGURES

The financial statements covered the financial period since date of establishment on 3 October 2016 to 31 March 2017. This being the first set of financial statements, there are no comparative figures.

SKILLSFUTURE JUBILEE FUND REPORT AND FINANCIAL STATEMENTS



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Statement By SkillsFuture Singapore Agency which administers SkillsFuture Jubilee Fund

In our opinion,

- (a) the accompanying financial statements of SkillsFuture Jubilee Fund ("SFJF"), set out on pages 83 to 92 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 ("SB-FRS") so as to present fairly, in all material respects, the financial position of SFJF as at 31 March 2017, 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



Tan Pheng Hock
Chairman



Ng Cher Pong
Chief Executive

Singapore
14 July 2017

Independent Auditor's Report to the 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 Jubilee Fund ("SFJF"), which comprise the statement of financial position as at 31 March 2017, 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 83 to 92.

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 ("SB-FRS") so as to present fairly, in all material respects, the financial position of SFJF as at 31 March 2017 and the results, changes in accumulated surplus and cash flows of SFJF for the year ended on the 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 statements of SFJF for the financial period ended 31 March 2016 were audited by another firm of auditors who expressed an unmodified opinion on the financial statements on 21 June 2016.

Other Information

Management is responsible for the other information. The other information comprises the Statement by SkillsFuture Singapore Agency which administers SFJF, as set out on page 78, but does not include the financial statements and our auditor's 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 Auditor's Report to the Members Of The Board Of SkillsFuture Singapore Agency

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 Acts and 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 there is intention to wind up SFJF or for SFJF to cease operations.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional 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 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 SFJF'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 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.

Independent Auditor's Report to the Members Of The Board Of SkillsFuture Singapore Agency

- 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 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 provision 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) SFJF 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) SFJF has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

Basis for Opinion

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

Responsibilities of Management for Compliance with Legal and Regulatory 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 Acts. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Acts.

Independent Auditor's Report to the Members Of The Board Of SkillsFuture Singapore Agency

Auditor's Responsibilities for the Compliance Audit

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

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 accounting and internal control system, non-compliances may nevertheless occur and not be detected.



Public Accountants and
Chartered Accountants
Singapore

14 July 2017

SkillsFuture Jubilee Fund

Statement Of Financial Position
31 March 2017

	Note	2017	2016
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	5	20,188,383	20,013,865
Other receivable	6	176,016	71,051
Total current assets representing total assets		20,364,399	20,084,916
Accumulated surplus		20,364,399	20,084,916
Total accumulated surplus		20,364,399	20,084,916

SkillsFuture Jubilee Fund

Statement Of Comprehensive Income
Year ended 31 March 2017

	Note	1 April 2016 to 31 March 2017	11 February 2015 to 31 March 2016
		\$	\$
Income			
Donations received	7	-	10,000,000
Matching Grant from Ministry of Manpower and Ministry of Finance		-	10,000,000
Interest income		279,483	84,916
		<u>279,483</u>	<u>20,084,916</u>
Expenditure		-	-
Surplus for the year/period, representing total comprehensive income for the year/period		<u>279,483</u>	<u>20,084,916</u>

SkillsFuture Jubilee Fund

Statement Of Changes In Accumulated Surplus
Year ended 31 March 2017

	Accumulated surplus
	\$
Balance as at date of establishment	-
Surplus for the period, representing total comprehensive income for the period	<u>20,084,916</u>
Balance as at 31 March 2016	20,084,916
Surplus for the year, representing total comprehensive income for the year	<u>279,483</u>
Balance as at 31 March 2017	<u>20,364,399</u>

SkillsFuture Jubilee Fund

Statement Of Cash Flows
Year ended 31 March 2017

	1 April 2016 to 31 March 2017	11 February 2015 to 31 March 2016
	\$	\$
Operating activities		
Surplus for the year/period	279,483	20,084,916
Adjustments for:		
Interest income	(279,483)	(84,916)
Operating cash flow before movement in working capital	-	20,000,000
Interest received	174,518	13,865
Net cash from operating activities	174,518	20,013,865
Net increase in cash and cash equivalents	174,518	20,013,865
Cash and cash equivalents at beginning of the year/period (Note 6)	20,013,865	-
Cash and cash equivalents at end of the year/period (Note 6)	20,188,383	20,013,865

See accompanying notes to financial statements.

SkillsFuture Jubilee Fund

Notes To Financial Statements
31 March 2017

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).

In January 2016, the Singapore Government announced the reorganisation of the functions of Singapore Workforce Development Agency ("WDA") for effective implementation of two key priorities: the national SkillsFuture initiative and the need to ensure competitiveness and quality jobs for Singaporeans over the long term. A new statutory board, SkillsFuture Singapore Agency ("SSG"), under the Ministry of Education ("MOE") has been formed to drive and coordinate the implementation of 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 has taken over some of the functions previously performed by WDA, including the administration of SFJF. The administration of SFJF was transferred from WDA to SSG with effect from 3 October 2016.

SFJF was administered by WDA from 11 February 2015 to 2 October 2016. The administration of the SFJF was transferred from WDA to 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:

- 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;
- the retraining of retrenched persons; and
- 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:

- 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
- 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING AND ADOPTION OF NEW AND REVISED STANDARDS - The financial statements are prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up 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.

SkillsFuture Jubilee Fund

Notes To Financial Statements
31 March 2017

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the SFJF takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SB-FRS 102 *Share-based Payment*, leasing transactions that are within the scope of SB-FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SB-FRS 2 *Inventories* or value in use in SB-FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS – On 1 April 2016, SFJF has adopted all the new and revised SB-FRSs and Interpretations of SB-FRSs (“INT SB-FRSs”) and SB-FRS Guidance Notes that are relevant to its operations and effective for annual periods beginning or after 1 April 2016. The adoption of these new/ revised SB-FRSs, INT SB-FRSs and SB-FRS Guidance Notes does not result in changes to SFJF’s accounting policies and has no material effect on the amounts reported for the current or prior years.

Management has considered and is of the view the adoption of the SB-FRSs, INT SB-FRSs and SB-FRS Guidance Notes that were issued as at the date of authorisation of these financial statements but effective only in future periods will not have a material impact on the financial statements of SFJF in the period of its initial adoption.

FINANCIAL INSTRUMENTS - Financial assets are recognised on SFJF’s statement of financial position when SFJF becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the

SkillsFuture Jubilee Fund

Notes To Financial Statements
31 March 2017

expected life of the financial instrument, or where appropriate, a shorter period. Income and expenses are recognised on an effective interest basis for debt instruments.

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs.

Other receivable

Other receivable is measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of other receivable where the carrying amount is reduced through the use of an allowance account. When other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the income or expenditure. Changes in the carrying amount of the allowance account are recognised in income or expenditure.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through income or expenditure to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

SFJF derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If SFJF neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, SFJF recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If SFJF retains substantially all the risks and rewards of ownership of

SkillsFuture Jubilee Fund

Notes To Financial Statements
31 March 2017

a transferred financial asset, SFJF continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

INCOME RECOGNITION - Income is measured at the fair value of the consideration received or receivable.

Donations

Donations are recognised as income when SFJF obtains control of the donations or the right to receive the donation.

Interest income

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

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash balances 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".

3 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.

SkillsFuture Jubilee Fund

Notes To Financial Statements
31 March 2017

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.

4 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:

	2017	2016
	\$	\$
Financial assets		
Cash and cash equivalents	20,188,383	20,013,865
Other receivables	176,016	71,051
	<u>20,364,399</u>	<u>20,084,916</u>

(b) Financial risk management

SFJF has limited exposure to financial risks as its financial assets consist mainly of 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.

Management considers that the carrying amount of financial assets recorded at amortised cost in the financial statements approximate their respective fair values due to the relatively short term maturity of these financial statements.

SkillsFuture Jubilee Fund

Notes To Financial Statements
31 March 2017

5 CASH AND CASH EQUIVALENTS

	2017	2016
	\$	\$
Centralised Liquidity Management deposits held with AGD ⁽ⁱ⁾	20,188,383	20,013,865

¹ SFJF participates in the Centralised Liquidity Management by the AGD under AGD Circular 4/2009. Deposits, which are interest-bearing, are centrally managed by AGD and are available to SFJF upon request and earns interest at rates between 1.24% to 1.48% (2016: 0.96% to 1.46%) per annum.

6 OTHER RECEIVABLE

	2017	2016
	\$	\$
Interest receivable from Centralised Liquidity Management deposits held with AGD	176,016	71,051

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7 DONATIONS

	1 April 2016 to 31 March 2017	11 February 2015 to 31 March 2016
	\$	\$
Tax deductible	-	8,000,000
Non-tax deductible	-	2,000,000
	-	10,000,000

8 COMPARATIVE FIGURES

The financial statements for the financial year ended 31 March 2017 covered the financial year from 1 April 2016 to 31 March 2017.

The comparative figures covered the financial period from 11 February 2015 (date of establishment) to 31 March 2016.

SKILLS DEVELOPMENT FUND REPORT AND FINANCIAL STATEMENTS



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Statement By SkillsFuture Singapore Agency Which Administers Skills Development Fund

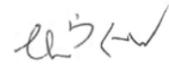
In our opinion,

- (a) the accompanying financial statements of Skills Development Fund ("SDF"), set out on pages 101 to 122 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 2017, 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

Singapore
14 July 2017

Independent Auditor's Report to the Members Of The Board Of SkillsFuture Singapore Agency

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 2017, and 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 101 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 (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 2017 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 Information

Management is responsible for the other information. The other information comprises the Statement by SkillsFuture Singapore Agency set out on page 96, but does not include the financial statements and our auditor's 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 Auditor's Report to the Members Of The Board Of SkillsFuture Singapore Agency

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 there is intention to wind up SDF or for SDF to cease operations.

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.

Independent Auditor's Report to the Members Of The Board Of SkillsFuture Singapore Agency

- 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.
- 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.

Basis for Opinion

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

Responsibilities of Management for Compliance with Legal and Regulatory 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 Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

Independent Auditor's Report to the Members Of The Board Of SkillsFuture Singapore Agency

Auditor's Responsibilities for the Compliance Audit

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

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 accounting and internal control system, non-compliances may nevertheless occur and not be detected.



Public Accountants and
Chartered Accountants
Singapore

14 July 2017

Skills Development Fund

Statement Of Financial Position
31 March 2017

	Note	2017	2016
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	6	1,203,398,102	1,033,816,138
Levy and other receivables	7	61,291,160	15,041,074
Grants disbursed in advance	8	3,157,643	11,504,021
Derivative financial instruments	9	-	1,605,027
Financial assets, held-to-maturity	10	4,021,204	56,216,891
Total current assets		1,271,868,109	1,118,183,151
Non-current assets			
Financial assets, held-to-maturity	10	81,971,330	86,302,176
Financial assets, at fair value through profit or loss	11	-	102,915,658
Total non-current assets		81,971,330	189,217,834
Total assets		1,353,839,439	1,307,400,985
LIABILITY AND EQUITY			
Current liability			
Payables	12	10,369,610	19,894,253
Capital and accumulated surplus			
Capital account	13	871,138,696	871,138,696
Accumulated surplus		472,331,133	416,368,036
Total capital and reserves		1,343,469,829	1,287,506,732
Total liability and equity		1,353,839,439	1,307,400,985

Skills Development Fund

Statement Of Comprehensive Income Year ended 31 March 2017

	Note	2017 \$	2016 \$
Operating income	14	255,389,227	250,291,474
Other income	15	17,022,167	12,104,581
Fair value gain (losses)	11	1,561,416	(2,124,875)
Expenditure			
Net disbursements		(217,769,180)	(185,192,299)
Disbursements		(220,623,154)	(185,612,901)
Less: Disbursement refunds		2,853,974	420,602
Allowance for impairment loss on receivables		(205,027)	(13,814)
Bad debts written off		(35,506)	-
Others		-	(5)
		(218,009,713)	(185,206,118)
Surplus for the year, representing total comprehensive income for the year		55,963,097	75,065,062

Skills Development Fund

Statement Of Changes in Equity Year ended 31 March 2017

	Capital account \$	Accumulated surplus \$	Total \$
At 1 April 2015	871,138,696	341,302,974	1,212,441,670
Net surplus for the year, representing total comprehensive income for the year	-	75,065,062	75,065,062
At 31 March 2016	871,138,696	416,368,036	1,287,506,732
Net surplus for the year, representing total comprehensive income for the year	-	55,963,097	55,963,097
At 31 March 2017	871,138,696	472,331,133	1,343,469,829

Skills Development Fund

Statement Of Cash Flows Year ended 31 March 2017

	2017	2016
	\$	\$
Operating activities		
Surplus for the year	55,963,097	75,065,062
Adjustments for:		
Allowance for impairment loss on receivables	205,027	13,814
Bad debts written off	35,506	-
Fair value (gain) loss	(1,561,416)	2,124,875
Interest income	(16,998,567)	(12,072,813)
Operating cash flow before movements in working capital	37,643,647	65,130,938
Levy and other receivables	(44,404,824)	(677,165)
Payables	(9,524,642)	13,434,566
Net cash (used in) from operating activities	(16,285,819)	77,888,339
Investing activities		
Purchase of financial assets, held-to-maturity	-	(86,457,375)
Proceeds on maturity of financial assets, held-to-maturity	56,000,000	93,000,000
Interest received	15,439,305	9,070,627
Proceeds on maturity of financial assets, at fair value through profit or loss	202,274,347	106,253,756
Net (decrease) increase in financial assets under fund management	(96,192,247)	92,337,992
Net cash from investing activities	177,521,405	214,205,000
Financing activity		
Grants received (paid) in advance, representing net cash from (used in) financing activity	8,346,378	(6,339,224)
Net increase in cash and cash equivalents	169,581,964	285,754,115
Cash and cash equivalents at beginning of the year (Note 6)	1,033,816,138	748,062,023
Cash and cash equivalents at end of the year (Note 6)	1,203,398,102	1,033,816,138

See accompanying notes to financial statements.

Skills Development Fund

Notes To Financial Statements 31 March 2017

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.

In January 2016, the Singapore Government announced the reorganisation of the functions of WDA for effective implementation of two key priorities: the national SkillsFuture initiative and the need to ensure competitiveness and quality jobs for Singaporeans over the long term. A new statutory board, SkillsFuture Singapore Agency ("SSG"), under the Ministry of Education ("MOE") was formed to drive and coordinate the implementation of SkillsFuture initiative. SSG has taken over some of the functions previously performed by WDA, including the administration of SDF, and absorb the Council for Private Education ("CPE"), an existing statutory board under MOE. The administration of SDF was transferred from WDA to SSG with effect from 3 October 2016.

The SDF is 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.

The administrator of SDF, SSG's registered office and principal place of operations is No.1 Marina Boulevard, #18-01, One Marina Boulevard, Singapore 018989. The financial statements are expressed in Singapore dollars.

The financial statements of the Fund for the financial year ended 31 March 2017 were authorised for issue by the Board of SSG on 14 July 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING AND ADOPTION OF NEW AND REVISED STANDARDS - The financial statements are prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up 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.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the SDF takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

Skills Development Fund

Notes To Financial Statements
31 March 2017

Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SB-FRS 102 *Share-based Payment*, leasing transactions that are within the scope of SB-FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SB-FRS 2 *Inventories* or value in use in SB-FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS – On 1 April 2016, SDF has adopted all the new and revised SB-FRSs and INT SB-FRSs and SB-FRS Guidance Notes that are effective from that date and are relevant to its operations. The adoption of these new/revise SB-FRSs, INT SB-FRSs and SB-FRS Guidance Notes does not result in changes to the SDF's accounting policies and has no material effect on the amounts reported for the current or prior years.

Consequential amendments were also made to various standards as a result of these new/revise standards.

Management anticipates that the adoption of SB-FRS as at the date of authorisation of these financial statements but effective only in future periods will not have a material impact on the financial statements of SDF in the period of its initial adoption, except the following:

SB-FRS 109 Financial Instruments

(Applies to annual periods beginning on or after 1 January 2018, with early application permitted.)

SB-FRS 109 was issued in July 2015 to replace SB-FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

Skills Development Fund

Notes To Financial Statements
31 March 2017

Key requirements of SB-FRS 109 relevant to SDF:

- All recognised financial assets that are within the scope of SB-FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under SB-FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in income or expense.
- In relation to the impairment of financial assets, SB-FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under SB-FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Management anticipates that the initial application of the SB-FRS 109 could result in changes to the accounting policies relating to the classification and measurement of financial instruments and a new expected credit loss model for calculating impairment on financial assets. It is not practicable to provide a reasonable financial estimate of the effect until detailed review have been completed. Management does not plan to early adopt SB-FRS 109.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on SDF's statement of financial position when SDF becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expenses are recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Skills Development Fund

Notes To Financial Statements
31 March 2017

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets “at fair value through profit or loss”, “held-to-maturity investments” and “loans and receivables”. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Financial assets, at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the near future. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are expected to be realised within 12 months after the end of each reporting period.

Financial assets, held-to-maturity

Financial assets, held-to-maturity, are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. These are presented as non-current assets, except for those maturing within 12 months after the end of the reporting period and are presented as current assets.

Subsequent to initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Levy and other receivables

Levy and other receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Skills Development Fund

Notes To Financial Statements
31 March 2017

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of levy and other receivables where the carrying amount is reduced through the use of an allowance account. When a levy and other receivables is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the income or expenditure. Changes in the carrying amount of the allowance account are recognised in income or expenditure.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through income or expenditure to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

SDF derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If SDF neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, SDF recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If SDF retains substantially all the risks and rewards of ownership of a transferred financial asset, SDF continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

SDF derecognises financial liabilities when, and only when, obligations are discharged, cancelled or they expire.

DERIVATIVE FINANCIAL INSTRUMENTS - A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

External fund managers enter into derivative financial instruments on behalf of the SDF. These derivatives financial instruments do not qualify for hedge accounting. Fair value changes for such derivative instruments that do not qualify for hedge accounting are included in income or expenditure in the financial year when the changes arise.

INCOME RECOGNITION - Income is measured at the fair value of the consideration received or receivable.

Skills Development Levy

Income from Skills Development Levy is recognised on an accrual basis.

Skills Development Fund

Notes To Financial Statements
31 March 2017

Interest income

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

FOREIGN CURRENCY TRANSACTIONS - The financial statements of SDF are measured and presented in Singapore dollars, which is the currency of the primary economic environment in which SDF operates (its functional currency).

In preparing the financial statements of SDF, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in income or expenditure for the period.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - 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 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of SDF'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.

Skills Development Fund

Notes To Financial Statements
31 March 2017

4 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:

	2017	2016
	\$	\$
Financial assets		
Held-to-maturity investments (Note 10)	85,992,534	142,519,067
Levy and other receivables (Note 6, 7) (including cash and cash equivalents)	1,264,689,262	1,048,857,212
Financial assets at amortised cost	1,350,681,796	1,191,376,279
Fair value through profit or loss (designated as at FVTPL) (Note 11)	-	102,915,658
Derivative financial instruments not designated in hedge accounting relationships (Note 11)	-	1,605,027
	1,350,681,796	1,295,896,964
Financial liabilities at amortised cost	10,369,610	19,894,253

(b) Financial risk management policies and objectives

The SDF is subject to market risk (including interest rate risk, currency risk and equity price risk), credit risk and liquidity risk.

SDF has adopted risk management practices, which set out its general risk management framework as discussed below. In addition, the Investment Committee of SSG 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 risk analysis is also included in the risk treatment plan that is reviewed semi-annually by the Audit and Risk Committee.

Funds with fund managers

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 currency risk, fair value interest rate risk, cash flow interest rate risk and price risk).

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

Skills Development Fund

Notes To Financial Statements
31 March 2017

(i) Interest rate risk management

SDF's exposure to changes in interest rates relates primarily to investments in fixed income instruments and deposits held with AGD. Surplus funds are placed with Accountant-General's Department as disclosed in Note 6. Interest rate sensitivity analysis has not been presented as management do not expect any reasonable possible changes in interest rates to have a significant impact on the operations and cash flows.

(ii) Foreign exchange risk management

SDF has exposure to foreign currency risk as a result of investment in foreign currency denominated assets and liabilities.

At the end of the previous financial year, the carrying amounts of assets, liabilities and derivative financial instruments managed by fund managers denominated in currencies other than SDF's functional currency are as follows:

	Assets	Liabilities	Derivative financial instruments	Total
2016				
US Dollar	64,732,080	-	1,581,155	66,313,235
Hong Kong Dollar	3,760,631	-	23,872	3,784,503
Philippines Peso	1,055,308	-	-	1,055,308
Thailand Baht	1,931,120	(22,754)	-	1,908,366
Indonesian Rupiah	710,521	-	-	710,521
Korean Won	1,660,403	-	-	1,660,403
New Taiwan Dollar	1,125,426	-	-	1,125,426
Malaysian Ringgit	539,639	(338,110)	-	201,529
Australian Dollar	2,744	-	-	2,744
Japanese Yen	1,128	-	-	1,128
Canadian Dollar	1,171	-	-	1,171

The surplus of SDF will increase by \$NIL (2016 : \$3,838,217) if there is 5% increase in the relevant foreign currencies against the functional currency of SDF. If the relevant foreign currency weakens by 5% against the functional currency as at the year end, impact on surplus/deficit for the year would be vice versa.

5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates.

Skills Development Fund

Notes To Financial Statements
31 March 2017

(iii) Credit risk management

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, cash and bank balances, levy and other receivables, financial assets held-to-maturity and at fair value through profit or loss. 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. SDF's fixed income investments classified as financial assets held-to-maturity consists of Singapore government bonds, statutory board bonds and other corporate bonds which are investment grade institutions.

The fund managers appointed by SDF each have a credit policy in place and exposure to credit risk is monitored on an on-going basis. SDF limits its credit risk exposure in respect of investments in debt securities by restricting the fund managers to invest in debt securities that have a sound credit rating from Standard & Poor's and Moody's.

(iv) Equity price risk management

SDF is exposed to equity risks arising from equity investments designated as fair value through profit or loss (FVTPL), managed by fund managers. SDF diversifies its portfolio in accordance with its investment mandate to manage exposure to fluctuations in equity prices.

Further details of these equity investments can be found in Note 11 to the financial statements.

Equity price sensitivity

The sensitivity analyses have been determined based on the exposure to equity price risks at the end of the reporting period.

In respect of the FVTPL equity investments, if the underlying equity prices had been 5% higher/lower, the surplus of SDF will increase/decrease by \$NIL (2016 : surplus of SDF would increase/decrease by \$617,948). SDF's sensitivity to equity prices has not changed significantly from the prior year.

(v) Liquidity risk management

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 to enable it to meet its operational requirements. SDF's financial liabilities are expected to mature within one year.

All quoted debt and equity securities are considered realisable, as they are listed on the major stock exchanges. The fund managers are required to comply with the restrictions and limitations as stipulated in the investment mandate.

The table below summarises SDF's assets, liabilities and financial instruments, categorised by the earlier of contractual repricing or maturity dates and depicts SDF's exposure to interest rate risk at year end.

Skills Development Fund

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Liquidity and interest risk analyses

The inclusion of information on non-derivative financial assets and liabilities is necessary in order to understand SDF's liquidity risk management as SDF's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where SDF anticipates that the cash flow will occur in a different period and financial liabilities based on the earliest date on which SDF can be required to pay. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset/liability on the statement of financial position.

Skills Development Fund

Notes To Financial Statements
31 March 2017

	Weighted average effective interest rate	Within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	\$	\$	\$	\$	\$
2017						
Financial assets						
Loans and receivables		1,264,689,262	-	-	-	1,264,689,262
Derivative financial instruments		-	-	-	-	-
Financial assets, at fair value through profit or loss		-	-	-	-	-
Financial assets, held-to-maturity		4,137,037	53,926,909	38,123,937	(10,195,349)	85,992,534
Total		1,268,826,299	53,926,909	38,123,937	(10,195,349)	1,350,681,796
Financial liabilities						
		10,369,610	-	-	-	10,369,610
2016						
Financial assets						
Loans and receivables	-	1,048,857,212	-	-	-	1,048,857,212
Derivative held-to-maturity	-	1,605,027	-	-	-	1,605,027
Financial assets, at fair value through profit or loss	2.9	62,997,632	42,066,317	-	(2,148,291)	102,915,658
Financial assets, held-to-maturity	2.8	56,717,435	25,114,708	73,792,537	(13,105,613)	142,519,067
Total		1,170,177,306	67,181,025	73,792,537	(15,253,904)	1,295,896,964
Financial liabilities						
	-	19,894,253	-	-	-	19,894,253

Skills Development Fund

Notes To Financial Statements
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(vi) Fair values of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities as reported on the statement of financial position approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets are disclosed in the respective notes.

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

SDF classifies fair value measurements using a fair value hierarchy as detailed in Note 2 which reflects the significance of the inputs used in making the measurements.

Financial assets at fair value through profit or loss are measured based on Level 1 on the fair value hierarchy.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy in the period.

Derivative financial instruments

At the end of the previous financial year, the derivative financial instruments (Note 9) represent foreign exchange forward contracts managed by fund managers that has been settled in the current financial year. The foreign exchange forward contracts were measured based on Level 2 on the fair value hierarchy and are valued using the discounted cash flow technique whereby future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

(c) Capital risk management policies and objectives

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.

Skills Development Fund

Notes To Financial Statements
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5 RELATED PARTY TRANSACTIONS

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:

	2017	2016
	\$	\$
Disbursements to related parties	74,537,373	86,323,412

6 CASH AND CASH EQUIVALENTS

	2017	2016
	\$	\$
Cash at bank		
- Held by SDF	31,999,007	47,801,613
- Held by fund managers (Note 11)	-	97,643,662
Centralised Liquidity Management deposits held with AGD ¹	1,171,399,095	888,370,863
	1,203,398,102	1,033,816,138

¹ 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 the statutory board upon request and earns interest at the average rate of 1.37% (2016 : 1.26%) per annum.

7 LEVY AND OTHER RECEIVABLES

	2017	2016
	\$	\$
Net refund of assistance previously disbursed and underpaid levy receivable	58,190	65,405
Levy collection due from Central Provident Fund Board ("CPF")	1,830,770	1,935,703
Interest receivable from bonds & CLM	10,827,608	8,741,813
Other receivables due from National Productivity Fund	-	2,482,482
Other receivables	17,823	52,423
Other receivables from Lifelong Learning Endowment Fund	1,721,424	-
Other receivables from WSG	11,348,055	-
Other receivables from SSG	35,487,290	-
Amount due from fund managers (Note 11)	-	1,311,168
Dividend/Interest receivables from investment by fund managers (Note 11)	-	452,080
	61,291,160	15,041,074

Skills Development Fund

Notes To Financial Statements
31 March 2017

8 GRANTS DISBURSED IN ADVANCE

In areas permissible, the SDF fund is being 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 has 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 Board of SSG 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 2018 projection of expenditure and is recorded as grants disbursed in advance by the SDF.

During the previous financial year, WDA had drawn down grants in excess of the actual expenditures incurred. The excess will be offset against financial year 2017 projection of expenditure and is recorded as grants disbursed in advance by the SDF.

9 DERIVATIVE FINANCIAL INSTRUMENTS

	On demand or within 1 year	
	2017	2016
	\$	\$
Gross settled: Foreign exchange forward contracts		73,189,463

The derivative financial instruments comprise fair value gain of the currency forwards for the investment managed by external fund managers.

Skills Development Fund

Notes To Financial Statements
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10 FINANCIAL ASSETS, HELD-TO-MATURITY

	At fair value ¹		At amortised cost ²	
	2017	2016	2017	2016
	\$	\$	\$	\$
Singapore Government Bonds	63,660,000	86,169,800	61,296,732	83,726,619
Statutory Board Bonds	-	34,006,600	-	34,016,044
Corporate Bonds	24,962,205	24,776,850	24,695,802	24,776,404
	88,622,205	144,953,250	85,992,534	142,519,067
Represented by:				
Current portion			4,021,204	56,216,891
Non-current portion			81,971,330	86,302,176
			85,992,534	142,519,067

¹ The fair values of quoted bonds are based on the last bid prices as at the end of each respective reporting period.

² The quoted bonds have fixed interest rates ranging from 2.25% to 4.90% (2016 : 1.01% to 4.9%) per annum and have maturity periods ranging from 10 to 66 months (2016 : 1 to 78 months).

11 FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
	\$	\$
Quoted equity securities	-	12,358,963
Quoted debt securities	-	90,556,695
Quoted securities at fair value through profit or loss	-	102,915,658

The funds are managed by and placed with external fund managers. The items measured at fair value through profit or loss have been included in the respective current assets and liabilities in SDF's statement of financial position as follows:

	2017	2016
	\$	\$
Quoted equity securities	-	12,358,963
Quoted debt securities	-	90,556,695
Cash and cash equivalents (Note 6)		97,643,662
Levy and other receivables (Note 7)		1,763,248
Derivative financial instruments (Note 9)		1,605,027
Payables (Note 12)		(3,214,664)
		- 200,712,931

Skills Development Fund

Notes To Financial Statements
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The terms of the management agreements provide for the following:

- (a) Management fee payable on a quarterly basis; and
- (b) Performance fee payable to fund managers (determined at the end of the relevant fund management period) for out-performance against relevant benchmarks.

Movement	2017	2016
	\$	\$
At beginning of the year	200,712,931	309,091,562
Proceeds on maturity of fund	(202,274,347)	(106,253,756)
Fair value gain (loss)	1,561,416	(2,124,875)
At the end of the year	-	200,712,931

12 PAYABLES

	2017	2016
	\$	\$
Assistance committed and payable and overpaid levy refundable		
- Related parties (Note 5)	2,532,957	736,505
- Third parties	7,490,114	3,275,982
Other payables		
- Related parties (Note 5)	94,358	89,919
- Third parties	28,298	23,523
Amount due to WSG (2016 : WDA)	223,883	12,229,871
Amount due to Lifelong Learning Endowment Fund	-	323,789
Amount due to fund managers (Note 11)	-	3,214,664
	10,369,610	19,894,253

13 CAPITAL ACCOUNT

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

Skills Development Fund

Notes To Financial Statements
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14 OPERATING INCOME

	2017	2016
	\$	\$
Skills development levy ("SDL") from:		
- Private sector	233,817,701	229,236,389
- Statutory boards	7,648,021	7,514,639
- Ministries and Organs of State	13,916,961	13,538,553
Others	6,544	1,893
	255,389,227	250,291,474

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.

15 OTHER INCOME

	2017	2016
	\$	\$
Interest income from:		
- Bank deposits	107	107
- CLM deposits held with AGD	14,551,121	10,503,072
- Financial assets, held-to-maturity	2,447,339	1,569,634
Others	23,600	31,768
	17,022,167	12,104,581

Skills Development Fund

Notes To Financial Statements
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16 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.

	2017	2016
	\$	\$
Training assistance committed for disbursement	421,061,832	415,927,115
CET campuses development committed for disbursement	43,840,246	48,803,940
	464,902,078	464,731,055

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.

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