Company Registration No. 200600593Z

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

Annual Report
31 March 2016

Building a better working world

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED
(Incorporated in Singapore)

ANNUAL REPORT
For the financial year ended 31 March 2016

Contents

DIRECTORS' STATEMENT
For the financial year ended 31 March 2016

The directors are pleased to present their statement to the members together with the audited financial statements of Singapore Deposit Insurance Corporation Limited (the "Company") for the financial year ended 31 March 2016.

Opinion of the directors

In the opinion of the directors,

(a) the financial statements of the Company are drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act"), the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B (the "DI-PPF Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 March 2016 and of the financial performance and cash flows of the Company for the year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Mr Koh Yong Guan, Chairman
Mr Han Eng Juan
Mrs Hauw-Quek Soo Hoon
Mr Wong Yew Meng
Mr Ang Peng Koon Patrick
Mr Gerard Tan Wee Seng (appointed on 8 September 2015)

Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings required to be kept under section 164 of the Act, none of the directors holding office at the end of the financial year had interest in the shares or debentures of the Company or its related corporations.

Directors' interests in shares or debentures (continued)

The Company is a public company limited by guarantee and has no share capital. Three directors are also members of the Company, but they have no personal interest in the Company, which is designated under the DI-PPF Act as the deposit insurance and policy owners' protection fund agency. There were also no debentures issued by the Company as at the end of the financial year.

Dividends

In accordance with the Memorandum of Association of the Company, no dividends shall be paid to its members.

Auditors

The Company has adopted the policy of rotating its auditor every five years in consultation with the Auditor-General pursuant to the DI-PPF Act. In line with this policy, Ernst & Young LLP will be retiring and will not be seeking re-appointment after having served five years as auditor. PricewaterhouseCoopers LLP has indicated its interest to be appointed as auditor at the Company's next Annual General Meeting.

On behalf of the Board of Directors

KOH YONG GUAN Director	HAN ENG JUAN Director

27 June 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED
For the financial year ended 31 March 2016

Report on the financial statements

We have audited the accompanying financial statements of Singapore Deposit Insurance Corporation Limited (the "Company") set out on pages 5 to 28, which comprise the balance sheet as at 31 March 2016, and the statement of comprehensive income and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility 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 Singapore Companies Act, Cap. 50 (the "Act"), the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B (the "DI-PPF Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED
For the financial year ended 31 March 2016

Opinion

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act, the DI-PPF Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 March 2016 and of the financial performance and cash flows of the Company for the financial year ended on that date.

Report on other legal and regulatory requirements

In our opinion,

(a) the accounting and other records required by the Act and the DI-PPF Act to be kept by the Company have been properly kept in accordance with the provisions of the Acts, including records of all assets of the Company whether purchased, donated or otherwise; and

(b) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Company during the financial year have been made in accordance with the provisions of DI-PPF Act.

Ernst & Young LLP

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

27 June 2016

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2016

	Note	2016 $	2015 $
Income:			
Recovery from the Deposit Insurance Fund	2.2	**2,620,623**	2,465,697
Recovery from the Policy Owners' Protection Life Fund	2.2	**1,425,970**	1,160,728
Recovery from the Policy Owners' Protection General Fund	2.2	**810,858**	660,114
Government grants	2.2	**20,269**	9,191
Total income		**4,877,720**	4,295,730
Expenses:			
Employee compensation	3	**2,644,330**	2,191,850
Depreciation and amortisation	8, 9	**700,433**	557,308
Other expenses	4	**1,532,957**	1,546,572
Total expenses		**4,877,720**	4,295,730
Profit before income tax		–	–
Income tax expense	5	–	–
Total comprehensive income		–	–

There is no other comprehensive income for the financial years ended 31 March 2016 and 2015.

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

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

BALANCE SHEET
As at 31 March 2016

	Note	**2016**	2015
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	6	**5,268,761**	3,192,553
Non-trade receivables	7	**281,004**	261,184
Prepayments		**57,464**	24,269
		5,607,229	3,478,006
Non-current assets			
Property and equipment	8	**405,464**	467,501
Intangible assets	9	**2,085,749**	1,223,382
		2,491,213	1,690,883
Total assets		**8,098,442**	5,168,889
LIABILITIES			
Current liabilities			
Advance from the Deposit Insurance Fund	10	**3,281,400**	2,111,085
Advance from the Policy Owners' Protection Life Fund	10	**2,646,449**	1,778,315
Advance from the Policy Owners' Protection General Fund	10	**1,504,702**	1,012,359
Non-trade payables	10	**638,927**	267,130
		8,071,478	5,168,889
Non-current liabilities			
Non- trade payables	10	**26,964**	–
		26,964	–
Total liabilities		**8,098,442**	5,168,889
NET ASSETS		–	–

The Company is a public company limited by guarantee and has no share capital. The Company has no retained earnings or accumulated losses since its incorporation. As such, no statement of changes in equity is presented.

CASH FLOW STATEMENT
For the financial year ended 31 March 2016

	Note	**2016** **$**	2015 $
Cash flows from operating activities			
Profit before taxation		–	–
Adjustments for:			
Depreciation and amortisation		**700,433**	557,308
		700,433	557,308
Operating cash flows before changes in working capital			
(Increase)/decrease in:			
Non-trade receivables		**(19,820)**	(3,689)
Prepayments		**(33,195)**	22,097
Increase/(decrease) in:			
Advance from the Deposit Insurance Fund		**1,170,315**	(487,413)
Advance from the Policy Owners' Protection Life Fund		**868,134**	(70,705)
Advance from the Policy Owners' Protection General Fund		**492,343**	(37,539)
Non-trade payables		**398,761**	(694,013)
Net cash flows generated from/(used in) operating activities		**3,576,971**	(713,954)
Cash flows from investing activities			
Purchases of property and equipment	8	**(136,469)**	(243,926)
Purchases of intangible assets	9	**(1,364,294)**	(311,739)
Net cash flows used in investing activities		**(1,500,763)**	(555,665)
Net increase/(decrease) in cash and cash equivalents		**2,076,208**	(1,269,619)
Cash and cash equivalents at beginning of financial year	6	**3,192,553**	4,462,172
Cash and cash equivalents at end of financial year	6	**5,268,761**	3,192,553

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

1. General information

Singapore Deposit Insurance Corporation Limited (hereinafter called the "Company") is designated under section 56 of the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B (the "DI-PPF Act") to be the deposit insurance and policy owners' protection fund agency (the "Agency") for the purposes of the DI-PPF Act. The Company was previously designated by the Minister under section 12 of the Deposit Insurance Act Cap. 77A (the "DI Act") as the deposit insurance agency until the repeal of the DI Act on 1 May 2011. Accordingly, in the notes to the financial statements, DI-PPF Act refers collectively to the DI Act in force up to 30 April 2011 and the DI-PPF Act which came into force on 1 May 2011. The Company is a public company limited by guarantee incorporated under the Companies Act Cap. 50 on 13 January 2006 and is domiciled in Singapore. The address of its registered office is 10 Shenton Way, #11-06, MAS Building, Singapore 079117.

The objects of the Company are as stipulated under section 57 of the DI-PPF Act, and include the following:

(a) to administer the Deposit Insurance Scheme (the "DI Scheme") and the Policy Owners' Protection Scheme (the "PPF Scheme") in accordance with the DI-PPF Act;
(b) to administer and manage the Deposit Insurance Fund (the "DI Fund"), the Policy Owners' Protection Life Fund (the "PPF Life Fund") and the Policy Owners' Protection General Fund (the "PPF General Fund") in accordance with the DI-PPF Act;
(c) to administer and manage the insurance business of a failed PPF Scheme member; and
(d) to take such steps as may be directed by the Minister or after consultation with the Monetary Authority of Singapore (the "MAS"), to contribute to the stability of the financial system.

In order to fulfil the above objects, the Company may transfer moneys to its account from the DI Fund, the PPF Life Fund and the PPF General Fund pursuant to section 57(4) of the DI-PPF Act.

The DI Scheme was established in Singapore for the benefit of insured depositors in respect of their insured deposits placed with DI Scheme members as specified in the DI-PPF Act. The PPF Scheme was established in Singapore for the benefit of policy owners in respect of their protected policies as specified in the DI-PPF Act.

The DI Fund re-constituted under section 9 of the DI-PPF Act, and subject to the directions of the Minister, is administered and managed by the Company. All premium contributions and moneys receivable under the DI Scheme are payable into the DI Fund and all expenditure and other moneys are payable out of the DI Fund as authorised under the DI-PPF Act.

1. General information (continued)

The PPF Life Fund and the PPF General Fund, established under section 34 of the DI-PPF Act, and subject to the directions of the Minister, are administered and managed by the Company. All levies and moneys receivable under the PPF Scheme from Scheme members carrying on life business are payable into the PPF Life Fund and all expenditure and other moneys are payable out of the PPF Life Fund as authorised under the DI-PPF Act. All levies and moneys receivable under the PPF Scheme from Scheme members carrying on general business are payable into the PPF General Fund and all expenditure and other moneys are payable out of the PPF General Fund as authorised under the DI-PPF Act.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

(a) Judgments made in applying accounting policies

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Although these estimates are based on the Company's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The area involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to the financial statements is as follows:

Amortisation of intangible assets

These assets are amortised on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 3 to 5 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future amortisation charges could be revised. Refer to Note 9 for details on the amortisation of intangible assets.

There are no key sources of uncertainty relating to estimation made by management that can affect the preparation of the financial statements during the year.

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) *Interpretations and amendments to published standards effective in 2015*

The accounting policies adopted are consistent with those of the previous financial year, except in the current financial year, the Company has adopted all new and revised standards and Interpretations of FRS that are effective for annual periods beginning on or after 1 April 2015. The adoption of these standards and interpretations do not have any effect on the financial performance or position of the Company.

(a) *Standards issued but not yet effective*

The Company has not adopted the following standards that have been issued but not yet effective for annual periods beginning on or after 1 April 2015.

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture*	Date to be determined
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Except for FRS 109, the Management expects that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

FRS 109 Financial Instruments

In December 2014, the ASC issued the final version of FRS 109 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption. The adoption of FRS 109 may have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities.

2.2 Revenue

Income from the DI Fund, the PPF Life Fund and the PPF General Fund (hereafter collectively referred to as the "Funds") represent moneys recoverable from the DI Fund, the PPF Life Fund and the PPF General Fund respectively for expenditure properly incurred and as authorised under the DI-PPF Act.

Income from the DI Fund, the PPF Life Fund and the PPF General Fund is recognised in the period in which the relevant expenditure is charged to the statement of comprehensive income.

Government grants received are recognised as income.

2.3 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank placed with financial institutions.

2. Summary of significant accounting policies (continued)

2.4 Financial assets

(a) Initial recognition and measurement

Financial assets are classified as loans and receivables. Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

The Company determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

(b) Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains or losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

(c) De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired or has been transferred and the Company has transferred substantially all risks and rewards of ownership.

On de-recognition of a financial asset, the difference between the carrying amount and the sum of the consideration received is recognised in the statement of comprehensive income.

2. Summary of significant accounting policies (continued)

2.5 Impairment of financial assets

The Company assesses at each financial year-end whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the financial asset is impaired.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred the amount of loss is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an impairment allowance account. The impairment loss is recognised in the statement of comprehensive income.

When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the statement of comprehensive income.

If in the subsequent period, the amount of the impairment decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost at the reversal date. Impairment loss is reversed through the statement of comprehensive income.

2.6 Property and equipment

(a) Recognition and measurement

Property and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses (Note 2.8).

The cost includes purchase price, the cost of replacing part of the property and equipment and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of an item of property and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

2. Summary of significant accounting policies (continued)

2.6 Property and equipment (continued)

(b) Depreciation

Depreciation on property and equipment is calculated on a straight-line basis over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Furniture, fittings and other office equipment	3 to 5 years
Computer equipment and software	3 to 5 years

The residual values, estimated useful lives and depreciation method of property and equipment are reviewed, and adjusted as appropriate, at each financial year-end. The effects of any revision are recognised in the statement of comprehensive income when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance expenses are recognised in the statement of comprehensive income when incurred.

(d) Disposal

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. On disposal of an item of property and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the statement of comprehensive income.

2.7 Intangible assets

Intangible assets consist of computer software and development costs for computer application systems.

(a) Recognition and measurement

Intangible assets are recognised at cost less accumulated amortisation and accumulated impairment losses (Note 2.8).

The cost includes purchase price and any costs that are directly attributable to bringing to use or to develop the specific asset.

2. Summary of significant accounting policies (continued)

2.7 Intangible assets (continued)

(b) Amortisation

Amortisation of intangible assets is calculated using a straight-line basis over their estimated useful lives. The estimated useful lives are 3 to 5 years.

The residual values, estimated useful lives and amortisation method of intangible assets are reviewed, and adjusted as appropriate, at each financial year-end. The effects of any revision are recognised in the statement of comprehensive income when the changes arise.

Intangible assets under development are not amortised.

(c) Subsequent expenditure

Subsequent expenditure relating to intangible assets that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. All other subsequent expenses are recognised in the statement of comprehensive income when incurred.

(d) Disposal

On disposal of an item of intangible assets, the difference between the disposal proceeds and its carrying amount is recognised in the statement of comprehensive income.

2.8 Impairment of non-financial assets

Property and equipment and intangible assets are reviewed for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the statement of comprehensive income.

2. Summary of significant accounting policies (continued)

2.8 Impairment of non-financial assets (continued)

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation or amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the statement of comprehensive income.

2.9 Advances from the Funds and Non-trade payables

Advances from the DI Fund, the PPF Life Fund and the PPF General Fund and non-trade payables are initially carried at fair value, and subsequently measured at amortised cost, using the effective interest method.

2.10 Operating lease

Leases of assets where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in the statement of comprehensive income on a straight-line basis over the period of the lease.

When a lease is terminated before the lease period expires, any payment made (or received) by the Company as penalty is recognised as an expense (or income) when termination takes place.

2.11 Employee compensation

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

2. Summary of significant accounting policies (continued)

2.11 Employee compensation (continued)

(a) Defined contribution plans (continued)

The Company's contribution to the defined contribution plans are recognised in the financial period to which they relate.

(b) 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 financial year-end date.

(c) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after financial year-end date are discounted to present value.

(d) Deferred employee benefits

Deferred employee benefits consist of cash compensation plans, including the employer's contribution to the Central Provident Fund, which are deferred for a specified period for the purposes of talent retention. The expenses relating to the benefits are fully recognized in the financial period in which the benefits are awarded, but payment is on an annual basis conditional upon the recipient being in the employment of the Company on the payment date.

Deferred employee benefits that are expected to be settled within 12 months after the financial year end are classified as current liabilities while those benefits that are expected to be settled 12 months after the financial year end are classified as non-current liabilities.

2.12 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Singapore Dollars, which is the Company's functional and presentation currency.

2. Summary of significant accounting policies (continued)

2.12 Currency translation (continued)

(b) Transactions and balances

Transactions denominated in a currency other than Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates prevailing at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation at the closing rates at the balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2.13 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with the attached conditions. Government grants relating to costs are deferred and taken to the statement of comprehensive income over the period necessary to match them with the costs they are intended to compensate.

2.14 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:
- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (ii) The entity is controlled or jointly controlled by a person identified in (a); or
- (iii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Employee compensation

	2016 $	2015 $
Wages and salaries	**2,252,574**	1,840,906
Employer's contribution to Central Provident Fund	**246,811**	187,082
Directors' fees	**82,104**	155,500
Deferred employee benefits	**53,976**	–
Others	**8,865**	8,362
	2,644,330	2,191,850

Current year's Directors' remuneration reflected only the amount to be paid in FY 2017 in respect of services rendered during FY 2016. Prior year's Directors' remuneration included (a) amount paid in FY 2015 in respect of Directors' services rendered in FY 2014 and (b) an amount accrued for Directors' remuneration to be paid in FY 2016 in respect of services rendered during FY 2015.

4. Other expenses

	2016 $	2015 $
Rental	**243,350**	243,360
Office maintenance	**8,729**	10,657
Telecommunication charges	**5,814**	5,156
Travel	**22,722**	20,562
Trade association membership	**16,702**	16,135
Audit fees	**43,000**	43,000
Legal, accounting and other fees	**47,150**	12,888
Company secretary fees	**2,488**	1,845
Consultancy fees	**109,200**	314,100
IT expenses	**323,895**	385,468
Publicity	**652,634**	461,395
Others	**57,273**	32,006
	1,532,957	1,546,572

5. Income tax

The Company does not have taxable income for this financial year. The expenses recovered from the DI Fund, the PPF Life Fund and the PPF General Fund are not taxable as long as the income of the respective fund is exempted from income tax. Each fund is exempted from income tax based on the income tax exemption conditions granted by Ministry of Finance.

6. Cash and cash equivalents

	2016 $	2015 $
Cash at bank	**5,268,761**	3,192,553

Cash at bank constitutes moneys withdrawn by the Company from:

(a) the DI Fund to carry out the objects and purposes of the DI Scheme pursuant to section 10 of the DI-PPF Act; and
(b) the PPF Life Fund and the PPF General Fund to carry out the objects and purposes of the PPF Scheme pursuant to section 35 of the DI-PPF Act.

As the Agency of the respective Funds as defined in the DI-PPF Act, the Company can only utilise the money in the bank accounts for purposes as stated above. Therefore, the bank accounts are held by the Company but are specified as trust accounts for the respective funds.

Cash at bank held at the end of the reporting period are non-interest bearing and denominated in Singapore Dollar.

7. Non-trade receivables

	2016 $	2015 $
Refundable deposits	**61,405**	61,625
Receivable from Comptroller of Goods and Services Tax	**217,233**	199,559
Others	**2,366**	–
Total non-trade receivables	**281,004**	261,184
Add: Cash and cash equivalents (Note 6)	**5,268,761**	3,192,553
Total loans and receivables	**5,549,765**	3,453,737

Non-trade receivables are not secured by collateral or credit enhancements, are non-interest bearing and denominated in Singapore Dollar.

8. Property and equipment

	Furniture, fittings and other office equipment $	Computer equipment and software $	Total $
2016			
Cost			
Beginning of financial year	338,622	622,640	961,262
Additions	–	136,469	136,469
Disposal	–	(8,640)	(8,640)
End of financial year	338,622	750,469	1,089,091
Accumulated depreciation			
Beginning of financial year	126,502	367,259	493,761
Depreciation	60,571	137,935	198,506
Disposal	–	(8,640)	(8,640)
End of financial year	187,073	496,554	683,627
Net book value			
End of financial year	**151,549**	**253,915**	**405,464**
2015			
Cost			
Beginning of financial year	238,302	482,034	720,336
Additions	100,320	143,606	243,926
Disposal	–	(3,000)	(3,000)
End of financial year	338,622	622,640	961,262
Accumulated depreciation			
Beginning of financial year	80,029	246,234	326,263
Depreciation	46,473	124,025	170,498
Disposal	–	(3,000)	(3,000)
End of financial year	126,502	367,259	493,761
Net book value			
End of financial year	**212,120**	**255,381**	**467,501**

9. Intangible assets

	Computer software $	Software under development $	Total $
2016			
Cost			
Beginning of financial year	3,905,741	240,795	4,146,536
Additions	202,754	1,161,540	1,364,294
Disposal	(350)	–	(350)
Transfers	8,880	(8,880)	–
End of financial year	4,117,025	1,393,455	5,510,480
Accumulated amortisation			
Beginning of financial year	2,923,154	–	2,923,154
Amortisation	501,927	–	501,927
Disposal	(350)	–	(350)
End of financial year	3,424,731	–	3,424,731
Net book value			
End of financial year	**692,294**	**1,393,455**	**2,085,749**
2015			
Cost			
Beginning of financial year	3,532,690	302,107	3,834,797
Additions	302,859	8,880	311,739
Transfers	70,192	(70,192)	-
End of financial year	3,905,741	240,795	4,146,536
Accumulated amortisation			
Beginning of financial year	2,536,344	–	2,536,344
Amortisation	386,810	–	386,810
End of financial year	2,923,154	–	2,923,154
Net book value			
End of financial year	**982,587**	**240,795**	**1,223,382**

10. Advances from the Funds and non-trade payables

	2016	2015
	$	$
Current		
Advances from the Funds	**7,432,551**	4,901,759
Non-trade payables	**638,927**	267,130
	8,071,478	5,168,889
Non-Current		
Non-trade payables	**26,964**	–
Total	**8,098,442**	5,168,889

Advances from the DI Fund, the PPF Life Fund and the PPF General Fund to cover the Company's operating and capital expenditures are unsecured, non-interest bearing and have no fixed term of repayment. They are denominated in Singapore Dollar.

Non-trade payables are unsecured and non-interest bearing. The current and non-current non-trade payables are repayable within 12 months and 24 months after financial year-end date respectively. They are denominated in Singapore Dollar.

Total liabilities of the company represent the total financial liabilities carried at amortised cost.

11. Goods and Services Tax ("GST")

The Company has been granted remission of GST input tax on all business purchases made by the Company based on the GST exemption conditions granted by Ministry of Finance.

12. Company limited by guarantee

The Company is a public company limited by guarantee and has no share capital. In the event of a winding-up of the Company, the liability of each of the 3 members of the Company is limited to such amount as may be required but not exceeding the sum of $1.

13. Commitments

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	2016	2015
	$	$
Property and equipment	**281,550**	–
Intangible assets - Software under development	**1,544,845**	1,323,065
	1,826,395	1,323,065

(b) Operating lease commitments

The Company leases office premises under non-cancellable operating lease agreement. The lease has ranging terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are as follows:

	2016	2015
	$	$
Not later than one year	**221,229**	241,340
Later than one year but not later than five years	**–**	221,229
	221,229	462,569

14. Financial risk management objectives and policies

The Company's activities expose it to credit risk, liquidity risk and market risk.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Company's exposure to credit risk arises primarily from non-trade receivables and current account balance held with banks. The Company minimises credit risk by dealing with high credit rating counterparties. The Company does not have significant credit concentration risk on its funds, which are held with several reputable financial institutions. The Company's financial assets comprise:-

(i) cash and cash equivalent that are placed with major banks in Singapore; and
(ii) non-trade receivables totalling $281,004 (2015: $261,184) of which 98.8% (2015: 99.5%) are due from the Comptroller of Goods and Services Tax and refundable deposits placed with the MAS.

The Company has no past due or impaired assets.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

(i) *Liabilities-related risk*

The Company's budget is determined before the start of each financial year in accordance with the provisions of the DI-PPF Act. The Company would ensure that each of the DI Fund, the PPF Life Fund and the PPF General Fund maintains sufficient cash and liquid assets to meet the Company's budget spending in respect of the individual funds.

14. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

(ii) *Contingent liabilities-related risk*

The making of compensation payments pursuant to the DI Scheme established under the DI-PPF Act arises from the occurrence of future events that are not within the control of the DI Fund or the Company. The Company will pay compensation out of the DI Fund to the insured depositors of a failed DI Scheme member when required to do so by the MAS under section 21(2) of the DI-PPF Act. The Company may raise cash from the assets held by the DI Fund which comprises Singapore Government bonds and MAS bills. Where this is insufficient, the Company will obtain loans on behalf of the DI Fund while awaiting payments from the realisation of the assets of the failed DI Scheme member.

In this regard, the Company entered into an agreement with the MAS on 9 February 2012 where the MAS may provide the Company a contingent liquidity facility of up to $20 billion, in the event liquidity is needed for compensation payments to insured depositors. For the financial year ended 31 March 2016, there was no request and no drawdown on the facility. Furthermore, the Company may raise additional premium contributions in accordance with section 15 of the DI-PPF Act.

The making of payments pursuant to the PPF Scheme established under the DI-PPF Act arises from the occurrence of future events that are not within the control of the PPF Life Fund, the PPF General Fund or the Company. When required by the MAS under section 46(2) of the DI-PPF Act, the Company will pay out of or utilise the PPF Life Fund or the PPF General Fund in the following manner:

- make payment of compensation to insured policy owners or third parties;
- utilise the PPF Life Fund or the PPF General Fund to fund transfer or run-off of the insurance business of a failed PPF Scheme member.

The Company may raise cash from the assets held by the PPF Life Fund or the PPF General Fund which comprises Singapore Government bonds and MAS bills. Where this is insufficient, the Company will obtain loans on behalf of the PPF Life Fund or the PPF General Fund while awaiting payments from realisation of the assets of the failed PPF Scheme member. The Company may also raise additional levies in accordance with section 40 of the DI-PPF Act.

14. Financial risk management objectives and policies (continued)

(c) Market risk

(i) *Currency risk*

The Company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

(ii) *Equity price risk*

The Company has no exposure to equity price risk as it does not hold equity financial assets.

(iii) *Interest rate risk*

The Company has insignificant financial assets or liabilities that are exposed to interest rate risks as the cash and cash equivalents, non-trade receivables, advances from the Funds and non-trade payables are non-interest bearing.

(d) Fair value measurement

The carrying value of cash and cash equivalents, non-trade receivables, advance from the Deposit Insurance Fund, advance from the Policy Owners' Protection Life Fund, advance from the Policy Owners' Protection General Fund and current non-trade payables are carried at values which approximate their fair values at the balance sheet date due to their short-term nature.

Non-current non-trade payables consist of deferred cash compensation, carried at original cost, which approximates its fair value as the effect of discounting future net cash flow back to present value is insignificant.

15. Related party transactions

Compensation of key management personnel

Key management personnel compensation is as follows:

	2016	2015
	$	$
Wages, salaries and other short-term employee benefits	**544,334**	574,382
Employer's contribution to Central Provident Fund	**9,773**	7,556
Deferred employee benefits	**17,120**	–
	571,227	581,938

16. Capital management

The Company does not have a share capital and does not borrow to finance day-to-day expenditures. Since expenditures are made on behalf of the Funds, the Company draws advances from the Funds to pay their respective share of capital and operating expenditures and recovers their respective share of operating expenditures and depreciation amounts by offsetting against the advances from the Funds at the end of each financial year.

To safeguard the Company's ability to continue as a going concern, the Company ensures that the Funds maintain sufficient cash and liquid assets to meet their respective share of the Company's budget for capital and operating expenditures.

17. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Singapore Deposit Insurance Corporation Limited on 27 June 2016.

ANNUAL REPORT
For the financial year ended 31 March 2016

DEPOSIT INSURANCE FUND
(Established under the Deposit Insurance Act Cap. 77A and re-constituted under the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B)

Building a better working world

DEPOSIT INSURANCE FUND
(Established under the Deposit Insurance Act Cap. 77A and re-constituted under the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B)

ANNUAL REPORT
For the financial year ended 31 March 2016

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STATEMENT BY SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

For the financial year ended 31 March 2016

We, Koh Yong Guan and Han Eng Juan, being two of the directors of Singapore Deposit Insurance Corporation Limited (the "Agency"), do hereby state that in the opinion of the directors:

(a) the financial statements of the Deposit Insurance Fund (the "DI Fund") are drawn up in accordance with the provisions of the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the DI Fund as at 31 March 2016 and of the financial performance, changes in accumulated surplus and cash flows of the DI Fund for the year then ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the DI Fund will be able to pay its debts as and when they fall due.

On behalf of Singapore Deposit Insurance Corporation Limited

KOH YONG GUAN
Director

HAN ENG JUAN
Director

27 June 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED - DEPOSIT INSURANCE FUND
For the financial year ended 31 March 2016

Report on the financial statements

We have audited the accompanying financial statements of Deposit Insurance Fund (the "DI Fund") set out on pages 4 to 20, which comprise the balance sheet as at 31 March 2016 and the statement of comprehensive income, statement of changes in accumulated surplus and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The management of Singapore Deposit Insurance Corporation Limited (the "Agency") is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B ("the DI-PPF Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the Agency, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED - DEPOSIT INSURANCE FUND
For the financial year ended 31 March 2016

Opinion

In our opinion, the financial statements of the DI Fund are properly drawn up in accordance with the provisions of the DI-PPF Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the DI Fund as at 31 March 2016 and of the financial performance, changes in accumulated surplus and cash flows of the DI Fund for the financial year ended on that date.

Report on other legal and regulatory requirements

In our opinion,

(a) the accounting and other records have been properly kept, including records of all assets of the DI Fund whether purchased, donated or otherwise; and

(b) the receipts, expenditure and investment of moneys by the DI Fund during the financial year have been made in accordance with the provisions of the DI-PPF Act.

Ernst & Young LLP

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

27 June 2016

DEPOSIT INSURANCE FUND

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2016

	Note	**2016** **$**	2015 $
Income:			
Premium contributions	2.2	**29,660,534**	29,004,195
Interest income from financial assets	2.2	**5,400,587**	4,805,439
Total income		**35,061,121**	33,809,634
Expenses:			
Net expenditure incurred by Singapore Deposit Insurance Corporation Limited	3	**2,620,623**	2,465,697
Total expenses		**2,620,623**	2,465,697
Net surplus		**32,440,498**	31,343,937
Income tax expense	4	**–**	–
Total comprehensive income		**32,440,498**	31,343,937

There is no other comprehensive income for the financial years ended 31 March 2016 and 2015.

DEPOSIT INSURANCE FUND

BALANCE SHEET
For the financial year ended 31 March 2016

	Note	2016 $	2015 $
ASSETS			
Current assets			
Cash and cash equivalents	5	**549,254**	138,359
Advance to the Agency	6	**3,281,400**	2,111,085
Non-trade receivables	6	**797,998**	569,165
Financial assets, held-to-maturity	7	**19,466,977**	6,476,564
		24,095,629	9,295,173
Non-current assets			
Financial assets, held-to-maturity	7	**199,424,989**	181,783,990
Total assets		**223,520,618**	191,079,163
LIABILITIES			
Current liabilities			
Trade payables	8	**957**	–
Total Liabilities		**957**	–
NET ASSETS		**223,519,661**	191,079,163
ACCUMULATED SURPLUS		**223,519,661**	191,079,163

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

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS
For the financial year ended 31 March 2016

	Note	**2016** **$**	2015 $
Beginning of financial year		**191,079,163**	159,735,226
Total comprehensive income for the financial year		**32,440,498**	31,343,937
End of financial year	9(d)	**223,519,661**	191,079,163

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

CASH FLOW STATEMENT
For the financial year ended 31 March 2016

	Note	**2016** **$**	2015 $
Cash flows from operating activities			
Net surplus		**32,440,498**	31,343,937
Adjustments for: Interest income from financial assets		**(5,400,587)**	(4,805,439)
		27,039,911	26,538,498
Operating cash flows before changes in working capital			
(Increase)/decrease in:			
- Advance to the Agency		**(1,170,315)**	487,413
Increase in:			
- Trade payables		**957**	–
Net cash flows generated from operating activities		**25,870,553**	27,025,911
Cash flows from investing activities			
Purchases of financial assets, held-to-maturity		**(38,281,099)**	(37,782,284)
Proceeds upon maturity of financial assets, held-to-maturity		**6,473,316**	4,388,688
Interest received from financial assets		**6,348,125**	5,635,606
Net cash flows used in investing activities		**(25,459,658)**	(27,757,990)
Net increase/(decrease) in cash and cash equivalents		**410,895**	(732,079)
Cash and cash equivalents at beginning of financial year	5	**138,359**	870,438
Cash and cash equivalents at end of financial year	5	**549,254**	138,359

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

1. General information

The Deposit Insurance Fund (the "DI Fund") was established under section 9 of the Deposit Insurance Act Cap. 77A (the "DI Act") and re-constituted on 1 May 2011 under section 9 of the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B (the "DI-PPF Act"). Accordingly, in the notes to the financial statements, DI-PPF Act refers collectively to the DI Act in force up to 30 April 2011 and the DI-PPF Act which came into force on 1 May 2011. Subject to the directions of the Minister, the DI Fund is administered and managed by Singapore Deposit Insurance Corporation Limited (the "Agency") designated by the Minister under section 56 of the DI-PPF Act as the deposit insurance and policy owners' protection fund agency.

The Agency is a public company limited by guarantee incorporated under the Companies Act Cap. 50 on 13 January 2006 and is domiciled in Singapore. The address of its registered office is 10 Shenton Way, #11-06, MAS Building, Singapore 079117.

The principal activities of the Agency are the administration of the Deposit Insurance Scheme (the "DI Scheme") and the Policy Owners' Protection Scheme and the administration and management of the DI Fund, the Policy Owners' Protection Life Fund and the Policy Owners' Protection General Fund.

The DI Scheme was established in Singapore for the benefit of insured depositors in respect of their insured deposits placed with each DI Scheme members up to $50,000 as specified in the DI-PPF Act from 1 May 2011.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are the responsibility of the Agency.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

(a) Judgments made in applying accounting policies

The preparation of these financial statements in conformity with FRS requires the Agency to exercise its judgement in the process of applying the DI Fund's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Although these estimates are based on the Agency's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The area involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to the financial statements is as follows:

Financial assets, held-to-maturity

The Agency follows the guidance of FRS 39 in classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Agency evaluates its intention and ability to hold such investments to maturity.

If the Agency fails to keep these investments to maturity other than for specific circumstances explained in FRS 39, it will be required to reclassify the entire held-to-maturity financial assets as available for sale. The investments will be required to be measured at fair value instead of at amortised cost upon reclassification. Refer to Note 7 for details on the financial assets, held-to-maturity.

There are no key sources of uncertainty relating to estimation made by management that can affect the preparation of the financial statements during the year.

(b) Interpretations and amendments to published standards effective in 2015

The accounting policies adopted are consistent with those of the previous financial year, except in the current financial year, the DI Fund has adopted all new and revised standards and Interpretations of FRS that are effective for annual periods beginning on or after 1 April 2015. The adoption of these standards and interpretations do not have any effect on the financial performance or position of the DI Fund.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

(c) Standards issued but not yet effective

The DI Fund has not adopted the following standards that have been issued but not yet effective for annual periods beginning on or after 1 April 2015:-

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture*	Date to be determined
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018

Except for FRS 109, the Management expects that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

FRS 109 Financial Instruments

In December 2014, the ASC issued the final version of FRS 109 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption. The adoption of FRS 109 may have an effect on the classification and measurement of the DI Fund's financial assets, but no impact on the classification and measurement of the DI Fund's financial liabilities.

2.2 Revenue

Premium contributions

The Monetary Authority of Singapore (the "MAS") is charged under the DI-PPF Act to compute the premium contributions payable by DI Scheme members and to notify the amounts to the Agency. Premium contributions are recognised in the period in which the premium contributions are due to be received, by reference to the written notices given by the Agency to the DI Scheme members.

Under the DI-PPF Act, the MAS can notify the Agency of shortfalls or refunds of premium contributions. Premium shortfalls or refunds are recognised in the period in which the premium contributions are due to be received or paid, by reference to the written notifications received by the Agency from the MAS.

Interest income from financial assets

Interest income from financial assets is recognised in the statement of comprehensive income for financial assets measured at amortised cost using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial assets. When calculating the effective interest rate, cash flows are estimated by considering the contractual terms of the financial assets, including transaction costs, premiums and discounts. For financial assets written down due to impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring impairment loss.

2.3 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank placed with financial institutions and MAS.

2. Significant accounting policies (continued)

2.4 Financial assets

(a) Initial recognition and measurement

Financial assets are classified in the following categories: loans and receivables and held-to-maturity. Financial assets are recognised when, and only when, the DI Fund becomes a party to the contractual provisions of the financial instrument.

The Agency determines the classification of the financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

(b) Subsequent measurement

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains or losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) *Financial assets, held-to-maturity*

Financial assets, held-to-maturity, are non-derivative financial assets with fixed or determinable payments and fixed maturities that the DI Fund has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less impairment. Gains or losses are recognised in the statement of comprehensive income when the assets are derecognised or impaired, and through the amortisation process.

If the DI Fund were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Financial assets, held-to-maturity, are presented as non-current assets, except for those maturing within 12 months after the financial year-end date which are presented as current assets.

2. Significant accounting policies (continued)

2.4 Financial assets (continued)

(c) De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the financial assets have expired or have been transferred and the DI Fund has transferred substantially all risks and rewards of ownership.

On de-recognition of a financial asset, the difference between the carrying amount and the sum of the consideration received is recognised in the statement of comprehensive income.

Regular way purchases and sales of financial assets are recognised on value date - the date on which the sold assets are delivered and the purchased assets are paid for. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Receivables that are factored out to banks and other financial institutions with recourse are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

2.5 Impairment of financial assets

The Agency assesses at each financial year-end whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of loss is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an impairment allowance account. The impairment loss is recognised in the statement of comprehensive income.

2. Significant accounting policies (continued)

2.5 Impairment of financial assets (continued)

When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the statement of comprehensive income.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost at the reversal date. Impairment loss is reversed through the statement of comprehensive income.

2.6 Trade payables

Trade payables consist of the refund of premium contributions when the Agency:

(i) receives notification from the MAS under section 18 of the DI-PPF Act; or

(ii) receives approval from the Minister under section 17 of the DI-PPF to refund premium contributions.

The DI Fund classifies trade payables as financial liabilities, which are initially carried at fair value, and subsequently measured at amortised cost, using the effective interest method.

2.7 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the DI Fund has a legal or constructive obligation that as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. In particular, provision for liability to make compensation payment is recognised when the Agency receives notification from the MAS under section 21 of the DI-PPF Act.

2.8 Currency translation

Functional and presentation currency

Items included in the financial statements of the DI Fund are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Singapore Dollars, which is the DI Fund's functional and presentation currency.

3. Net expenditure incurred by Singapore Deposit Insurance Corporation Limited

Net expenditure incurred by the Agency in carrying out the objects of the DI-PPF Act are payable from the DI Fund as provided under the DI-PPF Act.

4. Income tax

The DI Fund does not have taxable income for this financial year. The premium contributions received from DI Scheme members are exempted from income tax based on the income tax exemption conditions granted by Ministry of Finance.

5. Cash and cash equivalents

	2016	2015
	$	$
Cash at bank	**549,254**	138,359

Cash at bank held at the end of the reporting period are non-interest bearing and denominated in Singapore Dollar.

6. Advance to the Agency and non-trade receivables

	2016	2015
	$	$
Advance to the Agency	**3,281,400**	2,111,085
Non-trade receivables	**797,998**	569,165
Add: Cash at bank	**549,254**	138,359
Total loans and receivables	**4,628,652**	2,818,609

Advance to the Agency to cover the Agency's operating and capital expenditures are not secured by collateral or credit enhancements, non-interest bearing and have no fixed term of repayment. They are denominated in Singapore Dollar.

Non-trade receivables relate to accrued interest receivables from MAS bills and Singapore Government bonds. They are unsecured and denominated in Singapore Dollar.

7. Financial assets, held-to-maturity

The DI Fund's held-to-maturity investments comprise:

	2016	2015
	$	$
Current		
MAS bills	**6,939,080**	6,476,564
Singapore Government bonds	**12,527,897**	–
	19,466,977	6,476,564
Non-current		
Singapore Government bonds	**199,424,989**	181,783,990
Total	**218,891,966**	188,260,554

The total fair value of the held-to-maturity investments, measured using quoted market bid prices as at 31 March 2016 was **$229,369,005** (2015: $192,053,308). The non-current held-to-maturity investments have maturity dates between 2018 and 2042.

8 Trade payables

Trade payables are premiums refundable to DI Scheme members. The carrying amounts approximate their fair value and are denominated in Singapore Dollar.

9. Financial risk management

The DI Fund is exposed to credit risk, liquidity risk and market risk.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The DI Fund's exposure to credit risk arises primarily from investments, current account balance held with banks or MAS and advance to the Agency. The DI Fund minimises credit risk by dealing with high credit rating counterparties. The DI Fund's financial assets comprise:

(i) Cash held with a major bank in Singapore and the MAS;

(ii) Investments in Singapore Government bonds and accrued interest receivable on such securities; the issuer, the Singapore Government, has a credit rating of "AAA" from Standard & Poor's and Fitch Ratings;

(iii) Investments in MAS bills and accrued interest receivable on such securities; and

(iv) Advance to the Agency to cover the Agency's operating and capital expenditures.

The DI Fund has no past due or impaired assets.

(b) Liquidity risk

(i) *Liabilities-related risk*

The DI Fund is responsible for funding the expenditure of the Agency in discharging functions prescribed in the DI-PPF Act. The cash outflow required is the Agency's budget which is determined before the start of each financial year in accordance with the provisions of the DI-PPF Act. The DI Fund's annual cash inflows are predictable, comprising:

- premium contributions which are usually collected on the first day of the financial year; and
- coupons from holdings of Singapore Government bonds.

Therefore, the DI Fund is able to provide adequate funding for the Agency's operating and capital expenditures.

9. Financial risk management (continued)

(b) Liquidity risk (continued)

(ii) *Contingent liabilities-related risk*

The making of compensation payments pursuant to the DI Scheme established under the DI–PPF Act arises from the occurrence of future events that are not within the control of the DI Fund or the Agency. The Agency will pay compensation out of the DI Fund to the insured depositors of a failed DI Scheme member when required to do so by the MAS under section 21(2) of the DI-PPF Act. The Agency may raise cash from the assets held by the DI Fund which comprises Singapore Government bonds and MAS bills. Where this is insufficient, the Agency will obtain loans on behalf of the DI Fund while awaiting payments from realisation of the assets of the failed DI Scheme member.

In this regard, the Agency entered into an agreement with the MAS on 9 February 2012 where the MAS may provide the Agency a contingent liquidity facility of up to $20 billion, in the event liquidity is needed for compensation payments to insured depositors. For the financial year ended 31 March 2016, there was no request and no drawdown on the facility. Furthermore, the Agency may raise additional premium contributions in accordance with section 15 of the DI-PPF Act.

(c) Market risk

(i) *Currency risk*

The DI Fund's operations are not exposed to foreign currency risks as its investments and operating transactions are denominated in Singapore Dollar.

(ii) *Equity price risk*

The DI Fund has no exposure to equity price risk as it does not hold equity financial assets.

(iii) *Interest rate risk*

There are two elements of interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The DI Fund's investments are not subjected to cash flow interest rate risk as the interest payments are fixed.

9. Financial risk management (continued)

(c) Market risk (continued)

(iii) *Interest rate risk (continued)*

The DI Fund's investments are subject to fair value interest rate risk. The changes in fair value due to interest rate movements are not reflected in the financial statements, as these securities are accounted for as held-to-maturity financial assets. See Note 7 for details on the investments' fair values as at year-end.

(d) Accumulated surplus

The management of the DI Fund's accumulated surplus is circumscribed by the DI-PPF Act. Premium contributions income is determined by the MAS which is charged under the DI-PPF Act to set the premium rates at which premium contributions are levied on DI Scheme members. As for investments, the Agency is required to invest the DI Fund's moneys with the objects of capital preservation and maintenance of liquidity.

The Agency ensures that the DI Fund maintains sufficient cash and liquid assets to meet the fund's share of the Agency's budget for capital and operating expenditures.

(e) Fair value measurement

The financial assets, held to maturity are not carried at fair value, however, the fair values are disclosed in Note 7, based on quoted market bid-prices in active markets at the balance sheet date.

The carrying value of cash and cash equivalents, advance to the Agency, trade payables and non-trade receivables are carried at values which approximate their fair values at the balance sheet date due to their short-term nature.

9. Financial risk management (continued)

(f) Fair value hierarchy

DI Fund's financial assets which are not measured at fair value but for which the fair value has been disclosed has been analysed according to a fair value hierarchy. The different levels have been defined 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).
Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of the Singapore Government bonds and MAS bills held by DI Fund as disclosed in Note 7 are categorised within Level 1 of the fair value hierarchy.

10. Authorisation of financial statements

These financial statements were authorised for issue by the directors of the Agency on 27 June 2016.

MASTER FILE

ANNUAL REPORT
For the financial year ended 31 March 2016

POLICY OWNERS' PROTECTION LIFE FUND
(Established under the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B)

EY
Building a better working world

POLICY OWNERS' PROTECTION LIFE FUND
(Established under the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B)

ANNUAL REPORT
For the financial year ended 31 March 2016

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POLICY OWNERS' PROTECTION LIFE FUND

STATEMENT BY SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

For the financial year ended 31 March 2016

We, Koh Yong Guan and Han Eng Juan, being two of the directors of Singapore Deposit Insurance Corporation Limited (the "Agency"), do hereby state that in the opinion of the directors:

(a) the financial statements of the Policy Owners' Protection Life Fund (the "PPF Life Fund") are drawn up in accordance with the provisions of the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the PPF Life Fund as at 31 March 2016 and of the financial performance, changes in accumulated surplus and cash flows of the PPF Life Fund for the year then ended on that day; and

(b) at the date of this statement, there are reasonable grounds to believe that the PPF Life Fund will be able to pay its debts as and when they fall due.

On behalf of Singapore Deposit Insurance Corporation Limited

KOH YONG GUAN
Director

HAN ENG JUAN
Director

27 June 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED - POLICY OWNERS' PROTECTION LIFE FUND
For the financial year ended 31 March 2016

Report on the financial statements

We have audited the accompanying financial statements of the Policy Owners' Protection Life Fund (the "PPF Life Fund"), set out on pages 4 to 20, which comprise the balance sheet as at 31 March 2016 and the statement of comprehensive income, statement of changes in accumulated surplus and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The management of Singapore Deposit Insurance Corporation Limited (the "Agency") is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B (the "DI-PPF Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management of the Agency, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED - POLICY OWNERS' PROTECTION LIFE FUND
For the financial year ended 31 March 2016

Opinion

In our opinion, the financial statements of the PPF Life Fund are properly drawn up in accordance with the provisions of the DI-PPF Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the PPF Life Fund as at 31 March 2016 and of the financial performance, changes in accumulated surplus and cash flows of the PPF Life Fund for the financial year ended on that date.

Report on other legal and regulatory requirements

In our opinion,

(a) the accounting and other records have been properly kept, including records of all assets of the PPF Life Fund whether purchased, donated or otherwise; and

(b) the receipts, expenditure and investment of moneys by the PPF Life Fund during the financial year have been in accordance with the provisions of the DI-PPF Act.

Ernst & Young LLP

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

27 June 2016

POLICY OWNERS' PROTECTION LIFE FUND

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2016

	Note	**2016** **$**	2015 $
Income:			
Levies	2.2	**29,127,977**	27,414,201
Interest income from financial assets	2.2	**2,235,198**	1,617,030
Total income		**31,363,175**	29,031,231
Expenses:			
Net expenditure incurred by Singapore Deposit Insurance Corporation Limited	3	**1,425,970**	1,160,728
Total expenses		**1,425,970**	1,160,728
Net surplus		**29,937,205**	27,870,503
Income tax expense	4	–	–
Total comprehensive income		**29,937,205**	27,870,503

There is no other comprehensive income for the financial years ended 31 March 2016 and 2015.

POLICY OWNERS' PROTECTION LIFE FUND

BALANCE SHEET
As at 31 March 2016

	Note	**2016**	2015
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	5	**2,020,330**	1,423,756
Advance to the Agency	6	**2,646,449**	1,778,315
Non-trade receivables	6	**573,777**	461,927
Financial assets, held-to-maturity	7	**3,095,256**	2,404,210
		8,335,812	6,068,208
Non-current assets			
Financial assets, held-to-maturity	7	**112,544,355**	84,874,754
TOTAL ASSETS AND NET ASSETS		**120,880,167**	90,942,962
ACCUMULATED SURPLUS		**120,880,167**	90,942,962

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

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS
For the financial year ended 31 March 2016

	Note	**2016** **$**	2015 $
Beginning of financial year		**90,942,962**	63,072,459
Total comprehensive income for the financial year		**29,937,205**	27,870,503
End of financial year	8(d)	**120,880,167**	90,942,962

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

POLICY OWNERS' PROTECTION LIFE FUND

CASH FLOW STATEMENT
For the financial year ended 31 March 2016

	Note	**2016** $	2015 $
Cash flows from operating activities			
Net surplus		**29,937,205**	27,870,503
Adjustment for: Interest income from financial assets		**(2,235,198)**	(1,617,030)
		27,702,007	26,253,473
Operating cash flows before changes in working capital			
(Increase)/decrease in:			
- Advance to the Agency		**(868,134)**	70,706
Net cash flows generated from operating activities		**26,833,873**	26,324,179
Cash flows from investing activities			
Purchases of financial assets, held-to-maturity		**(31,417,044)**	(29,647,181)
Proceeds upon maturity of financial assets, held-to-maturity		**2,402,774**	1,835,560
Interest received from financial assets		**2,776,971**	1,840,914
Net cash flows used in investing activities		**(26,237,299)**	(25,970,707)
Net increase in cash and cash equivalents		**596,574**	353,472
Cash and cash equivalents at beginning of financial year	5	**1,423,756**	1,070,284
Cash and cash equivalents at end of financial year	5	**2,020,330**	1,423,756

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

1. General information

The Policy Owners' Protection Life Fund (the "PPF Life Fund"), established under section 34 of the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B (the "DI-PPF Act") and subject to the directions of the Minister, is administered and managed by Singapore Deposit Insurance Corporation Limited (the "Agency") designated by the Minister under section 56 of the DI-PPF Act as the deposit insurance and policy owners' protection fund Agency.

The Agency is a public company limited by guarantee incorporated under the Companies Act Cap. 50 on 13 January 2006 and is domiciled in Singapore. The address of its registered office is 10 Shenton Way, #11-06, MAS Building, Singapore 079117.

The principal activities of the Agency are the administration of the Deposit Insurance Scheme and the Policy Owners' Protection Scheme (the "PPF Scheme") and the administration and management of the Deposit Insurance Fund, the PPF Life Fund and the Policy Owners' Protection General Fund.

The PPF Scheme was established in Singapore for the benefit of policy owners in respect of their protected policies as specified in the DI-PPF Act.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are the responsibility of the Agency.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

(a) Judgments made in applying accounting policies

The preparation of these financial statements in conformity with FRS requires the Agency to exercise its judgement in the process of applying the PPF Life Fund's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Although these estimates are based on the Agency's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The area involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to the financial statements, is as follows:

Financial assets, held-to-maturity

The Agency follows the guidance of FRS 39 in classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Agency evaluates its intention and ability to hold such investments to maturity.

If the Agency fails to keep these investments to maturity other than for specific circumstances explained in FRS 39, it will be required to reclassify the entire held-to-maturity financial assets as available for sale. The investments will be required to be measured at fair value instead of at amortised cost upon reclassification. Refer to Note 7 for details on the financial assets, held-to-maturity.

There are no key sources of uncertainty relating to estimation made by management that can affect the preparation of the financial statements during the year.

(b) Interpretations and amendments to published standards effective in 2015

The accounting policies adopted are consistent with those of the previous financial year, except in the current financial year, the PPF Life Fund has adopted all new and revised standards and Interpretations of FRS that are effective for annual periods beginning on or after 1 April 2015. The adoption of these standards and interpretations do not have any effect on the financial performance or position of the PPF Life Fund.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

(c) Standards issued but not yet effective

The PPF Life Fund has not adopted the following standards that have been issued but not yet effective for annual periods beginning on or after 1 April 2015:-

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture*	Date to be determined
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Except for FRS 109, the Management expects that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

FRS 109 Financial Instruments

In December 2014, the ASC issued the final version of FRS 109 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption. The adoption of FRS 109 may have an effect on the classification and measurement of the PPF Life Fund's financial assets, but no impact on the classification and measurement of the PPF Life Fund's financial liabilities.

2.2 Revenue

Levies

The Monetary Authority of Singapore (the "MAS") is charged under the DI-PPF Act to compute the levies payable by PPF Scheme members and to notify the amounts to the Agency. Levies are recognised in the period in which the levies are due to be received, by reference to the written notices given by the Agency to the PPF Scheme members.

Under the DI-PPF Act, the MAS can notify the Agency of shortfalls or refunds of levies. Levies shortfalls or refunds are recognised in the period in which the levies are due to be received or paid, by reference to the written notifications received by the Agency from the MAS.

Interest income from financial assets

Interest income from financial assets is recognised in the statement of comprehensive income for financial assets measured at amortised cost using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial assets. When calculating the effective interest rate, cash flows are estimated by considering the contractual terms of the financial assets, including transaction costs, premiums and discounts. For financial assets written down due to impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring impairment loss.

2. Significant accounting policies (continued)

2.3 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank placed with financial institutions and MAS.

2.4 Financial assets

(a) Initial recognition and measurement

Financial assets are classified in the following categories: loans and receivables and held-to-maturity. Financial assets are recognised when, and only when, the PPF Life Fund becomes a party to the contractual provisions of the financial instrument.

The Agency determines the classification of the financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

(b) Subsequent measurement

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains or losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

2. Significant accounting policies (continued)

2.4 Financial assets (continued)

(b) Subsequent measurement (continued)

(ii) *Financial assets, held-to-maturity*

Financial assets, held-to-maturity, are non-derivative financial assets with fixed or determinable payments and fixed maturities that the PPF Life Fund has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less impairment. Gains or losses are recognised in the statement of comprehensive income when the assets are derecognised or impaired, and through the amortisation process.

If the PPF Life Fund were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Financial assets, held-to-maturity, are presented as non-current assets, except for those maturing within 12 months after the financial year-end date which are presented as current assets.

(c) De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the financial assets have expired or have been transferred and the PPF Life Fund has transferred substantially all risks and rewards of ownership.

On de-recognition of a financial asset, the difference between the carrying amount and the sum of the consideration received is recognised in the statement of comprehensive income.

Regular way purchases and sales of financial assets are recognised on value date - the date on which the sold assets are delivered and the purchased assets are paid for. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Receivables that are factored out to banks and other financial institutions with recourse are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

2. Significant accounting policies (continued)

2.5 Impairment of financial assets

The Agency assesses at each financial year-end whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of loss is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an impairment allowance account. The impairment loss is recognised in the statement of comprehensive income.

When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the statement of comprehensive income.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost at the reversal date. Impairment loss is reversed through the statement of comprehensive income.

2.6 Trade payables

Trade payables consist of the refund of levies when the Agency:

(i) receives notification from the MAS under section 43 of the DI-PPF Act; or

(ii) receives approval from the Minister under section 42 of the DI-PPF to refund premium contributions.

The PPF Life Fund classifies trade payables as financial liabilities, which are initially carried at fair value, and subsequently measured at amortised cost, using the effective interest method

2. Significant accounting policies (continued)

2.7 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the PPF Life Fund has a legal or constructive obligation that as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. In particular, provision for liability to make compensation payment and payment to fund the transfer or the run-off of the insurance business of a failed PPF Scheme member are recognised when the Agency receives notification from the MAS under section 46 of the DI-PPF Act.

2.8 Currency translation

Functional and presentation currency

Items included in the financial statements of the PPF Life Fund are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Singapore Dollars, which is the PPF Life Fund's functional and presentation currency.

3. Net expenditure incurred by Singapore Deposit Insurance Corporation Limited

Net expenditure incurred by the Agency in carrying out the objects of the DI-PPF Act are payable from the PPF Life Fund as provided under the DI-PPF Act.

4. Income tax

The PPF Life Fund does not have taxable income for this financial year. The levies received from PPF Scheme members are exempted from income tax based on the income tax exemption conditions granted by Ministry of Finance.

5. Cash and cash equivalents

	2016	2015
	$	$
Cash at bank	**2,020,330**	1,423,756

Cash at bank held at the end of the reporting period are non-interest bearing and denominated in Singapore Dollar.

6. Advance to the Agency and non-trade receivables

	2016	2015
	$	$
Advance to the Agency	**2,646,449**	1,778,314
Non-trade receivables	**573,777**	461,928
Add: Cash at bank	**2,020,330**	1,423,756
Total loans and non-trade receivables	**5,240,556**	3,663,998

Advance to the Agency to cover the Agency's operating and capital expenditures are not secured by collateral or credit enhancements, non-interest bearing and have no fixed term of repayment. They are denominated in Singapore Dollar.

Non-trade receivables relate to accrued interest receivables from MAS bills and Singapore Government bonds. They are unsecured and denominated in Singapore Dollar.

7. Financial assets, held-to-maturity

The PPF Life Fund's held-to-maturity investments comprise:

	2016	2015
	$	$
Current		
MAS bills	**3,095,256**	2,404,210
Non-current		
Singapore Government bonds	**112,544,355**	84,874,754
Total	**115,639,611**	87,278,964

The total fair value of the held-to-maturity investments, measured using quoted market bid prices as at 31 March 2016 was **$118,693,186** (2015: $85,746,188). The non-current held-to-maturity investments have maturity dates between 2018 and 2042.

8. Financial risk management

The PPF Life Fund is exposed to credit risk, liquidity risk and market risk.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The PPF Life Fund's exposure to credit risk arises primarily from investments, current account balance held with banks or MAS and advance to the Agency. The PPF Life Fund minimises credit risk by dealing with high credit rating counterparties. The PPF Life Fund's financial assets comprise:

(i) Cash held with a major bank in Singapore and the MAS;

(ii) Investments in Singapore Government bonds and accrued interest receivable on such securities; the issuer, the Singapore Government, has a credit rating of "AAA" from Standard & Poor's and Fitch Ratings;

(iii) Investments in MAS bills and accrued interest receivable on such securities; and

(iv) Advance to the Agency to cover the Agency's operating and capital expenditures.

The PPF Life Fund has no past due or impaired assets.

(b) Liquidity risk

(i) *Liabilities-related risk*

The PPF Life Fund is responsible for funding the expenditure of the Agency in discharging functions prescribed in the DI-PPF Act. The cash outflow required is the Agency's budget which is determined before the start of each financial year in accordance with the provisions of the DI-PPF Act. The PPF Life Fund's annual cash inflows are predictable, comprising:

- levies which are usually collected every July; and
- coupons from holdings of Singapore Government bonds.

Therefore, the PPF Life Fund is able to provide adequate funding for the Agency's operating and capital expenditures.

8. Financial risk management (continued)

(b) Liquidity risk (continued)

(ii) *Contingent liabilities-related risk*

The making of compensation payments pursuant to the PPF Scheme established under the DI-PPF Act arises from the occurrence of future events that are not within the control of the PPF Life Fund or the Agency. The Agency will pay out of or utilise the PPF Life Fund in the following manner when required to do so by the MAS under section 46(2) of the DI-PPF Act:

- make payment of compensation to insured policy owners;
- fund transfer or run-off of the insurance business of a failed PPF Scheme member.

The Agency may raise cash from the assets held by the PPF Life Fund which comprises Singapore Government bonds and MAS bills. Where this is insufficient, the Agency will obtain loans on behalf of the PPF Life Fund while awaiting payments from the realisation of the assets of the failed PPF Scheme member. The Agency may also raise additional levies in accordance with section 40 of the DI-PPF Act.

(c) Market risk

(i) *Currency risk*

The PPF Life Fund's operations are not exposed to foreign currency risks as its investments and operating transactions are denominated in Singapore Dollar.

In the event that the PPF Life Fund has a legal and constructive obligation to make compensation payment and payment to fund for the transfer or the run-off of the insurance business of a failed PPF Scheme member, such obligations may be exposed to currency risk if there are insured policies denominated in a currency other than Singapore Dollar. However, this exposure cannot be reliably estimated at this juncture as the occurrence of such event is not within the control of the PPF Life Fund or the Agency.

(ii) *Equity price risk*

The PPF Life Fund has no exposure to equity price risk as it does not hold equity financial assets.

8. Financial risk management (continued)

(c) Market risk (continued)

(iii) *Interest rate risk*

There are two elements of interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The PPF Life Fund's investments are not subjected to cash flow interest rate risk as the interest payments are fixed.

The PPF Life Fund's investments are subject to fair value interest rate risk. The changes in fair value due to interest rate movements are not reflected in the financial statements, as these securities are accounted for as held-to-maturity financial assets. See Note 7 for details on the investments' fair values as at the end of the financial year.

(d) Accumulated surplus

The management of the PPF Life Fund's accumulated surplus is circumscribed by the DI-PPF Act. Levies income is determined by the MAS which is charged under the DI-PPF Act to set the rates at which levies are levied on PPF Scheme members. As for investments, the Agency is required to invest the PPF Life Fund's moneys with the objects of capital preservation and maintenance of liquidity.

The Agency ensures that the PPF Life Fund maintains sufficient cash and liquid assets to meet the fund's share of the Agency's budget for capital and operating expenditures.

(e) Fair value measurement

The financial assets, held to maturity are not carried at fair value, however, the fair values are disclosed in Note 7, based on quoted market bid-prices in active markets at the balance sheet date.

The carrying value of cash and cash equivalents, advance to the Agency and non-trade receivables are carried at values which approximate their fair values at the balance sheet date due to their short-term nature.

8. Financial risk management (continued)

(f) Fair value hierarchy

PPF Life Fund's assets which are not measured at fair value but for which the fair value has been disclosed has been analysed according to a fair value hierarchy. The different levels have been defined 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).
Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of the Singapore Government bonds and MAS bills held by PPF Life Fund as disclosed in Note 7 are categorised within Level 1 of the fair value hierarchy.

9. Authorisation of financial statements

These financial statements were authorised for issue by the directors of the Agency on 27 June 2016.

ANNUAL REPORT
For the financial year ended 31 March 2016

POLICY OWNERS' PROTECTION GENERAL FUND
(Established under the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B)

EY
Building a better working world

POLICY OWNERS' PROTECTION GENERAL FUND
(Established under the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B)

ANNUAL REPORT
For the financial year ended 31 March 2016

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POLICY OWNERS' PROTECTION GENERAL FUND

STATEMENT BY SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED
For the financial year ended 31 March 2016

We, Koh Yong Guan and Han Eng Juan, being two of the directors of Singapore Deposit Insurance Corporation Limited (the "Agency"), do hereby state that in the opinion of the directors:

(a) the financial statements of the Policy Owners' Protection General Fund (the "PPF General Fund") are drawn up in accordance with the provisions of the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the PPF General Fund as at 31 March 2016 and of the financial performance, changes in accumulated surplus and cash flows of the PPF General Fund for the year then ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the PPF General Fund will be able to pay its debts as and when they fall due.

On behalf of Singapore Deposit Insurance Corporation Limited

KOH YONG GUAN
Director

HAN ENG JUAN
Director

27 June 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED - POLICY OWNERS' PROTECTION GENERAL FUND
For the financial year ended 31 March 2016

Report on the financial statements

We have audited the accompanying financial statements of Policy Owners' Protection General Fund (the "PPF General Fund"), set out on pages 4 to 20, which comprise the balance sheet as at 31 March 2016 and the statement of comprehensive income, statement of changes in accumulated surplus and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The management of Singapore Deposit Insurance Corporation Limited (the "Agency") is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B (the "DI-PPF Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheet and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management of the Agency, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED - POLICY OWNERS' PROTECTION GENERAL FUND
For the financial year ended 31 March 2016

Opinion

In our opinion, the financial statements of the PPF General Fund are properly drawn up in accordance with the provisions of the DI-PPF Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the PPF General Fund as at 31 March 2016 and of the financial performance, changes in accumulated surplus and cash flows of the PPF General Fund for the financial year ended on that date.

Report on other legal and regulatory requirements

In our opinion,

(a) the accounting and other records have been properly kept, including records of all assets of the PPF General Fund whether purchased, donated or otherwise; and

(b) the receipts, expenditure and investment of moneys by the PPF General Fund during the financial year have been in accordance with the provisions of the DI-PPF Act.

Ernst & Young LLP

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

27 June 2016

POLICY OWNERS' PROTECTION GENERAL FUND

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2016

	Note	**2016**	2015
		$	$
Income:			
Levies	2.2	**3,164,501**	3,081,279
Interest income from financial assets	2.2	**161,219**	115,439
Total income		**3,325,720**	3,196,718
Expenses:			
Net expenditure incurred by Singapore Deposit Insurance Corporation Limited	3	**810,858**	660,114
Total expenses		**810,858**	660,114
Net surplus		**2,514,862**	2,536,604
Income tax expense	4	–	–
Total comprehensive income		**2,514,862**	2,536,604

There is no other comprehensive income for the financial years ended 31 March 2016 and 2015.

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

POLICY OWNERS' PROTECTION GENERAL FUND

BALANCE SHEET
As at 31 March 2016

	Note	**2016** $	2015 $
ASSETS			
Current assets			
Cash and cash equivalents	5	**1,220,951**	718,486
Advance to the Agency	6	**1,504,702**	1,012,359
Non-trade receivables	6	**31,198**	27,186
Financial assets, held-to-maturity	7	**430,000**	460,815
		3,186,851	2,218,846
Non-current assets			
Financial assets, held-to-maturity	7	**7,790,498**	6,243,641
TOTAL ASSETS AND NET ASSETS		**10,977,349**	8,462,487
ACCUMULATED SURPLUS		**10,977,349**	8,462,487

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

POLICY OWNERS' PROTECTION GENERAL FUND

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS
For the financial year ended 31 March 2016

	Note	**2016** **$**	2015 $
Beginning of financial year		**8,462,487**	5,925,883
Total comprehensive income for the financial year		**2,514,862**	2,536,604
End of financial year	8(d)	**10,977,349**	8,462,487

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

POLICY OWNERS' PROTECTION GENERAL FUND

CASH FLOW STATEMENT

For the financial year ended 31 March 2016

	Note	**2016**	2015
		$	$
Cash flows from operating activities			
Net surplus		**2,514,862**	2,536,604
Adjustments for: Interest income from financial assets		**(161,219)**	(115,439)
		2,353,643	2,421,165
Operating cash flows before changes in working capital			
(Increase)/decrease in:			
- Advance to the Agency		**(492,343)**	37,539
Net cash flows generated from operating activities		**1,861,300**	2,458,704
Cash flows from investing activities			
Purchases of financial assets, held-to-maturity		**(2,020,202)**	(2,665,263)
Proceeds upon maturity of financial assets, held-to-maturity		**460,232**	201,903
Interest received from financial assets		**201,135**	121,808
Net cash flows used in investing activities		**(1,358,835)**	(2,341,552)
Net increase in cash and cash equivalents		**502,465**	117,152
Cash and cash equivalents at beginning of financial year	5	**718,486**	601,334
Cash and cash equivalents at end of financial year	5	**1,220,951**	718,486

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

1. General information

The Policy Owners' Protection General Fund (the "PPF General Fund") established under section 34 of the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B (the "DI-PPF Act") and subject to the directions of the Minister, is administered and managed by Singapore Deposit Insurance Corporation Limited (the "Agency") designated by the Minister under section 56 of the DI-PPF Act as the deposit insurance and policy owners' protection fund Agency.

The Agency is a public company limited by guarantee incorporated under the Companies Act Cap. 50 on 13 January 2006 and is domiciled in Singapore. The address of its registered office is 10 Shenton Way, #11-06, MAS Building, Singapore 079117.

The principal activities of the Agency are the administration of the Deposit Insurance Scheme and the Policy Owners' Protection Scheme (the "PPF Scheme") and the administration and management of the Deposit Insurance Fund, the Policy Owners' Protection Life Fund and the PPF General Fund.

The PPF Scheme was established in Singapore for the benefit of policy owners in respect of their protected policies as specified in the DI-PPF Act.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are the responsibility of the Agency.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

(a) Judgments made in applying accounting policies

The preparation of these financial statements in conformity with FRS requires the Agency to exercise its judgement in the process of applying the PPF General Fund's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Although these estimates are based on the Agency's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The area involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to the financial statements, is as follows:

Financial assets, held-to-maturity

The Agency follows the guidance of FRS 39 in classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Agency evaluates its intention and ability to hold such investments to maturity.

If the Agency fails to keep these investments to maturity other than for specific circumstances explained in FRS 39, it will be required to reclassify the entire held-to-maturity financial assets as available for sale. The investments will be required to be measured at fair value instead of at amortised cost upon reclassification. Refer to Note 7 for details on the financial assets, held-to-maturity.

There are no key sources of uncertainty relating to estimation made by management that can affect the preparation of the financial statements during the year.

(b) Interpretations and amendments to published standards effective in 2015

The accounting policies adopted are consistent with those of the previous financial year, except in the current financial year, the PPF General Fund has adopted all new and revised standards and Interpretations of FRS that are effective for annual periods beginning on or after 1 April 2015. The adoption of these standards and interpretations do not have any effect on the financial performance or position of the PPF General Fund.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

(c) Standards issued but not yet effective

The PPF General Fund has not adopted the following standards that have been issued but not yet effective for annual periods beginning on or after 1 April 2015:-

Description	Effective for annual periods beginning on or after
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture*	Date to be determined
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Except for FRS 109, the Management expects that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

FRS 109 Financial Instruments

In December 2014, the ASC issued the final version of FRS 109 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption. The adoption of FRS 109 may have an effect on the classification and measurement of the PPF General Fund's financial assets, but no impact on the classification and measurement of the PPF General Fund's financial liabilities.

2.2 Revenue

Levies

The Monetary Authority of Singapore (the "MAS") is charged under the DI-PPF Act to compute the levies payable by PPF Scheme members and to notify the amounts to the Agency. Levies are recognised in the period in which the levies are due to be received, by reference to the written notices given by the Agency to the PPF Scheme members.

Under the DI-PPF Act, the MAS can notify the Agency of shortfalls or refunds of levies. Levies shortfalls or refunds are recognised in the period in which the levies are due to be received or paid, by reference to the written notifications received by the Agency from the MAS.

Interest income from financial assets

Interest income from financial assets is recognised in the statement of comprehensive income for financial assets measured at amortised cost using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial assets. When calculating the effective interest rate, cash flows are estimated by considering the contractual terms of the financial assets, including transaction costs, premiums and discounts. For financial assets written down due to impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring impairment loss.

2. Significant accounting policies (continued)

2.3 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank placed with financial institutions and MAS.

2.4 Financial assets

(a) Initial recognition and measurement

Financial assets are classified in the following categories: loans and receivables and held-to-maturity. Financial assets are recognised when, and only when, the PPF General Fund becomes a party to the contractual provisions of the financial instrument.

The Agency determines the classification of the financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

(b) Subsequent measurement

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains or losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

2. Significant accounting policies (continued)

2.4 Financial assets (continued)

(b) Subsequent measurement (continued)

(ii) *Financial assets, held-to-maturity*

Financial assets, held-to-maturity, are non-derivative financial assets with fixed or determinable payments and fixed maturities that the PPF General Fund has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less impairment. Gains or losses are recognised in the statement of comprehensive income when the assets are derecognised or impaired, and through the amortisation process.

If the PPF General Fund were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Financial assets, held-to-maturity, are presented as non-current assets, except for those maturing within 12 months after the financial year-end date which are presented as current assets.

(c) De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the financial assets have expired or have been transferred and the PPF General Fund has transferred substantially all risks and rewards of ownership.

On de-recognition of a financial asset, the difference between the carrying amount and the sum of the consideration received is recognised in the statement of comprehensive income.

Regular way purchases and sales of financial assets are recognised on value date - the date on which the sold assets are delivered and the purchased assets are paid for. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Receivables that are factored out to banks and other financial institutions with recourse are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

2. Significant accounting policies (continued)

2.5 Impairment of financial assets

The Agency assesses at each financial year-end whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of loss is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an impairment allowance account. The impairment loss is recognised in the statement of comprehensive income.

When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the statement of comprehensive income.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost at the reversal date. Impairment loss is reversed through the statement of comprehensive income.

2.6 Trade payables

Trade payables consist of the refund of levies when the Agency:

(i) receives notification from the MAS under section 43 of the DI-PPF Act; or

(ii) receives approval from the Minister under section 42 of the DI-PPF to refund levies.

The PPF General Fund classifies trade payables as financial liabilities, which are initially carried at fair value, and subsequently measured at amortised cost, using the effective interest method.

2. Significant accounting policies (continued)

2.7 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the PPF General Fund has a legal or constructive obligation that as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. In particular, provision for liability to make compensation payment and payment to fund the transfer or the run-off of the insurance business of a failed PPF Scheme member are recognised when the Agency receives notification from the MAS under section 46 of the DI-PPF Act.

2.8 Currency translation

Functional and presentation currency

Items included in the financial statements of the PPF General Fund are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Singapore Dollars, which is the PPF General Fund's functional and presentation currency.

3. Net expenditure incurred by Singapore Deposit Insurance Corporation Limited

Net expenditure incurred by the Agency in carrying out the objects of the DI-PPF Act are payable from the PPF General Fund as provided under the DI-PPF Act.

4. Income tax

The PPF General Fund does not have taxable income for this financial year. The levies received from PPF Scheme members are exempted from income tax based on the income tax exemption conditions granted by Ministry of Finance.

5. Cash and cash equivalents

	2016 $	2015 $
Cash at bank	**1,220,951**	718,486

Cash at bank held at the end of the reporting period are non-interest bearing and denominated in Singapore Dollar.

6. Advance to the Agency and non-trade receivables

	2016 $	2015 $
Advance to the Agency	**1,504,702**	1,012,359
Non-trade receivables	**31,198**	27,186
Add: Cash at bank	**1,220,951**	718,486
Total loans and receivables	**2,756,851**	1,758,031

Advance to the Agency to cover the Agency's operating and capital expenditures are not secured by collateral or credit enhancements, non-interest bearing and have no fixed term of repayment. They are denominated in Singapore Dollar.

Non-trade receivables relate to accrued interest receivables from MAS bills and Singapore Government bonds. They are unsecured and denominated in Singapore Dollar.

7. Financial assets, held-to-maturity

The PPF General Fund's held-to-maturity investments comprise:

	2016 $	2015 $
Current		
MAS bills	**430,000**	460,815
Non-current		
Singapore Government bonds	**7,790,498**	6,243,641
Total	**8,220,498**	6,704,456

The total fair value of the held-to-maturity investments, measured using quoted market bid prices as at 31 March 2016 was **$8,394,389** (2015: $6,586,974). The non-current held-to-maturity investments have maturity dates between 2018 and 2030.

8. Financial risk management

The PPF General Fund is exposed to credit risk, liquidity risk and market risk.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The PPF General Fund's exposure to credit risk arises primarily from investments, current account balance held with banks or MAS and advance to the Agency. The PPF General Fund minimises credit risk by dealing with high credit rating counterparties. The PPF General Fund's financial assets comprise:

(i) Cash held with a major bank in Singapore and the MAS;

(ii) Investments in Singapore Government bonds, and accrued interest receivable on such securities; the issuer, the Singapore Government, has a credit rating of "AAA" from Standard & Poor's and Fitch Ratings;

(iii) Investments in MAS bills and accrued interest receivable on such securities; and

(iv) Advance to the Agency to cover the Agency's operating and capital expenditures.

The PPF General Fund has no past due or impaired assets.

(b) Liquidity risk

(i) *Liabilities-related risk*

The PPF General Fund is responsible for funding the expenditure of the Agency in discharging functions prescribed in the DI-PPF Act. The cash outflow required is the Agency's budget which is determined before the start of each financial year in accordance with the provisions of the DI-PPF Act. The PPF General Fund's annual cash inflows are predictable, comprising:

- levies which are usually collected every July; and
- coupons from holdings of Singapore Government bonds.

Therefore, the PPF General Fund is able to provide adequate funding for the Agency's operating and capital expenditures.

8. Financial risk management (continued)

(b) Liquidity risk (continued)

(ii) *Contingent liabilities-related risk*

The making of compensation payments pursuant to the PPF Scheme established under the DI-PPF Act arises from the occurrence of future events that are not within the control of the PPF General Fund or the Agency. The Agency will pay out of or utilise the PPF General Fund in the following manner when required to do so by the MAS under section 46(2) of the DI-PPF Act.

- make payment of compensation to insured policy owners or third parties;
- fund transfer or run-off of the insurance business of a failed PPF Scheme member.

The Agency may raise cash from the assets held by the PPF General Fund which comprises Singapore Government bonds and MAS bills. Where this is insufficient, the Agency will obtain loans on behalf of the PPF General Fund while awaiting payments from the realisation of the assets of the failed PPF Scheme member. The Agency may also raise additional levies in accordance with section 40 of the DI-PPF Act.

(c) Market risk

(i) *Currency risk*

The PPF General Fund's operations are not exposed to foreign currency risks as its investments and operating transactions are denominated in Singapore Dollar.

In the event that the PPF General Fund has a legal and constructive obligation to make compensation payment and payment to fund for the transfer or the run-off of the insurance business of a failed PPF Scheme member, such obligations may be exposed to currency risk if there are insured policies denominated in a currency other than Singapore Dollar. However, this exposure cannot be reliably estimated at this juncture as the occurrence of such event is not within the control of the PPF General Fund or the Agency.

(ii) *Equity price risk*

The PPF General Fund has no exposure to equity price risk as it does not hold equity financial assets.

8. Financial risk management (continued)

(c) Market risk (continued)

(iii) *Interest rate risk*

There are two elements of interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The PPF General Fund's investments are not subjected to cash flow interest rate risk as the interest payments are fixed.

The PPF General Fund's investments are subject to fair value interest rate risk. The changes in fair value due to interest rate movements are not reflected in the financial statements, as these securities are accounted for as held-to-maturity financial assets. See Note 7 for details on the investments' fair values as at the end of the financial year.

(d) Accumulated surplus

The management of the PPF General Fund's accumulated surplus is circumscribed by the DI-PPF Act. Levies income is determined by the MAS which is charged under the DI-PPF Act to set the rates at which levies are levied on PPF Scheme members. As for investments, the Agency is required to invest the PPF General Fund's moneys with the objects of capital preservation and maintenance of liquidity.

The Agency ensures that the PPF General Fund maintains sufficient cash and liquid assets to meet the fund's share of the Agency's budget for capital and operating expenditures.

(e) Fair value measurement

The financial assets, held to maturity are not carried at fair value, however, the fair values are disclosed in Note 7, based on quoted market bid-prices in active markets at the balance sheet date.

The carrying value of cash and cash equivalents, advance to the Agency and non-trade receivables are carried at values which approximate their fair values at the balance sheet date due to their short-term nature.

8. Financial risk management (continued)

(f) Fair value hierarchy

PPF General Fund's financial assets which are not measured at fair value but for which the fair value has been disclosed has been analysed according to a fair value hierarchy. The different levels have been defined 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).
Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of the Singapore Government bonds and MAS bills held by PPF General Fund as disclosed in Note 7 are categorised within Level 1 of the fair value hierarchy.

9. Authorisation of financial statements

These financial statements were authorised for issue by the directors of the Agency on 27 June 2016.