TRANSFORMING TOGETHER

OUR SKILLS JOURNEY

ANNUAL REPORT 2019/20

SKILLSFuture SG

TRANSFORMING TOGETHER

CHAIRMAN'S AND CHIEF EXECUTIVE'S FOREWORD

CHAIRMAN
MR WONG KIM YIN

CHIEF EXECUTIVE
MR ONG TZE-CH'IN

OVERVIEW

In early 2020, MOE introduced the next bound of SkillsFuture in the Unity Budget. The planning work for this had occupied SSG for most of the financial year. The next bound of SkillsFuture aims to build on the foundation which had been laid since the start of the SkillsFuture movement in 2015. It encompasses a range of initiatives to help individuals embark on their lifelong learning journey and pursue skills mastery, and to enable enterprises to transform their businesses through raising and sustaining a skilled workforce.

We are encouraged to see that more Singaporeans and enterprises are leveraging on SkillsFuture initiatives, with about 500,000 individuals and 14,000 enterprises benefitting from various programmes in 2019.

This increase was also reflected in the working adult training participation rate, which increased to 48.5 per cent in 2019, up from 35 per cent in 2018. More individuals also leveraged the enhanced support measures such as the mid-career enhanced subsidy and the enhanced training support for small and medium-sized enterprises.

When COVID-19 landed on our shores in January 2020, SSG quickly stepped up to introduce new schemes and programmes to save livelihoods. SSG rolled out the Enhanced Training Support Package together with the Unity Budget. More recently, SSG introduced the SGUnited Skills Programme and the SGUnited Mid-Career Pathways Programme, as part of the SGUnited Jobs and Skills Package.

NEXT BOUND OF SKILLSFUTURE

As part of the next bound of SkillsFuture, we will be enhancing support for Singaporeans to initiate their own learning. This will be done through the SkillsFuture Credit top-up of $500 given to all Singaporeans aged 25 and above. We also provided more help for mid-career Singaporeans in their 40s and 50s, to give them greater support to reskill and stay employable. Eligible Singaporeans will be receiving an additional SkillsFuture Credit over and above the broad-based top-up, which can be used for selected reskilling programmes.

> *Working with the industry to develop stronger capabilities and deepen the skills of the workforce.*

We recognise that employers are a key partner in the training and adult education ecosystem. They are well-placed to deliver industry-relevant training, both in partnership with training providers and at their own workplaces.

As part of the next bound of SkillsFuture, we intensified our efforts to harness the expertise of industry leaders - also known as SkillsFuture Queen Bee companies - to mobilise their ecosystems and raise employer training participation. In 2019, we partnered Bosch Rexroth, the Singaporean-German Chamber of Industry and Commerce, Singapore Polytechnic and JTC Corporation to establish the Bosch Rexroth Regional Training Centre to provide training in Industry 4.0 skills for SMEs in the sector.

The National Centre of Excellence for Workplace Learning (NACE), which was set up in 2018, continues to make good progress. In 2019, NACE had successfully helped 79 companies to implement workplace learning systems.

Together with employers, industry associations, unions, education and training institutions, we have also rolled out more than 30 Skills Frameworks, with nine in 2019 for the Design, Engineering Services, Financial Services, Healthcare, Intellectual Property, Landscape, Social Services, and Workplace Safety and Health sectors. The existing Environment Services Skills Framework was also updated in 2019 to include pest management, ensuring that the framework stays relevant and current to industry needs.

ENABLING SINGAPOREANS TO UPSKILL AND RESKILL IN THE FACE OF CHALLENGES

In the last quarter of financial year 2019, we focused our efforts on responding to COVID-19. The Enhanced Training Support Package was rolled out progressively from March 2020 to encourage companies in severely affected sectors to send their employees for training during this downtime. The package provided companies with enhanced course fee subsidies and absentee payroll payments.

Post-financial year 2019, in mid-2020, SSG rolled out the SGUnited Mid-Career Pathways Programme as part of the SGUnited Jobs and Skills Package. Both programmes offer full-time training opportunities to jobseekers to upskill and reskill in areas that will position them well to seize future job opportunities.

LOOKING AHEAD

Whilst financial year 2019 was eventful, the coming financial year will prove to be a paradigm shift. Beyond implementing the next bound of SkillsFuture, SSG will need to respond to the fundamental shifts brought about by COVID-19 to the way we live, work and play. The economic impact on livelihoods has been tremendous. In these times, the role of the SkillsFuture movement is even more critical. SSG is committed to equipping Singaporeans and enterprises with the relevant skills needed for these extraordinary times.

We want to thank all our partners for their invaluable support in this past year. We will all need to stand together and work even more closely in order to provide Singaporeans and Singapore with the support that they need to overcome these challenging times.

TRANSFORMING TOGETHER

SSG BOARD MEMBERS AND COMMITTEES, CORPORATE GOVERNANCE, MANAGEMENT TEAM

SSG BOARD COMMITTEES

(Term of appointment: 1 Oct 2018 – 30 Sep 2020)

Audit and Risk Committee (ARC)

Mrs Deborah Ong*
Chairman, ARC

Mr Yuen Kuan Moon

Mr Tay Woon Teck
Co-opted member

Mr Mohamad Saiful Saroni

Committee for Private Education (CPE)

Mr Leong Keng Thai
Chairman, CPE

Mr Ted Tan
Co-opted member

Mr Edric Pan
Co-opted member

Ms Ng Peck Hoon
Co-opted member

Mr Wan Aik Chye
Co-opted member

Mr Ervin Yeo
Co-opted member

Ms Hui Mei San
Co-opted member

Grants Committee (GC)

Mr Wong Kim Yin
Chairman, GC

Mr Tan Choon Shian

Mr Russell Tham

Remuneration Committee (RC)

Mr Allen Law
Chairman, RC

Prof Pang Hwee Hwa

Ms Susan Chong*

Mr Benjamin Tang

* appointed from 1 Oct 2019 – 30 Sep 2022

CURRENT BOARD MEMBERS

(1 Oct 2018 – 30 Sep 2020)

No.	Name	Designation/ Organisation
1.	Mr Wong Kim Yin	Chairman, SSG Board Group President & CEO, Sembcorp Industries
2.	Mr Ong Tze-Ch'in	Chief Executive Officer, SkillsFuture Singapore Deputy Secretary (SkillsFuture), Ministry of Education
3.	Mr Tan Choon Shian	Chief Executive Officer, Workforce Singapore
4.	Mr Benjamin Tang Chun Wai	President, Port Officers' Union Central Committee Member, National Trades Union Congress
5.	Mr Suhaimi Bin Zainul Abidin	Chief Executive, Quantedge Capital Pte Ltd
6.	Mr Yuen Kuan Moon	Chief Executive Officer, Consumer Singapore, Singtel and Group Chief Digital Officer, Singtel Group
7.	Prof Pang Hwee Hwa	Dean, School of Information Systems, Singapore Management University
8.	Ms Charlene Chang	Group Director (Ageing Planning Office), Ministry of Health
9.	Mr Allen Law	Chief Executive Officer, Park Hotel Group
10.	Mr Lee Chee Koon	President & Group CEO, CapitaLand Group
11.	Mr Leong Keng Thai	Deputy CE (International and Corporate), Info-communications Media Development Authority of Singapore (IMDA)
12.	Mr Mohamad Saiful Saroni	Partner, PricewaterhouseCoopers LLP Singapore
13.	Mr Russell Tham	Senior Managing Director, Enterprise Development Group & Strategy Office, Temasek International
14.	Mrs Deborah Ong*	SSG Board member
15.	Ms Susan Chong*	Chief Executive Officer, Greenpac (S) Pte Ltd

* appointed from 1 Oct 2019 – 30 Sep 2022

RETIRED BOARD MEMBERS

(1 Oct 2018 – 30 Sep 2019)

No.	Name	Designation/ Organisation
1.	Mr Ramasamy Dhinakaran	Ex Deputy Chairman Managing Director, Jay Gee Enterprises Pte Ltd
2.	Ms Grace Yow	Executive Vice President (Manufacturing) and Managing Director, Fluidigm Singapore Pte Ltd

RISK MANAGEMENT PRACTICE AND INTERNAL CONTROLS

Risk Management

SSG's Enterprise Risk Management (ERM) framework provides the agency with a systematic approach on risk management to effectively identify, assess and manage key risks across the agency, enabling the attainment of its strategic objectives. Taking reference from the Singapore Standard ISO 31000, COSO 2017 Framework and the Enterprise Risk Management Practice Guide for the Public Service, SSG's ERM framework outlines the agency's risk governance processes to identify, analyse, prioritise and treat risks. The SSG Board, through the Audit and Risk Committee and ERM Steering Committee, has risk oversight over the agency's risk management framework and profile. SSG Management is responsible for on-going review and monitoring of the effectiveness of internal controls, and implementation of additional measures from time to time to ensure continual relevance in an evolving operating environment.

Internal Audit

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

External Audit

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

* appointed from 1 Oct 2019 – 30 Sep 2022

CORPORATE GOVERNANCE

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

Functions of the SSG Board

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

The SSG Board Committees

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

The SSG Board Committees are:

a. **Audit and Risk Committee**

The Audit and Risk Committee ensures that SSG has a rigorous and robust system of internal controls. It reviews SSG's risk assessment and management systems, as well as the setup of the internal audit function. Internal and external auditors are also engaged to conduct audit reports on SSG's work, processes, and financial statements.

b. **Committee for Private Education**

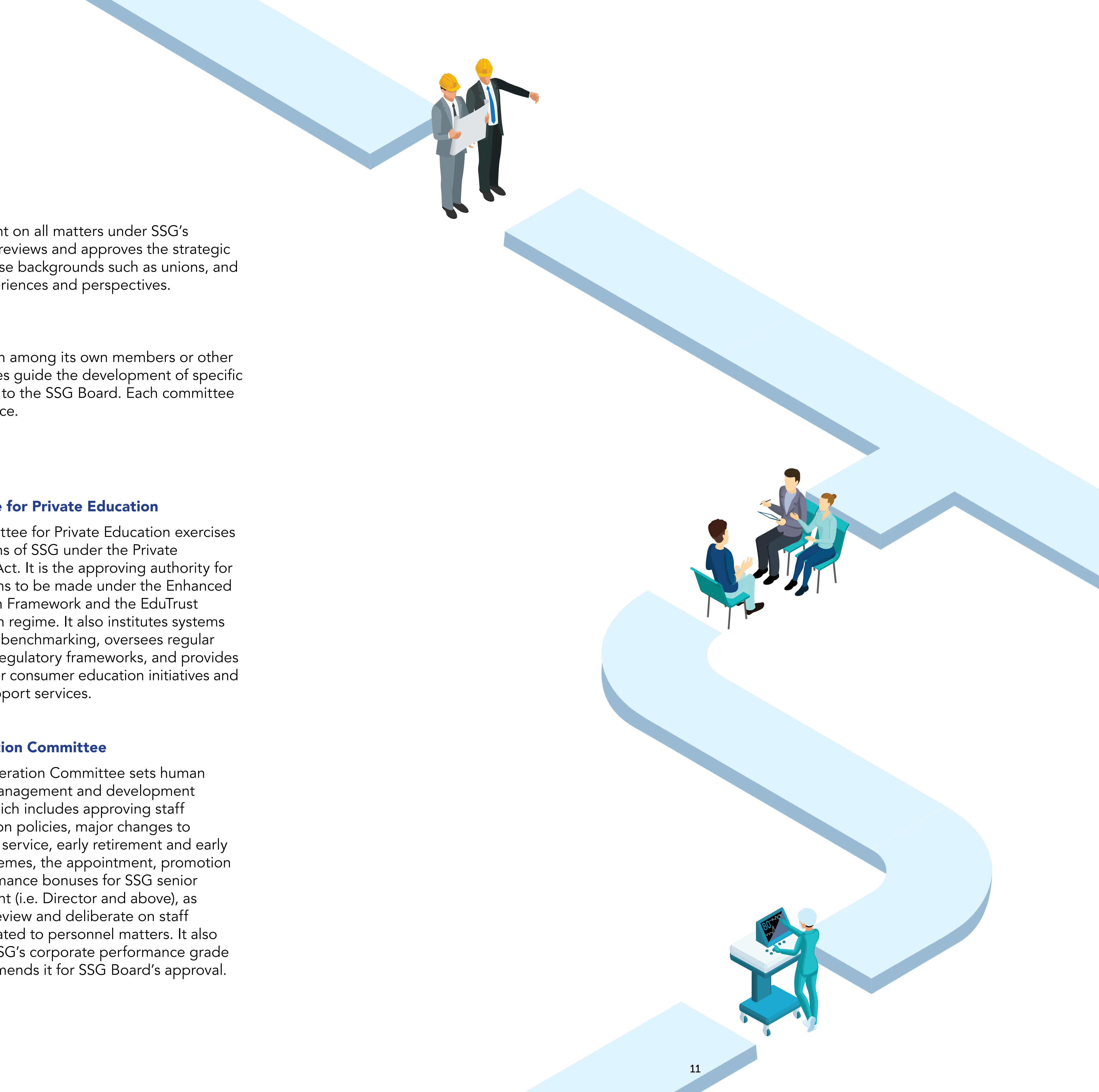
The Committee for Private Education exercises the functions of SSG under the Private Education Act. It is the approving authority for key decisions to be made under the Enhanced Registration Framework and the EduTrust Certification regime. It also institutes systems for process benchmarking, oversees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

c. **Grants Committee**

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

d. **Remuneration Committee**

The Remuneration Committee sets human resource management and development policies, which includes approving staff remuneration policies, major changes to schemes of service, early retirement and early release schemes, the appointment, promotion and performance bonuses for SSG senior management (i.e. Director and above), as well as to review and deliberate on staff appeals related to personnel matters. It also endorses SSG's corporate performance grade and recommends it for SSG Board's approval.



Ong Tze-Ch'in
Chief Executive

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

- Planning & Programmes Div (PPD) — **Toh Swee Chien**, Director
- Training Grant System Unit (PPD-TGS) — **Foo Piao Zhou**, Director
- Enterprise Engagement Office (EEO) — **Peggy Lim**, Director
- Industry Development Div 1 (IDD 1) — **Chelvin Loh**, Director
- Industry Development Div 2 (IDD 2) — **Jessica Methodius**, Director
- Quality Management Div (QMD) — **Tan May Ling**, Director

Tan Wee Beng
Deputy Chief Executive (Operations and Regulation)

Business Services Group (BSG)
Training Manpower & Infrastructure Group (TMIG)
Tan Tow Koon, Group Director

- Corporate Services Div (CSVD) — **Michael Lim**, Director, Chief Records Officer
- Integrated Business Services Div (IBSD) — **Angelina Soh**, Director
- Shared Services Management Div (SSMD) — **Emily Low**, Director
- Manpower & Infra Planning Div (MIPD) — **Andrew Ho**, Director

Learning Gateway (LG)

- Lifelong Learning Institute (LLI) — **Ong Ai Ming**, Director
- WorldSkills Singapore Office (WSO) — **Bruce Poh**, Executive Deputy Chairman; **Soh Sze-Wei**, Director

Business Technology Group (BTG)
Pang Poh Cheng, Group Director

- Digital Planning & Data Div (DPDD) — **Koh Kian Wee**, Director
- Digital Enablement and Operations Div (Training Partners Individuals) D@TI) — **Richard Lee**, Director
- Digital Enablement and Operations Div (Enterprise/ Corporate) D@EC) — **Hor Cheong Wai**, Director
- Cyber Security and Infrastructure Div (CSID) — **Jasmine Lim**, Director

Regulation, Fraud & Enforcement Group (RFEG)
Hui Mei San, Group Director, Director General (Private Education)

- Planning & Analytics Office (PAO) — **Hui Mei San**, Group Director
- Fraud & Enforcement Div (FED) — **Pang Tong Wee**, Director, Chief Investigator
- Regulation Div (RD) — **Remy Choo**, Director

Planning Group (PG)
Musa Fazal, Group Director

- Strategic Planning Div (SPD) — **Musa Fazal**, Group Director
- Resource Planning Div (RPD) — **Azzli Jamain**, Director

Skills Development Group (SDG)
Dr Gog Soon Joo, Chief Skills Officer, Chief Research Officer

- Futures Office (FO) — **Dr Gog Soon Joo**, Chief Futurist
- Futures Development Div (SDD) — **Loh Gek Khim**, Director

CE's Office

Corporate Marketing & Communications Div (CMCD)
Patricia Woo, Director

- Human Resource Division (HRD) — **Tracy Lee**, Director
- Internal Audit & Risk Advisory Div (IARAD) — **Yeo Siew Peng**, Director
- Public Engagement Div (PED) — **Toh Swee Chien**, Director; **Francis Lee**, 2nd Director

ORGANISATION CHART

(As at 1 April 2020)

Mr Ng Cher Pong was the Chief Executive of SkillsFuture Singapore from October 2016 to November 2019

TRANSFORMING TOGETHER

KEY ACHIEVEMENTS FY 2019

In 2019, about 500,000 individuals and 14,000 enterprises benefitted from SkillsFuture programmes

SKILLSfuture
2019
Year-in-Review

Funding and Support

SkillsFuture Mid-Career Enhanced Subsidy and Enhanced Training Support for SMEs
About **124,000** individuals

SkillsFuture Credit
About **533,000** Singaporeans since 2016

Awards
914 awards to individuals and companies
- SkillsFuture Fellowships
- SkillsFuture Employer Awards
- SkillsFuture Study Awards

Resources

About **4.5** million visits to MySkillsFuture portal

SkillsFuture Advice
Over **54,000** individuals attended workshops

Skills Frameworks
8 new frameworks
33 frameworks since 2016

Work-Study Programmes

About **2,200** Singaporeans participated in SkillsFuture Work-Study programmes

Emerging and Priority Skills

SkillsFuture Series
Over **37,000** individuals

SkillsFuture for Digital Workplace
About **36,000** individuals

As of 31 Dec 2019

KEY ACHIEVEMENTS FY 2019

MAY 3

Project OpenCerts

Ngee Ann Polytechnic, MOE and GovTech collaborated on the **Project OpenCerts**, a national initiative for the issuance and verification of e-certificates on the OpenCerts standard.

MAY 4

Skills Framework for Landscape

NParks, SSG and WSG launched the **Skills Framework for Landscape**. The framework provides key useful information on the sector, career pathways, job roles, as well as existing and emerging skills, and competencies required for the job roles.

JUN 28

SkillsFuture Festival 2019

SMS Chee Hong Tat launched **SkillsFuture Festival 2019** and introduced key events including the SkillsFuture Work-Learn Carnival, Skills Bazaar and SkillsFuture Festival with Smart Nation.

JUL 24

Skills Framework for Design

The **Skills Framework for Design** was launched to provide useful information on the design sector, career pathways, job roles, existing and emerging skills as well as relevant training programmes.

JUL 30

SkillsFuture Fellowships and SkillsFuture Employer Awards

The **SkillsFuture Fellowships** and **SkillsFuture Employer Awards** recognised Singaporeans as skills masters in their respective fields, and employers for their commitment towards skills development of others.

AUG 2

Enhanced fraud risk management system

SMS Chee Hong Tat introduced SSG's **enhanced fraud risk management system** which included a machine learning-based fraud analytics system and additional monitoring processes for suspicious activities. SMS also announced SSG's pilot of the QR code attendance taking system.

KEY ACHIEVEMENTS FY 2019

AUG 22 - AUG 27

WorldSkills Kazan 2019

The **WorldSkills Kazan 2019** witnessed about 1,500 competitors from over 60 countries competing in 56 skills areas. Singapore was represented by 35 participants - the largest contingent since Singapore's first participation in 1995.

AUG 27

Skills Framework for Intellectual Property

The **Skills Framework for Intellectual Property (IP)** was launched to support the manpower strategies by identifying jobs in the IP sector, outlining information on the sector, career pathways for talent attraction and retention, as well as skills and competencies to support growth and transformation.

SEP 27

Skills Framework for Financial Services

The **Skills Framework for Financial Services** was launched to set out the technical and generic skills required in financial services jobs. The framework featured new job roles in digital and data analytics, and would be the reference standard for the financial service industry.

OCT 24

Skills Framework for Workplace Safety and Health

The **Skills Framework for Workplace Safety and Health** was launched to provide useful information on the sector, career pathways, job roles, as well as existing and emerging skills, and competencies required for the job roles.

FEB 18

Next Bound of SkillsFuture

Deputy Prime Minister Heng Swee Keat announced the **next bound of SkillsFuture** at the Unity Budget

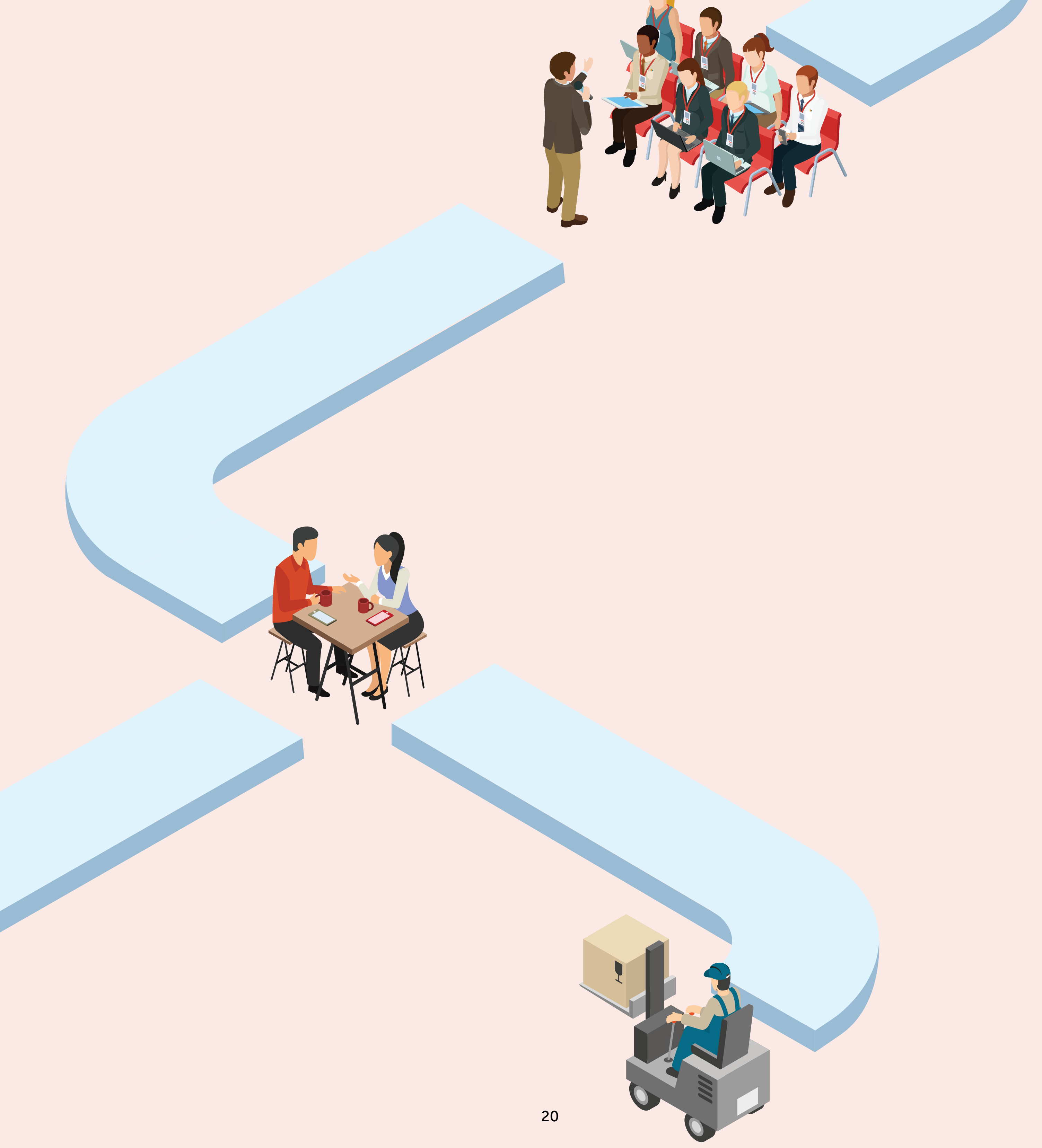
FEB 21 - MAR 26

Enhanced Training Support Package for Tourism, Air Transport, Food Services, Retail and Land Transport Sectors

To help mitigate the economic impact of the COVID-19 outbreak, SSG and its partners introduced the **Enhanced Training Support Package** to support the Tourism, Air Transport, Food Services, Retail and Land Transport sectors.

TRANSFORMING TOGETHER

LIFELONG LEARNERS AND SKILL MASTERS



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

EMPLOYER AWARDS

KH Roberts Pte Ltd

Established in 1968, KH Roberts Pte Ltd is a pioneer flavour company in Southeast Asia, and the first food flavour manufacturer founded in Singapore. Its strong dedication to achieving excellence for quality flavours and specialty ingredients, is credited to a skilled workforce and ability to embrace new technologies.

KH Roberts' in-house training programme provides a skills-based progression path for its employees. By acquiring new skills to operate new equipment that are integrated with the company's automated and digitalised processes, employees are equipped with new and relevant technology skills. KH Roberts values its older and mid-career employees and sends them for training. It also has a high retention of graduates as permanent employees, under the SkillsFuture Work-Study Programme.

Since receiving the SkillsFuture Employer Awards in 2019, KH Roberts has conducted the SkillsFuture Mentorship Programme, guiding employees to hone their technical and soft skills. Middle managers are coached with on-the-job trainings, given leadership opportunities and assessed on their performances to provide better clarity on their job responsibilities, expectations and areas of improvement.

Photo credit: KH Roberts Pte Ltd

EMPLOYER AWARDS

Ramada and Days Hotels by Wyndham Singapore at Zhongshan Park

Ramada and Days Hotels by Wyndham Singapore at Zhongshan Park prides itself as a leader in employee development efforts, which has led to a high employee retention rate.

Committed in upskilling service delivery and enhancing customer experience, the organisation often trains employees in relevant hard and soft skills, such as adaptability and problem solving, which are in line with their learning needs analysis.

A multi-skilling training programme that helps its employees achieve positive career progression, is also in place to empower and reward them. The organisation cultivates a "Count on me" spirit, organising team-bonding and mental wellness activities.

Since receiving the SkillsFuture Employer Awards, the organisation has continued its efforts to promote lifelong learning for a strong workforce and employability. The organisation tapped on the SkillsFuture Enhanced Training Support for SMEs to continue upskilling its workforce during the COVID-19 period, as well as trained its mature workers in SkillsFuture for Digital Workplace to adapt to increased digitalisation during the period.

The organisation also embarked on a Job Redesign Place and Train programme, focusing on enhancing employees' current job roles, and developing their career progression.

Photo credit:
Ramada and Days Hotel by Wyndham Singapore at Zhongshan Park

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

SKILLSFUTURE FELLOWSHIPS

Photo credit: Suhana

Suhana Binte Salleh

Cluster Quality Manager,
NTUC First Campus Co-operative,
My First Skool

Suhana has a deep passion for teaching and loves being around children. She built a career in Early Childhood Education and Care without any prior background and developed her skills through continuous learning and attaining certificates. 30 years on, she is recognised as a fellow of the Early Childhood Development Agency (ECDA), who oversees nine centres at My First Skool and takes on key roles to develop the industry. Driven by a need to enliven the knowledge of Malay language and culture, she helped to develop the Malay curriculum and champion bilingualism to improve the social and cognitive development of children at My First Skool.

Suhana strongly believes in lifelong learning and upskilling herself to remain relevant in this competitive industry. She has used her SkillsFuture Credit to take up leadership courses, and has enrolled herself for the Certificate in Malay Teaching by the National Institute of Early Childhood Development this year.

LIFELONG LEARNERS

Photo Credit: The Straits Times © Singapore Press Holdings Limited. Reprinted with permission

Ms Juriah Jahaya

After spending over a decade in the corporate world, Juriah discovered her passion in helping others achieve their capabilities. She made the switch three years ago from doing corporate services and human resource work to be a certified WSQ trainer.

In the process of becoming a trainer, Juriah needed to learn the fundamentals of training and people management skills to conduct training and help individuals be equipped with these skills. The SkillsFuture Credit helped her to achieve this and today, she is a certified trainer in WSQ Leadership and People Management. She has also become a certified trainer in WSQ Basic Food & Hygiene and also a certified SkillsFuture for Digital Workplace trainer. She is keen to expand her skillsets further and her next goal is to be Employment Intermediary certified, for which she is taking up courses and assessments in this area.

As a trainer, she is also constantly improving her skills in effective communication and has taken courses on Facebook marketing to share her services with her network. She is also looking to undertake a Diploma in Counselling so that she can help her students better when they seek her advice.

TRANSFORMING TOGETHER

SKILLSFUTURE SINGAPORE AGENCY AND ITS SUBSIDIARIES

CONTENTS

SKILLSFUTURE SINGAPORE AGENCY AND ITS SUBSIDIARIES

STATEMENT BY THE BOARD OF SKILLSFUTURE SINGAPORE AGENCY

In our opinion:

(a) the accompanying financial statements of SkillsFuture Singapore Agency ("SSG") and its subsidiaries (the "Group"), set out on pages 31 to 96 are properly drawn up in accordance with the provisions of the SkillsFuture Singapore Agency Act (No. 24 of 2016) (the "Act") and Statutory Board Financial Reporting Standards ("SB-FRS") so as to present fairly, in all material respects, the financial position of the Group and SSG as at 31 March 2020, and the financial performance and changes in equity of the Group and SSG and cash flows of the Group for the financial year ended on that date;

(b) the receipt, expenditure, investments of moneys and the acquisition and disposal of assets by SSG during the financial year have been in accordance with the provisions of the Act; and

(c) proper accounting and other records have been kept, including records of all assets of SSG and of those subsidiaries incorporated in Singapore, whether purchased, donated or otherwise, in accordance with the provisions of the Act.

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

On behalf of the Board of Directors

Wong Kim Yin
Chairman

Ong Tze-Ch'in
Chief Executive

12 August 2020

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 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group, the statement of comprehensive income and statement of changes in equity of SSG for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 31 to 96.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of SSG are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018, Act 5 of 2018 (the 'PSG Act'), SkillsFuture Singapore Agency Act, Chapter [No. of 2016] ('the Act'), and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group and SSG as at 31 March 2020 and the results and changes in equity of the Group and SSG and cash flows of the Group for the year ended on that date.

Basis for opinion

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

Other information

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

We have obtained the Directors' statement ('the Report') prior to the date of this auditors' report.

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

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

INDEPENDENT AUDITORS' REPORT

MEMBERS OF SSG
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 Statutory Board Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITORS' REPORT

MEMBERS OF SSG
SKILLSFUTURE SINGAPORE AGENCY

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion

In our opinion:

(a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by SSG during the year are, in all material respects, in accordance with the provisions of the PSG Act, the Act and the requirements of any other written law applicable to moneys of or managed by SSG; and

(b) proper accounting and other records have been kept, including records of all assets of SSG and of those subsidiaries incorporated in Singapore of which we are the auditors, whether purchased, donated or otherwise.

Basis for opinion

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

Responsibilities of management for compliance with legal and regulatory requirements

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

Auditors' responsibility for the compliance audit

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

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

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
12 August 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2020

		Group		SSG	
	Note	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Non-current assets					
Property, plant and equipment	5	216,037	211,335	215,763	211,239
Intangible assets	6	55,227	61,472	55,227	61,472
Investment in subsidiaries	7	–	–	–	–
		271,264	272,807	270,990	272,711
Current assets					
Trade and other receivables	8	41,048	108,894	69,352	137,639
Cash and cash equivalents	9	90,065	82,585	33,369	32,883
Deposits and prepayments	10	6,635	4,766	6,503	5,097
		137,748	196,245	109,224	175,619
Total assets		409,012	469,052	380,214	448,330
Equity attributable to shareholders of SSG					
Share capital	11	4,145	4,145	4,145	4,145
Capital reserves	12	17,678	17,678	18,028	18,028
Accumulated surplus:					
General Fund		38,101	21,354	24,239	21,045
Restricted Funds	13	4,166	16,189	–	–
Total equity		64,090	59,366	46,412	43,218
Non-current liabilities					
Lease liabilities	14	10,549	–	10,540	–
Provision for reinstatement costs	15	2,466	2,526	2,466	2,526
Deferred capital grants	16	249,683	269,854	249,683	269,854
		262,698	272,380	262,689	272,380
Current liabilities					
Lease liabilities	14	9,471	–	9,410	–
Other payables	17	42,680	107,855	35,765	106,253
Provision for contribution to consolidated fund	18	654	2,775	654	2,775
Income tax payable		118	66	–	–
Provision for reinstatement costs	15	1,497	2,127	1,497	2,127
Government grants received in advance	19	27,804	24,483	23,787	21,577
		82,224	137,306	71,113	132,732
Total liabilities		344,922	409,686	333,802	405,112
Total equity and liabilities		409,012	469,052	380,214	448,330
Net assets of trust and agency funds					
Skills Development Fund	20	1,241,964	1,224,904	1,241,964	1,224,904
Lifelong Learning Endowment Fund	21	265	2,122	265	2,122
National Productivity Fund	22	25,862	3,685	25,862	3,685
SkillsFuture Jubilee Fund	23	20,535	20,421	20,535	20,421

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

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2020

	Note	General Fund 2020 $'000	General Fund 2019 $'000	Restricted Funds 2020 $'000	Restricted Funds 2019 $'000	Total 2020 $'000	Total 2019 $'000
Group							
Operating income	24	2,397	664	–	6,236	2,397	6,900
Other income	25	4,437	1,073	17,400	15,195	21,837	16,268
Other gains	26	63	131	–	193	63	324
		6,897	1,868	17,400	21,624	24,297	23,492
Expenditure							
Amortisation of intangible assets	6	(30,778)	(10,287)	(260)	(19,368)	(31,038)	(29,655)
Depreciation expense	5	(13,041)	(5,398)	(10,055)	(13,979)	(23,096)	(19,377)
Staff costs	27	(49,832)	(41,496)	(5,109)	(21,062)	(54,941)	(62,558)
Grant disbursements		(34,259)	(95,114)	(33,719)	(2,950)	(67,978)	(98,064)
Rental of office premises and property taxes		(1,450)	(2,698)	(314)	(2,344)	(1,764)	(5,042)
Professional services		(24,250)	(22,008)	(11,291)	(11,345)	(35,541)	(33,353)
Maintenance expenses		(19,572)	(11,025)	(16,892)	(10,047)	(36,464)	(21,072)
Public relations		(11,870)	(7,254)	(1,894)	(1,982)	(13,764)	(9,236)
Others		(10,927)	(8,024)	(2,881)	(4,297)	(13,808)	(12,321)
		(195,979)	(203,304)	(82,415)	(87,374)	(278,394)	(290,678)
Deficit before government grant		(189,082)	(201,436)	(65,015)	(65,750)	(254,097)	(267,186)
Add							
Grants from government	19	170,443	203,489	42,971	46,041	213,414	249,530
Deferred capital grants amortised	16	36,040	15,344	10,132	33,778	46,172	49,122
		206,483	218,833	53,103	79,819	259,586	298,652
Surplus/(Deficit) before contribution to consolidated fund		17,401	17,397	(11,912)	14,069	5,489	31,466
Contribution to consolidated fund	18	(654)	(2,775)	–	–	(654)	(2,775)
Income tax expense	28	–	–	(111)	(58)	(111)	(58)
Net surplus/(deficit), representing total comprehensive income for the year		16,747	14,622	(12,023)	14,011	4,724	28,633

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

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2020

	Note	General Fund 2020 $'000	General Fund 2019 $'000	Restricted Funds 2020 $'000	Restricted Funds 2019 $'000	Total 2020 $'000	Total 2019 $'000
SSG							
Operating income	24	2,397	664	–	6,236	2,397	6,900
Other income	25	6,227	1,545	12,722	12,705	18,949	14,250
Other gains	26	63	131	–	193	63	324
		8,687	2,340	12,722	19,134	21,409	21,474
Expenditure							
Amortisation of intangible assets	6	(30,778)	(10,287)	(260)	(19,368)	(31,038)	(29,655)
Depreciation expense	5	(13,041)	(5,398)	(9,956)	(13,952)	(22,997)	(19,350)
Staff costs	27	(49,836)	(41,496)	(766)	(15,023)	(50,602)	(56,519)
Grant disbursements		(51,625)	(95,114)	(34,795)	(22,115)	(86,420)	(117,229)
Rental of office premises and property taxes		(1,646)	(4,264)	–	(2,145)	(1,646)	(6,409)
Professional services		(24,467)	(22,008)	(2,415)	(10,931)	(26,882)	(32,939)
Maintenance expenses		(20,675)	(10,977)	(12,622)	(6,863)	(33,297)	(17,840)
Public relations		(11,874)	(7,256)	(9)	(822)	(11,883)	(8,078)
Others		(11,205)	(8,052)	(1,177)	(2,888)	(12,382)	(10,940)
		(215,147)	(204,852)	(62,000)	(94,107)	(277,147)	(298,959)
Deficit before government grant		(206,460)	(202,512)	(49,278)	(74,973)	(255,738)	(277,485)
Add							
Grants from government	19	174,268	203,489	39,146	41,195	213,414	244,684
Deferred capital grants amortised	16	36,040	15,344	10,132	33,778	46,172	49,122
		210,308	218,833	49,278	74,973	259,586	293,806
Surplus before contribution to consolidated fund		3,848	16,321	–	–	3,848	16,321
Contribution to consolidated fund	18	(654)	(2,775)	–	–	(654)	(2,775)
Income tax expense	28	–	–	–	–	–	–
Net surplus, representing total comprehensive income for the year		3,194	13,546	–	–	3,194	13,546

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

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2020

	Share capital $'000	Capital reserve $'000	Accumulated surplus General fund $'000	Accumulated surplus Restricted fund $'000	Total $'000
Group					
At 1 April 2018	4,145	17,678	6,732	2,178	30,733
Net surplus for the year, representing total comprehensive income for the year	–	–	14,622	14,011	28,633
At 31 March 2019	4,145	17,678	21,354	16,189	59,366
At 1 April 2019	4,145	17,678	21,354	16,189	59,366
Net surplus(deficit)for the year, representing total comprehensive income for the year	–	–	16,747	(12,023)	4,724
At 31 March 2020	4,145	17,678	38,101	4,166	64,090
SSG					
At 1 April 2018	4,145	18,028	7,499	–	29,672
Net surplus for the year, representing total comprehensive income for the year	–	–	13,546	–	13,546
At 31 March 2019	4,145	18,028	21,045	–	43,218
At 1 April 2019	4,145	18,028	21,045	–	43,218
Net surplus for the year, representing total comprehensive income for the year	–	–	3,194	–	3,194
At 31 March 2020	4,145	18,028	24,239	–	46,412

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Deficit before government grant		(254,097)	(267,186)
Adjustments for:			
Amortisation and depreciation		54,134	49,032
Loss on disposal of property, plant and equipment and intangible assets		128	168
Interest expenses		445	–
Interest income		(1,549)	(1,516)
Changes in provision for reinstatement costs		(63)	(498)
		(201,002)	(220,000)
Changes in:			
Trade and other receivables		67,808	(59,060)
Deposits and prepayments		(1,869)	(1,241)
Other payables		(68,858)	(7,407)
Cash used in operations		(203,921)	(287,708)
Contribution to consolidated fund		(2,775)	(833)
Interest paid		(308)	–
Income tax paid		(59)	(54)
Net cash used in operating activities		(207,063)	(288,595)
Cash flows from investing activities			
Purchase of property, plant and equipment		(4,343)	(6,567)
Purchase of intangible assets		(17,811)	(7,709)
Proceeds from disposal of property, plant and equipment		2,936	451
Interest received		1,587	1,516
Net cash used in investing activities		(17,631)	(12,309)
Cash flows from financing activities			
Grants received from government	19	238,738	257,348
Payment of lease liabilities		(6,564)	–
Decrease/(increase) in cash set aside for restricted funds		12,023	(14,011)
Net cash from financing activities		244,197	243,337
Net increase/(decrease) in cash and cash equivalents		19,503	(57,567)
Cash and cash equivalents at beginning of the year		66,396	123,963
Cash and cash equivalents at end of the year (Note A)		85,899	66,396
Note A			
Centralised Liquidity Management ("CLM") deposits held with AGD	9	90,065	82,585
Less: Cash set aside for restricted funds	9	(4,166)	(16,189)
		85,899	66,396

During the year, the Group acquired property, plant and equipment and intangible assets amounting to $42,735,000 (2019: $24,135,000), of which $7,054,000 (2019: $9,859,000) was funded by National Productivity Fund (Note 16) and $13,527,000 (2019: $Nil) relates to additions of right-of-use assets presented as part of property, plant and equipment.

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 12 August 2020.

1. GENERAL

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

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

SSG absorbed the Council for Private Education ("CPE"), an existing statutory board under MOE.

The principal activities of the subsidiaries are described in Note 7 to the financial statements.

The principal activities of SSG are:

(a) to plan and develop policies, programs and services that provide, or support the provision, of adult education and further education;

(b) to promote, facilitate and assist in the identification, development and upgrading of skills and competencies for the current, emerging and future needs of the Singapore workforce;

(c) to develop, in consultation with employers and relevant representatives of commerce or industry, models for the provision of adult education or further education for the purposes of developing skills;

(d) to promote a national approach to the provision of adult education and further education through collaboration and cooperation between universities, public sector post-secondary education institutions and other providers of adult education or further education;

(e) to provide funding for the provision of, or taking part in, adult education and further education (wherever held) that is responsive to the needs of commerce or industry or employers;

(f) to promote public awareness in Singapore of the importance of adult education and further education and encourage enthusiasm for lifelong learning;

(g) to collect, compile and analyse data about the provision of adult education or further education;

(h) to accredit, or facilitate accreditation by others in Singapore, of providers of or courses in adult education or further education (even if the course is developed outside Singapore);

1. GENERAL (CONTINUED)

(i) to facilitate the improvement of quality of courses in adult education or further education provided in Singapore, including the standard of teachers and trainers in Singapore of these courses;

(j) to promote or undertake research in Singapore into matters relating to adult education and further education;

(k) to facilitate public availability of meaningful and accurate information relating to the quality of courses in adult education or further education provided in Singapore (even if the course is developed outside Singapore);

(l) to provide career guidance services and facilities to assist students prepare to enter the labour market and to other people;

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

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

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

The financial statements of SSG for the financial year ended 31 March 2020 were authorised for issue by members of the board on 12 August 2020.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

This is the first set of the Group's annual financial statements in which SB-FRS 116 *Leases* has been applied. The related changes to significant accounting policies are described in Note 2.4.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2. BASIS OF PREPARATION (CONTINUED)

2.4 Changes in accounting policies

New standards and amendments

The Group has applied the following SB-FRS, amendments to and interpretations of SB-FRS for the first time for the annual period beginning on 1 April 2019:

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

Other than SB-FRS 116, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

SB-FRS 116 *Leases*

The Group applied SB-FRS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under SB-FRS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SB-FRS 116 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under INT SB-FRS 104 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SB-FRS 116.

On transition to SB-FRS 116, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SB-FRS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SB-FRS 17 and INT SB-FRS 104 were not reassessed for whether there is a lease under SB-FRS 116. Therefore, the definition of a lease under SB-FRS 116 was applied only to contracts entered into or changed on or after 1 April 2019.

2. BASIS OF PREPARATION (CONTINUED)

2.4 Changes in accounting policies (continued)

As a lessee

As a lessee, the Group leases many assets including office space and office equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SB-FRS 116, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

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

Leases classified as operating leases under SB-FRS 17

Previously, the Group classified property leases as operating leases under SB-FRS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities incremental borrowing rates applicable to the leases as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying SB-FRS 116 to leases previously classified as operating leases under SB-FRS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term; and
- applied a single discount rate to the same portfolio of leases with reasonably similar characteristics.

As a lessor

The Group leases out its own building. The Group has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to SB-FRS 116 for leases in which it acts as a lessor, except for a sub-lease.

2. BASIS OF PREPARATION (CONTINUED)

2.4 Changes in accounting policies (continued)

As a lessor (continued)

Impact on financial statements

Impact on transition *

On transition to SB-FRS 116, the Group recognised additional right-of-use assets (in addition to leasehold land), including additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	Group $'000	Company $'000
1 April 2019		
Right-of-use assets – property, plant and equipment	12,920	12,792
Lease liabilities	(12,920)	(12,792)

* For the impact of SB-FRS 116 on profit or loss for the period, see Note 30. For the details of accounting policies under SB-FRS 116 and SB-FRS 17, see Note 3.17.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted-average rate applied is 3.2%.

	Group $'000	Company $'000
Operating lease commitments at 31 March 2019 as disclosed under SB-FRS 17 in the Group's financial statements	13,198	13,612
Lease liabilities recognised (discounted using the incremental borrowing rate) at 1 April 2019	12,920	12,792

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

Subsidiaries

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

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

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

3.2 Foreign currency transactions

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

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

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(ii) Classification and subsequent measurement

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

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

Financial assets at amortised cost

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

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

Financial assets: Business model assessment

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

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

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

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

(ii) Classification and subsequent measurement (continued)

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

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

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

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

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

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

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

(iv) Offsetting

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

(v) Cash and cash equivalents

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

(vi) Share capital

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Intangible assets

(i) Recognition and measurement

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

(ii) Subsequent expenditure

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

(iii) Amortisation

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

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

Computer software	3 to 5 years

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

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

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

3.6 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised costs;

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Impairment (continued)

(i) Non-derivative financial assets (continued)

Simplified approach

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

General approach

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

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

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

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

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

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

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

Measurement of ECLs

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

ECLs are discounted at the effective interest rate of the financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Impairment (continued)

(i) Non-derivative financial assets (continued)

Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Impairment (continued)

(ii) Non-financial assets

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

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

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

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

3.7 Provisions

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

Provision for restoration cost

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Government grants

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

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

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

3.9 Trust and agency funds

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

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

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

3.10 Restricted funds

These are funds earmarked for specific purposes and for which separate disclosure is necessary as these funds are material. There are legal and other restrictions on the ability of SSG to distribute or otherwise apply its funds. The treatment is in accordance with Guidance Note 1 issued by the Accountant-General Department ("AGD"). Restricted funds are accounted for on an accrual basis. They are accounted for separately in the Statements of Comprehensive Income and the assets and liabilities are disclosed separately in Note 13 of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Revenue recognition

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

(i) Workers' assessment fees

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

(ii) Course fees

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

(iii) Application fees

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

(iv) Annual fees

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

(v) Income from rendering of services

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

3.12 Interest income

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

3.13 Retirement benefit obligations

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Employee leave entitlement

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

3.15 Contribution to consolidated fund

In lieu of income tax, SSG is required to make contribution to the Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act, Chapter 319A. The provision is based on the guidelines specified by the Ministry of Finance. It is computed based on the net surplus of SSG for each of the financial period at the prevailing corporate tax rate for the Year of Assessment. Contribution to consolidated fund is provided for on an accrual basis.

3.16 Tax

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Tax (continued)

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

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

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

3.17 Leases

The Group has applied SB-FRS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SB-FRS 17 and INT SB-FRS 104. The details of accounting policies under SB-FRS 17 and INT SB-FRS 104 are disclosed separately.

Policy applicable from 1 April 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SB-FRS 116.

This policy is applied to contracts entered into, on or after 1 April 2019.

(i) As a lessee

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Leases (continued)

Policy applicable from 1 April 2019 (continued)

(i) As a lessee (continued)

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Leases (continued)

Policy applicable from 1 April 2019 (continued)

(ii) As a lessor

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

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

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

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

The Group applies the derecognition and impairment requirements in SB-FRS 109 to the net investment in the lease (see Note 3.3(iii) and Note 3.6(i)).

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

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SB-FRS 116 except for the classification of sub-leases entered into before the current reporting period that resulted in a finance lease classification.

Policy applicable before 1 April 2019

For contracts entered into before 1 April 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Leases (continued)

Policy applicable before 1 April 2019 (continued)

(i) As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(ii) As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

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

Rental income from the lease of office premises is recognised as "other income" on a straight-line basis over the term of the lease. Lease incentives granted were recognised as an integral part of the total rental income, over the term of the lease.

3.18 New standards and interpretations not adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 April 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

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

- *Amendments to References to Conceptual Framework in SB-FRS Standards*
- *Definition of a Business* (Amendments to SB-FRS 103)
- *Definition of Material* (Amendments to SB-FRS 1 and SB-FRS 8)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Measurement of fair values

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

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

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

5. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings $'000	Office equipment $'000	Computer equipment $'000	Leasehold land $'000	Mechanical and electrical equipment $'000	Building $'000	Construction-in-progress $'000	Total $'000
Group								
Cost								
At 1 April 2018	14,850	2,140	22,938	31,912	2,902	176,352	343	251,437
Additions	10	183	5,298	39	2	–	1,035	6,567
Transfers	158	33	–	–	–	–	(191)	–
Disposal/write-off	(484)	–	(28)	–	(189)	(177)	–	(878)
At 31 March 2019	14,534	2,356	28,208	31,951	2,715	176,175	1,187	257,126
At 1 April 2019	14,534	2,356	28,208	31,951	2,715	176,175	1,187	257,126
Recognition of right-of-use on initial application of SB-FRS 116	–	15	–	–	–	12,905	–	12,920
Adjusted balance at 1 April 2019	14,534	2,371	28,208	31,951	2,715	189,080	1,187	270,046
Additions	62	213	2,358	–	–	13,527	1,710	17,870
Transfers/reclassification	2,118	488	–	(3,023)	–	3,023	(2,606)	–
Disposal/write-off	(2,317)	(165)	(3,006)	–	–	(219)	–	(5,707)
At 31 March 2020	14,397	2,907	27,560	28,928	2,715	205,411	291	282,209
Accumulated depreciation								
At 1 April 2018	3,602	610	10,346	1,887	463	9,766	–	26,674
Depreciation	2,344	520	8,361	1,270	314	6,568	–	19,377
Disposal/write-off	(183)	–	(27)	–	(36)	(14)	–	(260)
At 31 March 2019	5,763	1,130	18,680	3,157	741	16,320	–	45,791
At 1 April 2019	5,763	1,130	18,680	3,157	741	16,320	–	45,791
Depreciation	1,956	551	4,506	865	312	14,906	–	23,096
Disposal/write-off	(1,234)	(100)	(1,373)	–	–	(8)	–	(2,715)
At 31 March 2020	6,485	1,581	21,813	4,022	1,053	31,218	–	66,172
Carrying amounts								
At 1 April 2018	11,248	1,530	12,592	30,025	2,439	166,586	343	224,763
At 31 March 2019	8,771	1,226	9,528	28,794	1,974	159,855	1,187	211,335
At 31 March 2020	7,912	1,326	5,747	24,906	1,662	174,193	291	216,037

NOTES TO THE FINANCIAL STATEMENTS

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture and fittings $'000	Office equipment $'000	Computer equipment $'000	Leasehold land $'000	Mechanical and electrical equipment $'000	Building $'000	Construction-in-progress $'000	Total $'000
SSG								
Cost								
At 1 April 2018	14,850	2,055	22,925	31,912	2,872	176,352	343	251,309
Additions	10	177	5,292	39	–	–	1,035	6,553
Transfers	158	33	–	–	–	–	(191)	–
Disposal/write-off	(484)	–	(28)	–	(189)	(177)	–	(878)
At 31 March 2019	14,534	2,265	28,189	31,951	2,683	176,175	1,187	256,984
At 1 April 2019	14,534	2,265	28,189	31,951	2,683	176,175	1,187	256,984
Recognition of right-of-use asset on initial application of SB-FRS 116	–	–	–	–	–	12,792	–	12,792
Adjusted balance at 1 April 2019	14,534	2,265	28,189	31,951	2,683	188,967	1,187	269,776
Additions	62	116	2,305	–	–	13,527	1,710	17,720
Transfers/Reclassification	2,118	488	–	(3,023)	–	3,023	(2,606)	–
Disposal/write-off	(2,317)	(162)	(3,006)	–	–	(219)	–	(5,704)
At 31 March 2020	14,397	2,707	27,488	28,928	2,683	205,298	291	281,792
Accumulated depreciation								
At 1 April 2018	3,602	605	10,341	1,887	454	9,766	–	26,655
Depreciation	2,344	504	8,357	1,270	307	6,568	–	19,350
Disposal/write-off	(183)	–	(27)	–	(36)	(14)	–	(260)
At 31 March 2019	5,763	1,109	18,671	3,157	725	16,320	–	45,745
At 1 April 2019	5,763	1,109	18,671	3,157	725	16,320	–	45,745
Depreciation	1,956	526	4,496	865	305	14,849	–	22,997
Disposal/write-off	(1,234)	(98)	(1,374)	–	–	(7)	–	(2,713)
At 31 March 2020	6,485	1,537	21,793	4,022	1,030	31,162	–	66,029
Carrying amounts								
At 1 April 2018	11,248	1,450	12,584	30,025	2,418	166,586	343	224,654
At 31 March 2019	8,771	1,156	9,518	28,794	1,958	159,855	1,187	211,239
At 31 March 2020	7,912	1,170	5,695	24,906	1,653	174,136	291	215,763

6. INTANGIBLE ASSETS

	Computer software $'000	Assets under development $'000	Total $'000
Group and SSG			
Cost			
At 1 April 2018	75,627	27,342	102,969
Additions	14,718	2,850	17,568
Transfer	27,404	(27,404)	–
Disposals	–	(1)	(1)
At 31 March 2019	117,749	2,787	120,536
Additions	15,040	9,825	24,865
Transfer	9,333	(9,333)	–
Disposals	(253)	–	(253)
At 31 March 2020	141,869	3,279	145,148
Accumulated amortisation			
At 1 April 2018	29,409	–	29,409
Amortisation	29,655	–	29,655
At 31 March 2019	59,064	–	59,064
Amortisation	31,038	–	31,038
Disposals	(181)	–	(181)
At 31 March 2020	89,921	–	89,921
Carrying amounts			
At 1 April 2018	46,217	27,342	73,559
At 31 March 2019	58,685	2,787	61,472
At 31 March 2020	51,948	3,279	55,227

7. INVESTMENTS IN SUBSIDIARIES

	2020 $'000	2019 $'000
Equity investments at cost	–	–

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/Country of incorporation	Effective equity held by SSG 2020 %	Effective equity held by SSG 2019 %
Held by SSG			
Learning Gateway Ltd ("LG") [i]	Singapore	100	100
Held by LG			
Lifelong Learning Institute Pte Ltd ("LLI") [ii]	Singapore	100	100

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

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

SSG has provided a commitment for financial support of $928,000 (2019: $949,000) to a subsidiary for a period of twelve months from the end of the reporting period so as to enable the subsidiary to continue to operate as a going concern and meet its contractual obligations as and when they fall due.

8. TRADE AND OTHER RECEIVABLES

	Group 2020 $'000	Group 2019 $'000	SSG 2020 $'000	SSG 2019 $'000
Trade receivables	2,258	2,411	718	588
Other receivables	4,406	2,547	888	2,381
Amount due from WSG	23,564	16,967	23,564	16,967
Amount due from LLEF	–	6,624	–	6,624
Amount due from NPF	3,002	–	3,002	–
Amount due from SDF	5,197	–	5,197	–
Amount due from MOE	2,621	80,345	2,621	80,345
Amount due from subsidiaries	–	–	33,362	30,734
	41,048	108,894	69,352	137,639

The credit period on rendering of services is 30 days (2019: 30 days).

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

Credit and market risks, and impairment losses

The Group and SSG's exposure to credit risks, and impairment losses for trade and other receivables, are disclosed in note 32.

9. CASH AND CASH EQUIVALENTS

	Group		SSG	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Centralised Liquidity Management ("CLM") deposits held with AGD	90,065	82,585	33,369	32,883

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 1.94% (2019: 1.74%) per annum.

Cash and cash equivalents include an amount of $4,166,000 (2019: $16,189,000) set aside for restricted funds.

10. DEPOSITS AND PREPAYMENTS

	Group		SSG	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Deposits	3,131	1,425	3,049	1,770
Prepayments	3,504	3,341	3,454	3,327
	6,635	4,766	6,503	5,097

NOTES TO THE FINANCIAL STATEMENTS

11. SHARE CAPITAL

	2020		2019	
	Number of shares '000	$'000	Number of shares '000	$'000
Issued and fully-paid:				
Ordinary shares				
At beginning and end of the year	4,145	4,145	4,145	4,145

Injection of capital is part of the Capital Management Framework for Statutory Boards under Finance Circular Minute M26/2008. The shares have been fully paid and are held by the Minister for Finance, a body corporate incorporated by the Minister for Finance (Incorporation) Act (Chapter 183). The holder of these shares, which has no par value, is entitled to receive dividends.

12. CAPITAL RESERVES

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

NOTES TO THE FINANCIAL STATEMENTS

13. RESTRICTED FUNDS

	MOE – RF 2020 $'000	MOE – TGS 2020 $'000	MOE – ATB 2020 $'000	Operations funded by SDF 2020 $'000	Operations funded by LLEF 2020 $'000	Operations funded by NPF 2020 $'000	Total 2020 $'000
Group							
Income							
Other income	–	–	4	16,557	1	838	17,400
Less: Expenditure							
Amortisation of intangible assets	–	(260)	–	–	–	–	(260)
Depreciation expense	–	–	–	(10,055)	–	–	(10,055)
Staff costs	–	(766)	–	(4,343)	–	–	(5,109)
Grant disbursements	–	–	(34,795)	1,076	–	–	(33,719)
Rental expenses on operating leases	–	–	–	(314)	–	–	(314)
Professional services	–	–	–	(8,876)	–	(2,415)	(11,291)
Maintenance expenses	–	(317)	–	(4,606)	–	(11,969)	(16,892)
Public relations	–	–	–	(1,885)	–	(9)	(1,894)
Others	–	(258)	–	(1,828)	–	(795)	(2,881)
Deficit before government grant	–	(1,601)	(34,791)	(14,274)	1	(14,350)	(65,015)
Add							
Grants from government	–	1,341	34,791	(7,510)	(1)	14,350	42,971
Deferred capital grants amortised	–	260	–	9,872	–	–	10,132
	–	1,601	34,791	2,362	(1)	14,350	53,103
Surplus before contribution	–	–	–	(11,912)	–	–	(11,912)
Income tax expense	–	–	–	(111)	–	–	(111)
Net surplus for the year	–	–	–	(12,023)	–	–	(12,023)
Accumulated surplus at the beginning of the year	–	–	–	(3,185)	19,374	–	16,189
Accumulated surplus at the end of the year *	–	–	–	(15,208)	19,374	–	4,166

* The above balances predominantly comprise cash balances and accruals

NOTES TO THE FINANCIAL STATEMENTS

13. RESTRICTED FUNDS (CONTINUED)

	MOE – RF 2019 $'000	MOE – TGS 2019 $'000	MOE – ATB 2019 $'000	Operations funded by SDF 2019 $'000	Operations funded by LLEF 2019 $'000	Operations funded by NPF 2019 $'000	Total 2019 $'000
Group							
Income							
Operating income	–	–	–	3,219	3,017	–	6,236
Other income	508	–	–	14,133	554	–	15,195
Other gains/(losses)	209	–	–	(37)	21	–	193
	717	–	–	17,315	3,592	–	21,624
Less: Expenditure							
Amortisation of intangible assets	(1)	–	–	(19,047)	(320)	–	(19,368)
Depreciation expense	(322)	–	–	(11,627)	(2,030)	–	(13,979)
Staff costs	(6,524)	–	–	(14,514)	(24)	–	(21,062)
Grant disbursements	(190)	–	–	(1,479)	(1,281)	–	(2,950)
Rental expenses on operating leases	(528)	–	–	(1,816)	–	–	(2,344)
Professional services	–	–	–	(2,935)	(8,410)	–	(11,345)
Maintenance expenses	(53)	–	–	(9,669)	(325)	–	(10,047)
Public Relations	(2)	–	–	(1,243)	(737)	–	(1,982)
Others	(140)	–	–	(3,462)	(695)	–	(4,297)
Deficit before government grant	(7,043)	–	–	(48,477)	(10,230)	–	(65,750)
Add							
Grants from government	6,737	–	–	12,255	27,049	–	46,041
Deferred capital grants amortised	306	–	–	31,122	2,350	–	33,778
	7,043	–	–	43,377	29,399	–	79,819
Surplus before contribution	–	–	–	(5,100)	19,169	–	14,069
Income tax expense	–	–	–	(58)	–	–	(58)
Net surplus for the year	–	–	–	(5,158)	19,169	–	14,011
Accumulated surplus at the beginning of the year	–	–	–	1,973	205	–	2,178
Accumulated surplus at the end of the year *	–	–	–	(3,185)	19,374	–	16,189

* The above balances predominantly comprise cash balances and accruals

NOTES TO THE FINANCIAL STATEMENTS

13. **RESTRICTED FUNDS (CONTINUED)**

	MOE – RF 2020 $'000	MOE – TGS 2020 $'000	MOE – ATB 2020 $'000	Operations funded by SDF 2020 $'000	Operations funded by LLEF 2020 $'000	Operations funded by NPF 2020 $'000	Total 2020 $'000
SSG							
Income							
Other income	–	–	4	11,879	1	838	12,722
Less: Expenditure							
Amortisation of intangible assets	–	(260)	–	–	–	–	(260)
Depreciation expense	–	–	–	(9,956)	–	–	(9,956)
Staff costs	–	(766)	–	–	–	–	(766)
Grant disbursements	–	–	(34,795)	–	–	–	(34,795)
Professional services	–	–	–	–	–	(2,415)	(2,415)
Maintenance expenses	–	(317)	–	(336)	–	(11,969)	(12,622)
Public relations	–	–	–	–	–	(9)	(9)
Others	–	(258)	–	(124)	–	(795)	(1,177)
Deficit before government grant	–	(1,601)	(34,791)	1,463	1	(14,350)	(49,278)
Add							
Grants from government	–	1,341	34,791	(11,335)	(1)	14,350	39,146
Deferred capital grants amortised	–	260	–	9,872	–	–	10,132
	–	1,601	34,791	(1,463)	(1)	14,350	49,278
Surplus before contribution	–	–	–	–	–	–	–
Income tax expense	–	–	–	–	–	–	–
Net surplus for the year	–	–	–	–	–	–	–
Accumulated surplus at the beginning of the year	–	–	–	–	–	–	–
Accumulated surplus at the end of the year *	–	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

13. RESTRICTED FUNDS (CONTINUED)

	MOE – RF 2019 $'000	MOE – TGS 2019 $'000	MOE – ATB 2019 $'000	Operations funded by SDF 2019 $'000	Operations funded by LLEF 2019 $'000	Operations funded by NPF 2019 $'000	Total 2019 $'000
SSG							
Income							
Operating income	–	–	–	3,219	3,017	–	6,236
Other income	508	–	–	11,643	554	–	12,705
Other gains/(losses)	209	–	–	(37)	21	–	193
	717	–	–	14,825	3,592	–	19,134
Less: Expenditure							
Amortisation of intangible assets	(1)	–	–	(19,047)	(320)	–	(19,368)
Depreciation expense	(322)	–	–	(11,600)	(2,030)	–	(13,952)
Staff costs	(6,524)	–	–	(8,475)	(24)	–	(15,023)
Grant disbursements	(190)	–	–	(1,480)	(20,445)	–	(22,115)
Rental expenses on operating leases	(528)	–	–	(1,617)	–	–	(2,145)
Professional services	–	–	–	(2,521)	(8,410)	–	(10,931)
Maintenance expenses	(53)	–	–	(6,485)	(325)	–	(6,863)
Public Relations	(2)	–	–	(83)	(737)	–	(822)
Others	(140)	–	–	(2,048)	(700)	–	(2,888)
Deficit before government grant	(7,043)	–	–	(38,531)	(29,399)	–	(74,973)
Add							
Grants from government	6,737	–	–	7,409	27,049	–	41,195
Deferred capital grants amortised	306	–	–	31,122	2,350	–	33,778
	7,043	–	–	38,531	29,399	–	74,973
Surplus before contribution	–	–	–	–	–	–	–
Income tax expense	–	–	–	–	–	–	–
Net surplus for the year	–	–	–	–	–	–	–
Accumulated surplus at the beginning of the year	–	–	–	–	–	–	–
Accumulated surplus at the end of the year *	–	–	–	–	–	–	–

14. LEASE LIABILITIES

	Group 2020 $'000	Group 2019 $'000	SSG 2020 $'000	SSG 2019 $'000
Non-Current				
Lease liabilities	10,549	–	10,540	–
Current				
Lease liabilities	9,471	–	9,410	–

Terms and debt repayment schedule

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

	Effective interest rate %	Year of maturity	2020 Face value $'000	2020 Carrying amount $'000
Group				
Lease liabilities	3.2%	2021 – 2023	20,829	20,020
SSG				
Lease liabilities	3.2%	2021 – 2023	20,757	19,950

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

	Group Lease liabilities $'000
Balance as at 1 April 2019	–
Adjustment on initial application of SB-FRS 116 (Note 30)	12,920
Adjusted balance as at 1 April 2019	12,920
Changes from financing cash flows	
New leases	13,527
Payment of lease liabilities	(6,564)
Interest paid	(308)
Total changes from financing cash flows	6,655
Other changes	
Interest expense	445
Total liability-related charges	
Balance as at 31 March 2020	20,020

NOTES TO THE FINANCIAL STATEMENTS

15. PROVISION FOR REINSTATEMENT COSTS

	Group and SSG $'000
At 1 April 2018	5,103
Provision made during the year	389
Utilisation	(474)
Reversal due to overprovision (Note 26)	(498)
Unwinding of discount	133
At 31 March 2019	4,653
Provision made during the year	374
Utilisation	(231)
Reversal due to overprovision (Note 26)	(63)
Reversal due to disposal	(886)
Unwinding of discount	116
At 31 March 2020	3,963

	2020 $'000	2019 $'000
Represented by:		
Current portion	1,497	2,127
Non-current portion	2,466	2,526
	3,963	4,653

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

16. DEFERRED CAPITAL GRANTS

	Group and SSG $'000
At 1 April 2018	294,892
Amounts transferred from government grants	14,225
Amounts transferred from National Productivity Fund	9,859
Amortisation of deferred capital grants	(49,122)
At 31 March 2019	269,854
Amounts transferred from government grants	22,003
Amounts transferred from National Productivity Fund	7,054
Amortisation of deferred capital grants	(46,172)
Transfer of unutilised deferred capital grants to grant payable	(3,056)
At 31 March 2020	249,683

17. OTHER PAYABLES

	Group 2020 $'000	Group 2019 $'000	SSG 2020 $'000	SSG 2019 $'000
Other payables				
Related parties	13,893	5,977	15,732	7,757
Third parties	7,875	57,478	2,780	56,571
Amount due to SDF	5	18,589	5	18,589
Amount due to LLEF	2,725	–	2,725	–
Accruals	12,950	17,213	12,133	17,006
Advance receipts	5,232	8,598	2,390	6,330
	42,680	107,855	35,765	106,253

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

18. CONTRIBUTION TO CONSOLIDATED FUND

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

	Group and SSG 2020 $'000	Group and SSG 2019 $'000
Surplus of SSG before contribution to consolidated fund	3,848	16,321
Contribution at 17% (2019: 17%)	654	2,775

NOTES TO THE FINANCIAL STATEMENTS

19. GOVERNMENT GRANTS RECEIVED IN ADVANCE

	MOE – RF [i] $'000	Operations funded by SDF [ii] $'000	Operations funded by LLEF [ii] $'000	Operations funded by NPF [iii] $'000	MOE – TGS [iv] $'000	MOE – ATB [v] $'000	Operating grant $'000	Total $'000
Group								
At 1 April 2018	(237)	28,831	2,296	–	–	–	–	30,890
Grants received during the financial year	7,614	9,014	26,677	–	–	–	214,043	257,348
Transfer to Statement of comprehensive income	(6,737)	(12,255)	(27,049)	–	–	–	(203,489)	(249,530)
Transfer to deferred capital grants (note 16)	(1)	(8,532)	(971)	–	–	–	(4,721)	(14,225)
At 31 March 2019	639	17,058	953	–	–	–	5,833	24,483
Grants (refunded)/received during the financial year, net	(142)	3,262	(113)	14,350	4,440	34,799	182,142	238,738
Transfer to Statement of comprehensive income	–	7,509	1	(14,350)	(1,340)	(34,791)	(170,443)	(213,414)
Transfer to deferred capital grants (note 16)	–	(1,255)	–	–	(3,216)	–	(17,532)	(22,003)
At 31 March 2020	497	26,574	841	–	(116)	8	–	27,804
SSG								
At 1 April 2018	(237)	21,115	2,296	–	–	–	–	23,174
Grants received during the financial year	7,614	8,978	26,677	–	–	–	214,043	257,312
Transfer to statement of comprehensive income	(6,737)	(7,409)	(27,049)	–	–	–	(203,489)	(244,684)
Transfer to deferred capital grants (note 16)	(1)	(8,532)	(971)	–	–	–	(4,721)	(14,225)
At 31 March 2019	639	14,152	953	–	–	–	5,833	21,577
Grants (refunded)/received during the financial year, net	(142)	(1,673)	(113)	14,350	4,440	34,799	185,966	237,627
Transfer to statement of comprehensive income	–	11,334	1	(14,350)	(1,340)	(34,791)	(174,268)	(213,414)
Transfer to deferred capital grants (note 16)	–	(1,255)	–	–	(3,216)	–	(17,532)	(22,003)
At 31 March 2020	497	22,557	841	–	(116)	8	–	23,787

[i] MOE - Reinvestment Funds

Reinvestment Funds ("RF") are provided by Ministry of Finance ("MOF") through Ministry of Education ("MOE") 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 ("SDF") and Lifelong Learning Endowment Fund ("LLEF")

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

[iii] Operations funded by NPF

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

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

[iv] MOE – Training Grant System ("MOE - TGS")

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

[v] MOE – Above-The-Block ("MOE - ATB")

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

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

20. NET ASSETS OF SKILLS DEVELOPMENT FUND

The Skills Development Fund ("SDF") was established in the Republic of Singapore on 1 October 1979 as a Government fund under the Skills Development Levy Act (Cap. 306). SDF was administered by Singapore Workforce Development Agency ("WDA") from 1 September 2003 to 2 October 2016. The administration of the SDF was transferred from WDA to SkillsFuture Singapore Agency ("SSG") with effect from 3 October 2016.

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

The SDF is established for the following purposes:

(i) the promotion, development and upgrading of skills and expertise of persons preparing to join the workforce, persons in the workforce and persons rejoining the workforce;

(ii) the retraining of retrenched persons; and

(iii) the provision of financial assistance by grants, loans or otherwise for the above-mentioned purposes.

20. NET ASSETS OF SKILLS DEVELOPMENT FUND (CONTINUED)

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

	Group and SSG	
	2020	2019
	$'000	$'000
Income		
Operating income	274,902	265,509
Other income	15,850	17,397
Fair value gain	5,626	7,198
	296,378	290,104
Expenditure		
Net disbursements	(279,879)	(339,888)
Reversal of/(Allowance for) impairment loss on receivables	847	(133)
Others	(286)	(4)
	(279,318)	(340,025)
Surplus/(deficit) for the year	17,060	(49,921)
Accumulated surplus at the beginning of the year	353,765	403,686
Accumulated surplus at the end the year	370,825	353,765
Represented by:		
Current assets		
Cash and cash equivalents	736,806	808,021
Levy and other receivables	56,177	48,295
Grants disbursed in advance	2,131	14,152
Financial assets at amortised cost	11,257	1,505
Financial assets, at fair value through profit or loss	416,541	310,915
	(1,222,912)	(1,182,888)
Non-current asset		
Financial assets at amortised cost	61,833	74,879
Current liability		
Payables	(42,781)	(32,863)
Capital account	(871,139)	(871,139)
Accumulated surplus at the end of the year	(370,825)	(353,765)
Net assets	(1,241,964)	(1,224,904)

21. NET ASSETS OF LIFELONG LEARNING ENDOWMENT FUND

The Lifelong Learning Endowment Fund ("LLEF") is set up by the Singapore Government under the Lifelong Learning Endowment Fund Act, Cap.162A for the acquisition of skills and expertise by persons and the development and upgrading of skills and expertise of persons to enhance their employability; and the promotion of the acquisition, development and upgrading of skills and expertise to enhance the employability of persons.

The financial statements of LLEF, as presented below, are prepared by MOE on a cash basis and audited by another firm of Certified Public Accountants whose report dated 18 June 2020 expressed in unqualified opinion on these financial statements:

	Group and SSG	
	2020	2019
	$'000	$'000
Receipts		
Refund of unused grant from programme manager	4,502	90
Interest income	341	193
	4,843	283
Expenditure		
Grants disbursed	(73,975)	(77,149)
Grants received	67,275	76,542
Deficit for the year	(1,857)	(324)
Accumulated surplus at the beginning of the year	2,122	2,446
Accumulated surplus at the end the year	265	2,122
Represented by:		
Current assets		
Cash and cash equivalents	10,165	10,547
Amount due from SSG	280	–
	10,445	10,547
Current liabilities		
Payables	(10,180)	(1,801)
Payment due to related parties	–	(6,624)
	(10,810)	(8,425)
Net assets	265	2,122

NOTES TO THE FINANCIAL STATEMENTS

22. NET ASSETS OF NATIONAL PRODUCTIVITY FUND

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

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

	Group and SSG	
	2020	2019
	$'000	$'000
Receipts		
Government grants received	81,741	107,886
Expenditure		
Grants disbursements	(52,170)	(91,538)
Staff costs	–	(4,996)
Others	(340)	(3,356)
Purchase of plant and equipment (Note 16)	(7,054)	(9,859)
	(59,564)	(109,749)
Surplus/(deficit) for the year	22,177	(1,863)
Accumulated surplus at the beginning of the year	3,685	5,548
Accumulated surplus at the end the year	25,862	3,685
Represented by:		
Current assets		
Cash and bank balances	34,303	17,882
Trade and other receivables	285	141
	34,588	18,023
Current liabilities		
Current payables	(5,807)	(9,632)
Accruals	(2,919)	(4,706)
	(8,726)	(14,338)
Net assets	25,862	3,685

23. NET ASSETS OF SKILLSFUTURE JUBILEE FUND

The SkillsFuture Jubilee Fund ("SFJF") was established in the Republic of Singapore as part of the Skills Development Fund ("SDF") established under section 5 of the Skills Development Levy Act (Chapter 306). SFJF was approved by the Cabinet on 11 February 2015 and was administered by Singapore Workforce Development Agency ("WDA") from 11 February 2015 to 2 October 2016. The administration of the SFJF was transferred from WDA to SkillsFuture Singapore Agency ("SSG") with effect from 3 October 2016.

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

	Group and SSG	
	2020	2019
	$'000	$'000
Income		
Interest income	394	360
Expenditure		
Grants disbursements	(280)	(290)
Surplus for the year	114	70
Accumulated surplus at the beginning of the year	20,421	20,351
Accumulated surplus at the end the year	20,535	20,421
Represented by:		
Current assets		
Cash and cash equivalents	20,289	20,185
Interest receivables	246	236
	20,535	20,421
Net assets	20,535	20,421

24. OPERATING INCOME

	Group and SSG	
	2020	2019
	$'000	$'000
Revenue from contracts with customers		
Workers' assessment fees	588	897
Application fees	821	884
Course fees	37	3,633
Income from rendering of services	799	1,319
Annual fees	152	167
	2,397	6,900

Operating income is generated in Singapore.

NOTES TO THE FINANCIAL STATEMENTS

25. OTHER INCOME

	Group		SSG	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Interest income from:				
– CLM deposits held with AGD	1,549	1,516	1,527	1,516
Rental and service income	15,744	13,990	11,709	11,375
Others	4,544	762	5,713	1,359
	21,837	16,268	18,949	14,250

26. OTHER GAINS

	Group		SSG	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Loss on disposal of property, plant and equipment and intangible assets	–	(168)	–	(168)
Reversal of overprovision for reinstatement costs (Note 15)	63	498	63	498
Currency translation loss	–	(6)	–	(6)
	63	324	63	324

27. STAFF COSTS

	Group		SSG	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Wages, salaries and staff related costs	46,383	53,076	42,566	47,795
Contributions to defined contribution plans	6,338	6,859	5,873	6,181
Staff training and benefits	2,170	2,569	2,117	2,494
Skills Development Levy	50	54	46	49
	54,941	62,558	50,602	56,519

28. INCOME TAX EXPENSE

	Group 2020 $'000	Group 2019 $'000
Current tax expense		
Current year	141	59
Under/(Over) provision in prior year	2	(1)
	143	58
Deferred tax expense		
Current year	(6)	–
Over provision in prior year	(26)	–
	(32)	–
Tax expense	111	58

Reconciliation of effective tax rate

	Group 2020 $'000	Group 2019 $'000
Profit before income tax of subsidiaries	907	516
Tax calculated using Singapore tax rate of 17% (2019: 17%)	154	88
Tax exempt/non-taxable income	(19)	(33)
Overprovision in prior year	(24)	(1)
Others	–	4
	111	58

29. CAPITAL COMMITMENTS

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

	Group and SSG 2020 $'000	Group and SSG 2019 $'000
Commitments for the acquisition of:		
Property, plant and equipment	4,786	358
Intangible assets	66,433	75,173
	71,219	75,531

30. LEASES

Leases as lessee (SB-FRS 116)

The Group leases office premises and office equipment. The lease of office premises typically run for a period 3 years with no option to extend or renew the lease. Lease payments are renegotiated every three years to reflect market rentals. Previously, these leases were classified as operating leases under SB-FRS 17.

The lease of office equipment typically run for a period of 5 years with auto renewal clause.

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

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

Right-of-use assets

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

	Leasehold land $'000	Building $'000	Office equipment $'000	Total $'000
2020				
Group				
Cost				
At 1 April	–	–	–	–
Adoption of SB-FRS116	31,951	12,905	15	44,871
Adjusted balance at 1 April	31,951	12,905	15	44,871
Additions to right-of-use assets	–	13,527	–	13,527
Reclassification	(3,023)	3,023	–	–
Disposal	–	(156)	–	(156)
Balance at 31 March	28,928	29,299	15	58,242
Accumulated depreciation				
At 1 April	–	–	–	–
Adoption of SB-FRS116	3,157	–	–	3,157
Adjusted balance at 1 April	3,157	–	–	3,157
Depreciation charge for the year	865	8,343	3	9,211
Balance at 31 March	4,022	8,343	3	12,368
Carrying amount at 31 March	24,906	20,956	12	45,874

30. LEASES (CONTINUED)

Leases as lessee (SB-FRS 116) (continued)

Right-of-use assets (continued)

	Leasehold land $'000	Building $'000	Total $'000
2020			
SSG			
Cost			
At 1 April	–	–	–
Adoption of SB-FRS116	31,951	12,792	44,743
Adjusted balance at 1 April	31,951	12,792	44,743
Additions to right-of-use assets	–	13,527	13,527
Reclassification	(3,023)	3,023	–
Disposal	–	(156)	(156)
Balance at 31 March	28,928	29,186	58,114
Accumulated depreciation			
At 1 April	–	–	–
Adoption of SB-FRS116	3,157	–	3,157
Adjusted balance at 1 April	3,157	–	3,157
Depreciation charge for the year	865	8,286	9,151
Balance at 31 March	4,022	8,286	12,308
Carrying amount at 31 March	24,906	20,900	45,806

Amounts recognised in profit or loss

	Group $'000	SSG $'000
2020 – Leases under SB-FRS 116		
Interest on lease liabilities	445	442
Expenses relating to short-term leases	16	16
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	586	586
Operating lease income from building	10,606	11,709
2019 – Operating leases under SB-FRS 17		
Lease expense	5,042	6,409
Operating lease income from building	10,519	11,375

Amounts recognised in statement of cash flows

	2020 $'000
Total cash outflow for leases	6,872

NOTES TO THE FINANCIAL STATEMENTS

30. LEASES (CONTINUED)

Leases as lessor

The Group leases out its owned building (see note 5) and has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Rental income from the building recognised by the Group and SSG during 2020 was $10,606,000 (2019: $10,519,000) and $11,709,000 (2019: $11,375,000).

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

	Group $'000	SSG $'000
2020 – Operating leases under SB-FRS 116		
Less than one year	15,792	10,113
One to two years	12,149	7,651
Two to three years	6,357	3,939
Three to four years	2,293	1,340
Four to five years	2,293	1,340
More than five years	7,695	4,543
Total undiscounted lease receivable	46,579	28,926

	Group $'000	SSG $'000
2019 – Operating leases under SB-FRS 17		
Less than one year	13,212	7,811
Between one year to five years	13,151	9,197
More than five years	8,243	5,883
Total	34,606	22,891

31. RELATED PARTIES

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

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

	Parent Ministry $'000	Other Ministries $'000	Other Statutory Boards $'000	Total $'000
Group and SSG				
2020				
Operating income	–	(86)	(247)	(333)
Grant disbursement	2	–	65,124	65,126
Other expenditure	816	4,090	16,456	21,362
Payments made on behalf of WSG by SSG:				
– Shared services [1]	–	–	50,382	50,382
– Other expenditure	–	–	227	227
Payments made on behalf of SSG by WSG:				
– Other expenditure	–	–	647	647
2019				
Operating income	–	(284)	(267)	(551)
Grant disbursement	–	–	14,617	14,617
Other expenditure	1,705	2,910	16,133	20,748
Payments made on behalf of WSG by SSG:				
– Shared services [1]	–	–	42,064	42,064
– Other expenditure	–	–	237	237
Payments made on behalf of SSG by WSG:				
– Other expenditure	–	–	412	412

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

31. RELATED PARTIES (CONTINUED)

Compensation of key management personnel

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

	2020 $'000	2019 $'000
Group and SSG		
Wages and salaries	8,556	9,480
Employers' contribution to Central Provident Fund	546	500
	9,102	9,980

32. FINANCIAL INSTRUMENTS

(a) *Financial risk management*

Overview

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

- credit risk
- liquidity risk
- market risk

Overview

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

Risk management framework

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

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

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

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

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit risk

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

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

Cash and cash equivalents

The Group held cash and cash equivalents of $90,065,000 at 31 March 2020 (2019: $82,585,000). The cash and cash equivalents are held with bank and financial institution counterparties which are rated AA- (2019: AA-), based on S&P's ratings as of 31 March 2020.

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

Trade receivables

The Group and SSG has applied the simplified approach to measure the loss allowance based on lifetime expected credit losses. The Group and SSG considers the differences between economic conditions during the period over which the probabilities of default are computed mainly based on actual historical credit experience and expected future economic conditions, along with a consideration of the amount of security deposits obtained, if any, with respect to the outstanding balances. The loss allowance has been determined to be immaterial as at 31 March 2019 and 2020.

Amount due from related parties and subsidiaries

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

Other receivables

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

32. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk

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

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

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

		Cash flows		
	Carrying amount $'000	**Contractual cash flows $'000**	**Within 1 year $'000**	**Between 2 to 5 years $'000**
Group				
31 March 2020				
Non-derivative financial liabilities				
Lease liabilities	20,020	27,701	6,872	20,829
Other payables	42,680	42,680	42,680	–
	62,700	70,381	49,552	20,829
31 March 2019				
Non-derivative financial liability				
Other payables	107,855	107,855	107,855	–
SSG				
31 March 2020				
Non-derivative financial liabilities				
Lease liabilities	19,950	27,567	6,810	20,757
Other payables	35,765	35,765	35,765	–
	55,715	63,332	42,575	20,757
31 March 2019				
Non-derivative financial liability				
Other payables	106,253	106,253	106,253	–

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

32. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Market risk

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

Interest rate risk

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

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

Sensitivity analysis

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

	Group		SSG	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Centralised Liquidity Management ("CLM") deposits held with AGD	901	826	334	329

(e) Determination of fair values

Other financial assets and liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTINUED)

(f) Accounting classification and fair values

Fair value versus carrying amounts

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

	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000
Group			
31 March 2020			
Financial assets not measured at fair value			
Cash and cash equivalents	90,065	–	90,065
Trade and other receivables	41,048	–	41,048
Deposits	3,131	–	3,131
	134,244	–	134,244
Financial liabilities not measured at fair value			
Other payables *	–	37,448	37,448
31 March 2019			
Financial assets not measured at fair value			
Cash and cash equivalents	82,585	–	82,585
Trade and other receivables	108,894	–	108,894
Deposits	1,425	–	1,425
	192,904	–	192,904
Financial liabilities not measured at fair value			
Other payables *	–	99,257	99,257

* Excludes advance receipts

32. FINANCIAL INSTRUMENTS (CONTINUED)

(f) Accounting classification and fair values (continued)

	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000
SSG			
31 March 2020			
Financial assets not measured at fair value			
Cash and cash equivalents	33,369	–	33,369
Trade and other receivables	69,352	–	69,352
Deposits	3,049	–	3,049
	105,770	–	105,770
Financial liabilities not measured at fair value			
Other payables *	–	33,375	33,375
31 March 2019			
Financial assets not measured at fair value			
Cash and cash equivalents	32,883	–	32,883
Trade and other receivables	137,639	–	137,639
Deposits	1,770	–	1,770
	172,292	–	172,292
Financial liabilities not measured at fair value			
Other payables *	–	99,923	99,923

* Excludes advance receipts

(g) Capital management

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

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

TRANSFORMING TOGETHER

SKILLSFUTURE JUBILEE FUND

CONTENTS

STATEMENT BY SKILLSFUTURE SINGAPORE AGENCY

WHICH ADMINISTERS SKILLSFUTURE JUBILEE FUND

In our opinion:

(a) the accompanying financial statements of SkillsFuture Jubilee Fund ("SFJF"), set out on pages 103 to 117 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 2020, and the financial performance, changes in accumulated surplus, and cash flows of SFJF for the financial year ended on that date;

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

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

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

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

On behalf of the SkillsFuture Singapore Agency, which administers SFJF

Wong Kim Yin	**Ong Tze-Ch'in**
Chairman	*Chief Executive*

12 August 2020

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE BOARD OF SKILLSFUTURE SINGAPORE AGENCY WHICH ADMINISTERS SKILLSFUTURE JUBILEE FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of SkillsFuture Jubilee Fund ("SFJF"), which comprise the statement of financial position as at 31 March 2020, 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 103 to 117.

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 give a true and fair view of the financial position of SFJF as at 31 March 2020, and the financial performance, changes in accumulated surplus and cash flows of SFJF for the year ended on that date.

Basis for Opinion

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

Other Information

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

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE BOARD OF SKILLSFUTURE SINGAPORE AGENCY WHICH ADMINISTERS SKILLSFUTURE JUBILEE FUND

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SFJF's internal controls.

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

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on SFJF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause SFJF to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE BOARD OF SKILLSFUTURE SINGAPORE AGENCY WHICH ADMINISTERS SKILLSFUTURE JUBILEE FUND

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion:

(a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by SFJF during the year are, in all material respects, in accordance with the provisions of the Acts; and

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

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

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

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

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
12 August 2020

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Note	2020 $	2019 $
Asset			
Other receivable	4	245,867	236,367
Cash and cash equivalents	5	20,288,918	20,184,713
Current assets		20,534,785	20,421,080
Total current assets representing total assets		20,534,785	20,421,080
Accumulated surplus		20,534,785	20,421,080
Total accumulated surplus		20,534,785	20,421,080

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

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2020

	Note	2020 $	2019 $
Income			
Interest income		393,705	359,953
Expenditure			
Other expenses	6	(280,000)	(290,000)
Surplus for the year, representing total comprehensive income for the year		113,705	69,953

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

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS

YEAR ENDED 31 MARCH 2020

	Accumulated surplus $
At 1 April 2018	20,351,127
Net surplus for the year, representing total comprehensive income for the year	69,953
At 31 March 2019/1 April 2019	20,421,080
Net surplus for the year, representing total comprehensive income for the year	113,705
At 31 March 2020	20,534,785

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

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Surplus for the year		113,705	69,953
Adjustment for:			
Interest income		(393,705)	(359,953)
Net cash used in operating activities		(280,000)	(290,000)
Cash flows from investing activity			
Interest received		384,205	252,882
Net cash generated from investing activity		384,205	252,882
Net increase/(decrease) in cash and cash equivalents		104,205	(37,118)
Cash and cash equivalents at beginning of the year	5	20,184,713	20,221,831
Cash and cash equivalents at end of the year	5	20,288,918	20,184,713

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

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 12 August 2020.

1. GENERAL

The SkillsFuture Jubilee fund (the "SFJF") was established in the Republic of Singapore as part of the Skills Development Fund ("SDF") in accordance with Section 5 of the Skills Development Levy Act (Cap. 306). SFJF was administered by Singapore Workforce Agency ("WDA") from 11 February 2015 to 2 October 2016. The administration of the SFJF was transferred from WDA to SkillsFuture Singapore Agency ("SSG") with effect from 3 October 2016.

As SFJF resides within SDF, in accordance with the objects of the Skills Development Levy Act (Cap. 306), the objects for which moneys of SFJF may be applied are as follows:

(a) the promotion, development and upgrading of skills and expertise of persons preparing to join the workforce, persons in the workforce and persons rejoining the workforce;

(b) the retraining of retrenched persons; and

(c) the provision of financial assistance by grants, loans or otherwise for the above-mentioned purposes.

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

(a) recognise and develop Singaporeans who embody characteristics aligned with the SkillsFuture objectives and support them in developing skills mastery in their respective fields of work; and

(b) recognise employers who made significant effort to invest in employee training and supported the SkillsFuture effort to develop structured skills-based career pathways for their employees.

SFJF's registered office and principal place of operations is No.1 Marina Boulevard, #18-01, One Marina Boulevard, Singapore 018989. SFJF is an Institute of Public Character ("IPC") and registered charity under the Charities Act (Cap. 37). The financial statements are expressed in Singapore dollars.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2. BASIS OF PREPARATION (CONTINUED)

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

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

2.5 Changes in accounting policies

SFJF has applied the following SB-FRSs, amendments to and interpretations of SB-FRS for the first time for the annual period beginning on 1 April 2019:

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Non-derivative financial assets

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

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

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

SFJF does not have non-derivative assets measured at FVOCI and FVTPL.

Financial assets at amortised cost

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

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

Financial assets at amortised cost comprise cash and cash equivalents and other receivables.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Non-derivative financial assets (Continued)

(ii) Classification and subsequent measurement (Continued)

Financial assets: Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice.
- how the performance of the portfolio is evaluated and reported to SFJF's management;
- the risks that affect the performance of the business model and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Non-derivative financial assets (Continued)

(ii) Classification and subsequent measurement (Continued)

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

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

Subsequent measurement and gains and losses

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

(iii) Derecognition

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

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

(iv) Cash and cash equivalents

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Non-derivative financial assets (Continued)

(v) Impairment

SFJF recognises loss allowances for ECLs on financial assets measured at amortised costs.

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

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

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

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

General approach

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

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

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

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

SFJF considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to SFJF in full, without recourse by SFJF to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Non-derivative financial assets (Continued)

(v) Impairment (continued)

General approach (Continued)

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;

- a breach of contract such as a default or being more than 90 days past due;

- the restructuring of a loan or advance by SFJF on terms that SFJF would not consider otherwise;

- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or

- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Finance income

SFJF's finance income include interest income.

Interest income is recognised using the effective interest method.

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

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

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

3.3 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.

4. OTHER RECEIVABLE

	2020 $	2019 $
Interest receivable from Centralised Liquidity Management deposits held with AGD	245,867	236,367

NOTES TO THE FINANCIAL STATEMENTS

5. CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Centralised Liquidity Management deposits held with AGD [i]	20,288,918	20,184,713

[i] SFJF participates in the Centralised Liquidity Management by the AGD under AGD Circular 4/2009. Deposits, which are interest-bearing, are centrally managed by AGD and are available to SFJF upon request and earn interest at rates between 1.67% to 2.13% (2019: 1.44% to 1.98%) per annum.

6. OTHER EXPENSES

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

7. FINANCIAL INSTRUMENTS

Overview

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

- credit risk
- market risk

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

Risk management framework

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

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

7. FINANCIAL INSTRUMENTS (CONTINUED)

Risk management framework (Continued)

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

(a) Credit risk

Categories of financial instruments

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

	2020 $	2019 $
Financial assets at amortised cost		
Other receivable	245,867	236,367
Cash and cash equivalents	20,288,918	20,184,713
	20,534,785	20,421,080

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

Other receivable

Impairment on other receivable has been measured based on the 12-month expected loss basis. Probabilities of default are computed mainly based on historical data of credit ratings and default rates of debtors. No forward looking factors are used in the computation as the balances are measured on the 12-month expected loss basis (i.e. short-term).

The computed impairment loss derived was determined to be immaterial as at 31 March 2020 and 31 March 2019.

Cash and cash equivalents

SFJF has limited exposure to financial risks as its financial assets consist mainly of interest income receivables from cash and cash equivalents placed with AGD and cash and cash equivalents placed with AGD (Notes 4 and 5).

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

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

NOTES TO THE FINANCIAL STATEMENTS

7. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk

Interest rate risk

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

Exposure to interest rate risk

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

	Nominal amount 2020 $	 2019 $
Fixed rate instruments		
Cash and cash equivalents	20,288,918	20,184,713

Fair value sensitivity analysis for fixed rate instruments

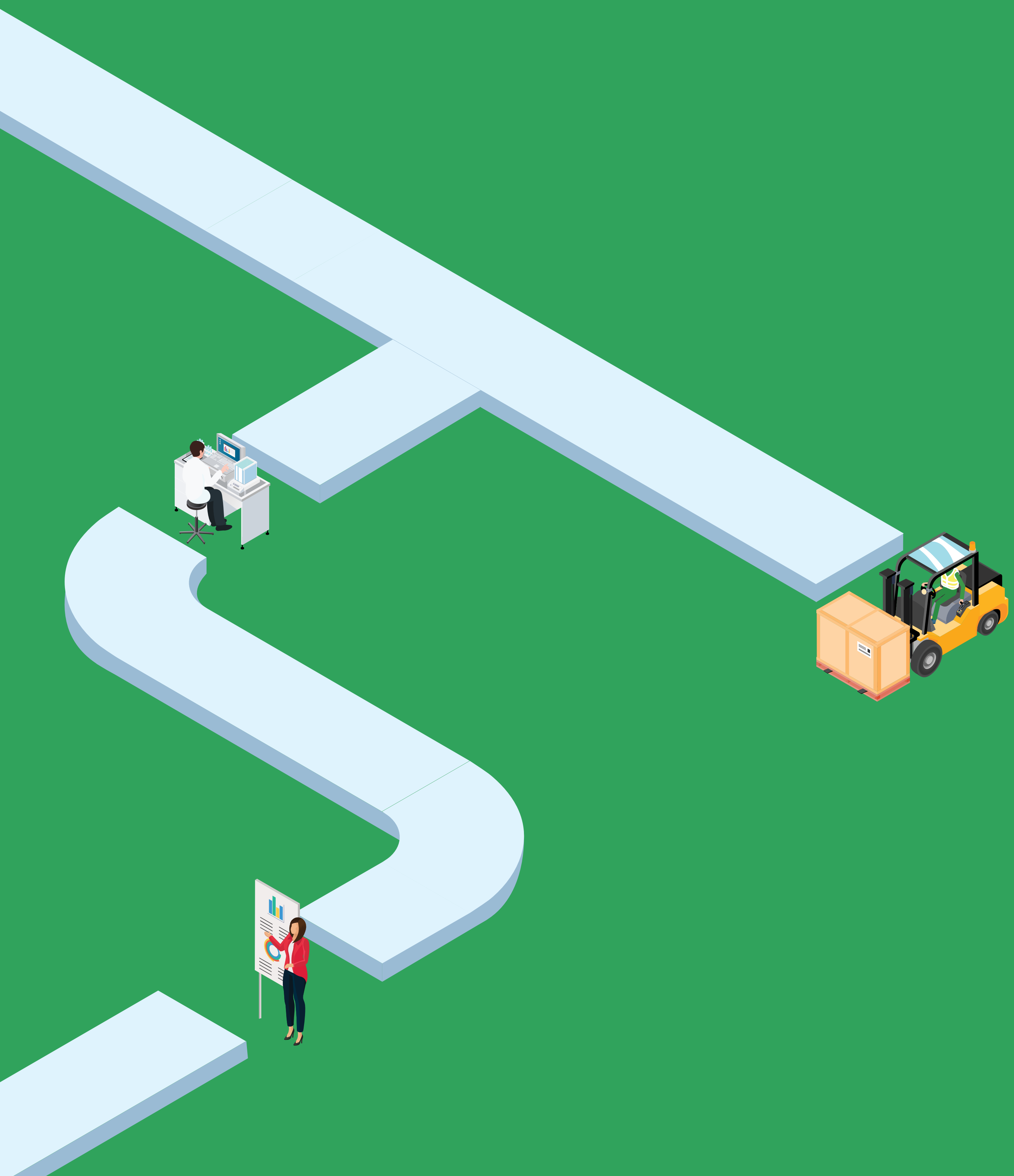
The Company does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

8. KEY MANAGEMENT PERSONNEL COMPENSATION

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

TRANSFORMING TOGETHER

SKILLS DEVELOPMENT FUND



CONTENTS

STATEMENT BY SKILLSFUTURE SINGAPORE AGENCY

WHICH ADMINISTERS SKILLS DEVELOPMENT FUND

In our opinion:

(a) the accompanying financial statements of Skills Development Fund ("SDF"), set out on pages 124 to 148 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 2020, 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

Ong Tze-Ch'in
Chief Executive

Tan Wee Beng
Deputy Chief Executive

12 August 2020

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE BOARD OF SKILLSFUTURE SINGAPORE AGENCY WHICH ADMINISTERS SKILLS DEVELOPMENT FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Skills Development Fund ("SDF"), which comprise the statement of financial position as at 31 March 2020, 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 124 to 148.

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 2020 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. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE BOARD OF SKILLSFUTURE SINGAPORE AGENCY WHICH ADMINISTERS SKILLS DEVELOPMENT FUND

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 controls.

(b) Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SDF's internal controls.

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

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on SDF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause SDF to cease to continue as a going concern.

(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.

INDEPENDENT AUDITORS' REPORT
MEMBERS OF THE BOARD OF SKILLSFUTURE SINGAPORE AGENCY WHICH ADMINISTERS SKILLS DEVELOPMENT FUND

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion

In our opinion:

(a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by SDF during the year are, in all material respects, in accordance with the provisions of the Act; and

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

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
12 August 2020

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Note	2020 $'000	2019 $'000
Assets			
Financial assets, at amortised cost	4	61,833	74,879
Non-current asset		61,833	74,879
Cash and cash equivalents	5	736,806	808,021
Levy and other receivables	6	56,177	48,295
Grants disbursed in advance	7	2,131	14,152
Financial assets, at amortised cost	4	11,257	1,505
Financial assets, at fair value through profit or loss	8	416,541	310,915
Current assets		1,222,912	1,182,888
Total assets		1,284,745	1,257,767
Equity			
Capital account	9	871,139	871,139
Accumulated profits		370,825	353,765
Total equity		1,241,964	1,224,904
Liability			
Trade payables	10	42,781	32,863
Current liability		42,781	32,863
Total liability		42,781	32,863
Total equity and liability		1,284,745	1,257,767

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

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2020

	Note	2020 $'000	2019 $'000
Operating income	11	274,902	265,576
Other income	12	15,850	17,397
Fair value gain		5,626	7,198
Expenditure			
Net disbursements		(279,879)	(339,955)
Disbursements		(280,147)	(342,304)
Less: Disbursement refunds		268	2,349
Reversal of/ (Allowance for) impairment loss on receivables		847	(133)
Bad debts written off		(286)	(4)
Total expenditure		(279,318)	(340,092)
Surplus/ (Deficit) for the year, representing total comprehensive income/ (loss) for the year		17,060	(49,921)

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

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2020

	Capital account $'000	Accumulated profits $'000	Total $'000
At 1 April 2018	871,139	403,686	1,274,825
Net deficit for the year, representing total comprehensive loss for the year	–	(49,921)	(49,921)
At 31 March 2019	871,139	353,765	1,224,904
At 1 April 2019	871,139	353,765	1,224,904
Net surplus for the year, representing total comprehensive income for the year	–	17,060	17,060
At 31 March 2020	871,139	370,825	1,241,964

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

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Surplus/ (Deficit) for the year		17,060	(49,921)
Adjustments for:			
(Reversal of)/ Allowance for impairment loss on receivables		(847)	133
Bad debts written off		286	4
Fair value gain		(5,626)	(7,198)
Interest income	12	(15,850)	(17,397)
Operating cash flow before movements in working capital		(4,977)	(74,379)
Changes in:			
Levy and other receivables		(8,851)	55,087
Trade payables		9,918	(1,688)
Net cash used in operating activities		(3,910)	(20,980)
Cash flows from investing activities			
Proceeds on maturity of financial assets, at amortised cost		3,030	5,000
Interest received		17,644	13,577
Purchase of financial assets, at fair value through profit or loss		(100,000)	(100,000)
Net cash used in investing activities		(79,326)	(81,423)
Cash flows from financing activity			
Grants refunded		14,152	9,774
Grants disbursed		(2,131)	–
Net cash generated from financing activity		12,021	9,774
Net decrease in cash and cash equivalents		(71,215)	(92,629)
Cash and cash equivalents at beginning of the year	5	808,021	900,650
Cash and cash equivalents at end of the year	5	736,806	808,021

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

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 12 August 2020.

1. GENERAL

The Skills Development Fund ("SDF") was established in the Republic of Singapore on 1 October 1979 as a Government fund under the Skills Development Levy Act, Cap. 306. SDF was administered by Singapore Workforce Development Agency ("WDA") from 1 September 2003 to 2 October 2016. The administration of SDF was transferred from WDA to SSG with effect from 3 October 2016. The registered office and principal place of operations of SSG, being the administrator of SDF, is No.1 Marina Boulevard, #18-01, One Marina Boulevard, Singapore 018989.

The SDF was established for the following purposes:

(a) the promotion, development and upgrading of skills and expertise of persons preparing to join the workforce, persons in the workforce and persons rejoining the workforce;

(b) the retraining of retrenched persons; and

(c) the provision of financial assistance by grants, loans or otherwise for the above-mentioned purposes.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgments

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

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

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

2.5 Changes in accounting policies

New standards and amendment

SDF has applied the following SB-FRS, amendments to and interpretations of SB-FRS for the first time for the annual period beginning on 1 April 2019:

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

(ii) Classification and subsequent measurement

Non-derivative financial assets

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

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

Financial assets at amortised cost

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

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

Financial assets at FVTPL

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets: Business model assessment

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

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

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

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

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

Financial assets at amortised cost

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments (continued)

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

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

(iv) Offsetting

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

(v) Cash and cash equivalents

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

3.2 Impairment

(i) Non-derivative financial assets

SDF recognises loss allowances for ECLs on financial assets measured at amortised costs.

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Impairment (continued)

(i) Non-derivative financial assets (continued)

Simplified approach

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

General approach

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

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

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

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

SDF considers a financial asset to be in default when:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Impairment (continued)

(i) Non-derivative financial assets (continued)

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Impairment (continued)

(ii) Non-financial assets

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

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

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

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

3.3 Finance income

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

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

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

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

3.4 Revenue recognition

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

NOTES TO THE FINANCIAL STATEMENTS

4. FINANCIAL ASSETS AT AMORTISED COST

	At amortised cost 2020 $'000	At amortised cost 2019 $'000
Singapore Government Bonds	60,577	60,822
Corporate Bonds	12,513	15,562
	73,090	76,384
Represented by		
Current portion	11,257	1,505
Non-current portion	61,833	74,879
	73,090	76,384

The quoted bonds have fixed interest rates ranging from 2.25% to 3.90% (2019: 2.25% to 4.75%) per annum and have maturity periods ranging from 1 to 29 months (2019: 5 to 41 months).

5. CASH AND CASH EQUIVALENTS

	2020 $'000	2019 $'000
Centralised Liquidity Management ("CLM") deposits held with AGD [i]	736,806	808,021

[1] SDF participates in the CLM by the AGD under AGD Circular 4/2009. Deposits, which are interest-bearing, are centrally managed by AGD and are available to SDF upon request and earn interest at rates between 1.67% to 2.13% (2019: 1.44% to 1.98%) per annum.

6. LEVY AND OTHER RECEIVABLES

	2020 $'000	2019 $'000
Levy receivables	2,382	2,138
Interest receivable from bonds & CLM	9,105	10,635
Other receivables from Lifelong Learning Endowment Fund	10,079	1,801
Other receivables from WSG	12,027	15,132
Other receivables from SSG	22,584	18,589
	56,177	48,295

NOTES TO THE FINANCIAL STATEMENTS

7. GRANTS DISBURSED IN ADVANCE

	2020 $'000	2019 $'000
Related party	–	14,152
Third parties	2,131	–
	2,131	14,152

SDF fund was drawn down to finance SSG and WSG's operations to meet the increasing demands and needs of workforce development efforts. SSG and WSG have established a mutually agreed allocation framework on the usage of SDF to finance SSG and WSG's operations respectively.

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

During the previous financial year, SSG and WSG had drawn down grants in excess of the actual expenditures incurred. The excess was offset against financial year 2020 projection of expenditure and was recorded as grants disbursed in advance by SDF.

8. FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 $'000	2019 $'000
Fund investments	416,541	310,915

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

9. CAPITAL ACCOUNT

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

NOTES TO THE FINANCIAL STATEMENTS

10. TRADE PAYABLES

	2020 $'000	2019 $'000
Related parties	7,299	8,906
Third parties	35,482	23,957
	42,781	32,863

11. OPERATING INCOME

	2020 $'000	2019 $'000
Skills development levy ("SDL") from:		
– Private sector	252,315	243,092
– Statutory boards	8,229	7,973
– Ministries and Organs of State	14,335	14,445
Others	23	66
	274,902	265,576

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

12. OTHER INCOME

	2020 $'000	2019 $'000
Interest income from:		
– CLM deposits held with AGD	14,056	15,465
– Financial assets, at amortised cost	1,794	1,932
	15,850	17,397

NOTES TO THE FINANCIAL STATEMENTS

13. RELATED PARTIES

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

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

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

	2020 $'000	2019 $'000
Disbursements to related parties	66,847	122,173
Receipts from related parties in relation to payments made on behalf of related parties by SDF	(84,492)	(119,717)

Key management personnel compensation

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

14. COMMITMENTS

The following represents the training assistance granted by SSG, and funded by the SDF and the grants committed by SDF for the development of CET Campuses at the end of the financial reporting period. The actual disbursement of the training assistance grant commitments are subject to the fulfilment of the agreed conditions by the grant recipients.

	2020 $'000	2019 $'000
Training assistance committed for disbursement	560,329	513,328
CET campuses development committed for disbursement	42,290	42,290
	602,619	555,618

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.

NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS

(a) Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

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

Fund investments

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk

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

Price risk

Risk management policy

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

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

Sensitivity analysis

Investments at fair value through profit or loss

If prices of fund investments had been 10% higher with all other variables held constant, the fair value of these financial instruments for the year ended 31 March 2020 would have been higher by $41,654,000 (2019: $31,092,000). Correspondingly, the surplus would have been higher by $41,654,000 (2019: $31,092,000). Conversely, if prices of fund investments had been 10% lower with all other variables held constant, the fair value of the financial instruments and the surplus would have been lower by an equal amount.

The 10% represents management's assessment of the possible change in market prices. The sensitivity analysis is for illustrative purposes only. In practice, prices rarely change in isolation and are likely to be interdependent with other market variables. On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe. There has since been a significant increase in economic uncertainty which may impact the market value of these investments.

The uncertainty of the outcome of the current events could result in significant fluctuations in market prices after 31 March 2020. The fluctuations cannot be reasonably determined and disclosed in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

Interest rate risk

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

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

Profile

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

	Carrying amount 2020 $'000	Carrying amount 2019 $'000
Fixed rate instruments		
Financial assets at amortised costs	73,090	76,384
Centralised Liquidity Management deposits held with AGD	736,806	808,021
	809,896	884,405

(c) Credit risk

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

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

Cash and cash equivalents

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

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

NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit risk (continued)

Financial assets at amortised costs

SDF's investments classified as financial assets at amortised costs consist of Singapore government bonds and other corporate bonds which are investment grade institutions. SDF's exposure to credit risk relating to its bonds are classified into AAA-rating (based on public ratings assigned by Standard & Poor's) and bonds in which ratings are not available.

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

Impairment on AAA-rated and bonds that have no available ratings has been measured on the 12-month expected loss basis. SDF considers that its AAA-rated bonds have low credit risk based on the external credit ratings of the counterparties.

Impairment on bonds which have no available ratings are computed mainly based on the historical default rates of individual bond issuers. No significant increase in credit risks in the current financial year were noted. No forward-looking factors are used in the computation as the balances are measured on the 12-month expected loss basis (i.e short-term) and the loss allowances were assessed to be immaterial as at 31 March 2020 and 2019.

Levy and other receivables

Exposure to credit risk

SDF's most significant debtor amounts to $22,584,490 (2018: $18,588,889) which pertained to amounts owing by SkillsFuture Agency Singapore as at 31 March 2020.

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

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

Expected credit loss assessment

Levy receivables

For levy receivables, SDF has applied the simplified approach to measure the loss allowance based on lifetime expected credit losses. SDF considers the differences between economic conditions during the period over which the probabilities of default are computed mainly based on actual historical credit experience and expected future economic conditions and has assessed the loss allowance to be immaterial as at 31 March 2019 and 2020.

Other receivables

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

NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity risk

Liquidity risk is the risk that the SDF will not be able to meet its financial obligations as and when they fall due. SDF manages liquidity risk by maintaining sufficient funds from collection of SDL to enable it to meet its operational requirements.

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

Capital management

SDF's objectives when managing capital are to ensure that it is adequately capitalised and that it fulfils the objects for which moneys of 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.

(e) Accounting classifications and fair values

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

		Carrying amount				
	Note	Designated at FVTPL $'000	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
2020						
Financial assets measured at fair value						
Fund investments at FVTPL	8	416,541	–	–	416,541	416,541
Financial assets not measured at fair value						
Financial investments at amortised cost	4	–	73,090	–	73,090	74,738
Cash and cash equivalents	5	–	736,806	–	736,806	–
Levy and other receivables	6	–	56,177	–	56,177	–
		–	866,073	–	866,073	74,738
Financial liabilities						
Trade payables	10	–	–	42,781	42,781	

NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Accounting classifications and fair values (continued)

	Note	Carrying amount				
		Designated at FVTPL $'000	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
2019						
Financial assets measured at fair value						
Fund investments at FVTPL	8	310,915	–	–	310,915	310,915
Financial assets not measured at fair value						
Financial investments at amortised cost	4	–	76,384	–	76,384	77,020
Levy and other receivables	6	–	48,295	–	48,295	–
Cash and cash equivalents	5	–	808,021	–	808,021	–
		–	932,700	–	932,700	77,020
Financial liabilities						
Trade payables	10	–	–	32,863	32,863	

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

Fund investments at FVTPL

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

NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS (CONTINUED)

(f) Accounting classifications and fair values (continued)

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

Financial investments at amortised cost

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

Other financial assets and liabilities

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

Fair value hierarchy

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

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(c) Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

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

	Level 1 $'000	Level 2 $'000	Total $'000
2020			
Financial investments at amortised cost	74,738	–	74,738
Fund investments at FVTPL	–	416,541	416,541
	74,738	416,541	491,279
2019			
Financial investments at amortised cost	77,020	–	77,020
Fund investments at FVTPL	–	310,915	310,915
	77,020	310,915	387,935

SDF does not have any investments in the Level 3 category and there were no transfers between Level 1 and Level 2 in 2020 and 2019.

NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS (CONTINUED)

(f) Accounting classifications and fair values (continued)

Valuation techniques and significant unobservable inputs

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

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

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