SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

(Incorporated in Singapore. Registration Number: 200600593Z)

ANNUAL REPORT

For the financial year ended 31 March 2022

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED
(Incorporated in Singapore)

ANNUAL REPORT
For the financial year ended 31 March 2022

Contents

DIRECTORS' STATEMENT
For the financial year ended 31 March 2022

The directors 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 2022.

In the opinion of the directors,

(a) the financial statements as set out on pages 6 to 32 are drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act"), the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 (the "DI-PPF Act") and Financial Reporting Standards in Singapore ("FRS") so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and the financial performance and cash flows of the Company for the financial year covered by the financial statements; 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 as follows:

Mr. Koh Yong Guan, Chairman
Mr. Wong Yew Meng
Mrs. Hauw-Quek Soo Hoon
Mr. Ang Peng Koon Patrick
Mr. Gerard Tan Wee Seng

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 object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations.

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 Constitution of the Company, no dividends shall be paid to its members.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment for the Company, the Deposit Insurance Fund, the Policy Owners' Protection Life Fund and the Policy Owners' Protection General Fund.

On behalf of the Board of Directors

KOH YONG GUAN
Director

WONG YEW MENG
Director

Date: 17 August 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act"), the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 (the "DI-PPF Act") and Financial Reporting Standards in Singapore ("FRS") so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and of the financial performance and cash flows of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Company comprise:
- the statement of comprehensive income for the financial year ended 31 March 2022;
- the balance sheet as at 31 March 2022;
- the statement of cash flows for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED (continued)

Responsibilities of Management and Directors 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 Act, the DI-PPF Act and FRSs, 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.

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

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED (continued)

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion,

(a) the 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 Act and the DI-PPF Act, 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.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants
Singapore, 17 August 2022

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2022

	Notes	**2022** **$**	2021 $
Income:			
Recovery from the Deposit Insurance Fund	2.2	**4,309,426**	3,769,204
Recovery from the Policy Owners' Protection Life Fund	2.2	**1,259,748**	1,386,215
Recovery from the Policy Owners' Protection General Fund	2.2	**1,203,285**	1,340,480
Other Income		**1,676**	5,820
Total income		**6,774,135**	6,501,719
Expenses:			
Employee compensation	3	**3,748,316**	3,752,164
Depreciation and amortisation	8,10	**1,455,490**	1,522,972
Interest expense	9	**12,408**	23,988
Other expenses	4	**1,557,921**	1,202,595
Total expenses		**6,774,135**	6,501,719
Profit before income tax		**-**	-
Income tax expense	5	**-**	-
Total comprehensive income		**-**	-

There is no other comprehensive income for the financial years ended 31 March 2022 and 2021.

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

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

BALANCE SHEET
As at 31 March 2022

	Notes	2022 $	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	6	**2,873,237**	6,236,966
Non-trade receivables	7	**234,693**	337,716
Prepayments		**411,553**	345,672
		3,519,483	6,920,354
Non-current assets			
Property and equipment	8	**642,132**	1,105,609
Intangible assets	10	**1,933,711**	2,442,652
		2,575,843	3,548,261
Total assets		**6,095,326**	10,468,615
LIABILITIES			
Current liabilities			
Advance from the Deposit Insurance Fund	2.10	**2,905,118**	5,333,544
Advance from the Policy Owners' Protection Life Fund	2.10	**770,788**	2,030,536
Advance from the Policy Owners' Protection General Fund	2.10	**579,003**	1,483,289
Lease Liabilities	11	**261,440**	303,549
Non-trade payables	12	**1,578,977**	1,056,610
		6,095,326	10,207,528
Non-current liabilities			
Lease Liabilities	11	**-**	261,087
		-	261,087
Total liabilities		**6,095,326**	10,468,615
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.

	Notes	2022 $	2021 $
Cash flows from operating activities			
Profit before income tax		-	-
Adjustments for:			
- Depreciation and amortisation	8,10	**1,455,490**	1,522,972
- (Gain)/Loss on disposal of property and equipment		-	14,436
- Intangible assets written off		**31,942**	-
- Interest expense on lease liability		**12,408**	23,988
		1,499,840	1,561,396
Changes in working capital:			
- Non-trade receivables		**103,023**	96,378
- Prepayments		**(65,881)**	71,631
- Advance from the Deposit Insurance Fund		**(2,428,426)**	1,160,346
- Advance from the Policy Owners' Protection Life Fund		**(1,259,748)**	(508,292)
- Advance from the Policy Owners' Protection General Fund		**(904,286)**	26,125
- Non-trade payables		**522,367**	(194,105)
Net cash (used in)/provided by operating activities		**(2,533,111)**	2,213,479
Cash flows from investing activities			
Purchases of property and equipment	8	**(38,322)**	(592,639)
Additions to intangible assets	10	**(474,920)**	(814,642)
Net cash used in investing activities		**(513,242)**	(1,407,281)
Cash flows from financing activities			
Principal repayment of lease liabilities		**(304,968)**	(202,954)
Interest paid	11	**(12,408)**	(23,988)
Net cash used in financing activities	9	**(317,376)**	(226,942)
Net (decrease)/increase in cash and cash equivalents		**(3,363,729)**	579,256
Cash and cash equivalents at beginning of financial year	6	**6,236,966**	5,657,710
Cash and cash equivalents at end of financial year	6	**2,873,237**	6,236,966

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Singapore Deposit Insurance Corporation Limited (the "Company") is a public company limited by guarantee incorporated under the Companies Act 1967 on 13 January 2006 and is domiciled in Singapore. The address of its registered office is 10 Shenton Way, #11-08/09, MAS Building, Singapore 079117.

The Company is designated under section 56 of the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 (the "DI-PPF Act") to be the deposit insurance and policy owners' protection fund 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; the DI-PPF Act which came into force on 1 May 2011 and the DI-PPF (Amendment) Act 2018 which came into force on 1 April 2019.

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.

1. General Information (continued)

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.

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 insurance 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 insurance 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. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") under the historical cost convention, except as disclosed otherwise.

The preparation of these financial statements in conformity with FRSs 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. There are no areas involving significant judgement or complexity, or areas where assumptions and estimates are material to the financial statements.

Interpretations and amendments to published standards effective in 2021

On 1 April 2021, the Company has adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

The following are the new or amended Standards and Interpretations that should be disclosed in the Basis of preparation note if the change in accounting policy had a material effect on the current or prior periods, or may have a material effect on future periods:

Description
Amendments to FRS 109 Financial Instruments, FRS 39 Financial Instruments: Recognition and Measurement, FRS 107 Financial Instruments: Disclosures, FRS 104 Insurance Contracts and FRS 116 Leases (Interest Rate Benchmark Reform – Phase 2)
Amendments to FRS 116 Leases (Covid-19-Related Rent Concessions)

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the current, future or prior financial years.

2.2 Revenue recognition

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.

2.3 Other Income

Other Income includes interest income and government grants.

(a) Interest Income

Interest income is recognised using the effective interest rate method.

2. Significant accounting policies (continued)

2.3 Other Income (continued)

(b) Government Grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received, and the Company will comply with all the attached conditions.

Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash at banks with financial institutions which are subject to an insignificant risk of change in value.

2.5 Leases

<u>The Company is the lessee</u>

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

  The Company recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

  Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment".

2. Significant accounting policies (continued)

2.5 Leases (continued)

The Company is the lessee (continued)

- Lease liabilities

  Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

  - There is a change in future lease payments arising from changes in an index or rate;
  - There is a change in the Company's assessment of whether it will exercise an extension option; or
  - There are modifications in the scope or the consideration of the lease that was not part of the original term.

  Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in the statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

- Short-term and low-value leases

  The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to the statement of comprehensive income on a straight-line basis over the lease term.

2.6 Financial Assets

The Company classifies its financial assets either at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification of debt instruments depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets. The Company reclassifies debt instruments when and only when its business model for managing those assets changes. Accordingly, this group of financial assets are measured at amortised cost at initial recognition.

(i) Initial Recognition and Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

2. **Significant accounting policies** (continued)

2.6 **Financial Assets** (continued)

(ii) Subsequent Measurement

Debt instruments of the Company comprise cash and cash equivalents and non-trade receivables only. The Company manages its debt instruments by collecting the contractual cash flows and these cash flows represent solely payment of principal and interest. Accordingly, these groups of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is recognised using the effective interest rate method.

The Company assesses on forward looking basis the expected credit losses ("ECLs") associated with its debt instruments carried at amortised cost.

For non-trade receivables, the Company applied the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For cash and cash equivalents, the general 3 stage approach is applied. Credit loss allowance is based on 12-month ECLs if there is no significant increase in credit risk since initial recognition. If there is significant increase in credit risk since initial recognition, lifetime ECL will be calculated and recognised.

2.7 **Property and equipment**

(a) Measurement

All items of property and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property and equipment initially recognised includes its purchase price and any cost that is 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.

2. Significant accounting policies (continued)

2.7 Property and equipment (continued)

(b) *Depreciation*

Depreciation on property and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Furniture, fittings and other office equipment	3 - 5 years
Computer equipment and software	3 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 date. The effects of any revision are recognised in the statement of comprehensive income when the changes arise.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property and equipment 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 measured reliably. All other repair and maintenance expenses are recognised in the statement of comprehensive income when incurred.

(d) *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.

2.8 Intangible assets

(a) *Measurement*

All items of intangible assets are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

The cost of an item of intangible asset initially recognised includes its purchase price and any cost that is directly attributable to bringing to use or to develop the specific asset.

2. Significant accounting policies (continued)

2.8 Intangible assets (continued)

(b) Amortisation

Amortisation of intangible assets is calculated using the straight-line method to allocate their depreciable amounts 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 measured reliably. All other subsequent expenditure is recognised in the statement of comprehensive income when incurred.

(d) Disposal

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

2.9 Impairment of non-financial assets

Property and equipment, right-of-use assets 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, the 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 is reduced to its recoverable amount.

2. Significant accounting policies (continued)

2.9 Impairment of non-financial assets (continued)

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the statement of comprehensive income.

An impairment loss for an asset is reversed 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 this 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 any accumulated depreciation and 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.

2.10 Advances from the DI Fund, the PPF Life Fund and the PPF General Fund

Advances from the DI Fund, the PPF Life Fund and the PPF General Fund represent cash advances provided to the Company prior to the end of financial year for the purpose of covering the Company's operating and capital expenditures, which have not yet been utilised.

These advances are unsecured, non-interest bearing and have no fixed term of repayment.

2.11 Non-trade payables

Non-trade payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Non-trade payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2. **Significant accounting policies** (continued)

2.12 Employee compensation

Employee benefits are recognised as an expense.

(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 on a mandatory, contractual or voluntary basis. The Company 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. The Company's contribution to the defined contribution plans is recognised in the financial period to which they relate.

(b) *Employee leave entitlements*

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 those benefits which 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. The Company may withdraw or modify a current employee's existing entitlement to receive any deferred bonus payments, remuneration or other benefits if the employment of the current employee is terminated due to misconduct, negligence or a breach of employment terms.

Benefits falling due more than 12 months after financial year-end date are discounted to their present value.

2. Significant accounting policies (continued)

2.12 Employee compensation (continued)

(d) Deferred bonus payments

Deferred bonus payments consist of cash compensation plans, including the employer's contribution to the Central Provident Fund. The expenses relating to the benefits are fully recognised in the financial period in which the benefits are awarded. Payment is made in three annual instalments, conditional upon the recipient being in the employment of the Company on the payment date.

Deferred bonus payments 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.

2.13 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 Company operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) Transactions and balances

Transactions denominated in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the financial year-end date 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.

3. Employee compensation

	2022	2021
	$	$
Wages and salaries	**3,299,614**	3,336,658
Employer's contribution to Central Provident Fund	**343,003**	324,751
Directors' fees	**93,000**	83,068
Deferred bonus payments	**-**	(5,307)
Others	**12,699**	12,994
	3,748,316	3,752,164

4. Other expenses

	2022	2021
	$	$
IT expenses	**867,620**	708,052
Consultancy fees	**401,630**	199,540
Rental and reinstatement cost	**36,620**	96,073
Audit fees	**64,707**	61,626
Internal audit fees	**107,450**	38,125
Legal, accounting and other fees	**5,111**	20,989
Office maintenance	**7,390**	17,410
Telecommunication charges	**23,636**	14,253
Travel	**1,540**	27
Company secretary fees	**2,292**	1,954
Publicity	**2,463**	1,915
(Gain)/Loss on disposal of Property and equipment	**-**	14,436
Other expenses	**37,462**	28,195
	1,557,921	1,202,595

5. Income tax

The Company administers and manages the DI Fund, the PPF Life Fund and the PPF General Fund in accordance with the DI-PPF Act. on a pure cost recovery basis. All expenses of the Company are deemed as deductible business expenses and no further tax adjustments need to be made to the items of disallowable expenditure. As such, the Company does not have tax chargeable income for this financial year.

6. Cash and cash equivalents

	2022	2021
	$	$
Cash at bank	**2,873,237**	6,236,966

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 deposit insurance and policy owners' protection fund agency 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 Funds.

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

7. Non-trade receivables

	2022	2021
	$	$
Refundable deposits	**740**	5,850
Receivable from Comptroller of Goods and Services Tax	**232,856**	275,020
Others	**1,097**	56,846
Total	**234,693**	337,716

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

8. Property and equipment

	Property $	Furniture, fittings and other office equipment $	Computer equipment and software $	Total $
2022				
Cost				
Beginning of financial year	834,880	210,743	1,600,809	2,646,432
Additions	-	7,600	30,722	38,322
Disposal	-	(6,200)	(1,599)	(7,799)
Adjustment	1,772	-	-	1,772
End of financial year	836,652	212,143	1,629,932	2,678,727
Accumulated depreciation				
Beginning of financial year	325,223	38,384	1,177,216	1,540,823
Depreciation charge	278,961	41,048	183,562	503,571
Disposal	-	(6,200)	(1,599)	(7,799)
End of financial year	604,184	73,232	1,359,179	2,036,595
Net book value				
End of financial year	**232,468**	**138,911**	**270,753**	**642,132**
2021				
Cost				
Beginning of financial year	850,109	114,523	1,208,332	2,172,964
Additions	-	187,744	404,895	592,639
Disposal	-	(91,524)	(12,418)	(103,942)
Adjustment	(15,229)	-	-	(15,229)
End of financial year	834,880	210,743	1,600,809	2,646,432
Accumulated depreciation				
Beginning of financial year	47,228	91,125	1,035,546	1,173,899
Depreciation charge	277,995	24,347	154,088	456,430
Disposal	-	(77,088)	(12,418)	(89,506)
End of financial year	325,223	38,384	1,177,216	1,540,823
Net book value				
End of financial year	**509,657**	**172,359**	**423,593**	**1,105,609**

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class.

9. Leases - The Company as a lessee

Property

The Company leases office space for the purpose of office operations. There is no externally imposed covenant on these lease arrangements

9. Leases - The Company as a lessee (continued)

(a) Carrying amounts

Right-of-use assets classified within Property, plant and equipment

	2022	2021
Leasehold office space	**232,468**	509,657

(b) Depreciation charge during the year

	2022 **$**	2021 $
Leasehold office space	**278,961**	277,995

(c) Interest expense

	2022 **$**	2021 $
Interest expense on lease liabilities	**12,408**	23,988

(d) Lease expense not capitalised in lease liabilities

	2022 **$**	2021 $
Short-term lease expense	**-**	60,110

(e) Total cash outflow for all leases in financial year ended 31 March 2022 was $317,376 (2021: $287,052).

(f) There is no addition of right-of-use assets during the financial year ended 31 March 2022 (2021: $NIL).

10. Intangible assets

	Computer software $	Software under development $	Total $
2022			
Cost			
Beginning of financial year	10,162,321	307,217	10,469,538
Additions	69,245	405,675	474,920
Disposal	(161,286)	-	(161,286)
Write-off	(50,400)	-	(50,400)
Transfers	64,627	(64,627)	-
End of financial year	10,084,507	648,265	10,732,772
Accumulated amortisation			
Beginning of financial year	8,026,886	-	8,026,886
Amortisation	951,919	-	951,919
Disposal	(161,286)	-	(161,286)
Write-off	(18,458)	-	(18,458)
End of financial year	8,799,061	-	8,799,061
Net book value			
End of financial year	**1,285,446**	**648,265**	**1,933,711**
2021			
Cost			
Beginning of financial year	9,541,238	113,658	9,654,896
Additions	288,528	526,114	814,642
Disposal	-	-	-
Transfers	332,555	(332,555)	-
End of financial year	10,162,321	307,217	10,469,538
Accumulated amortisation			
Beginning of financial year	6,960,344	-	6,960,344
Amortisation	1,066,542	-	1,066,542
Disposal	-	-	-
End of financial year	8,026,886	-	8,026,886
Net book value			
End of financial year	**2,135,435**	**307,217**	**2,442,652**

11. Lease Liabilities

Reconciliation of liabilities arising from financing activities:

$	1 April 2021	Principal and interest payments	Non-cash changes			31 March 2022
			Interest expense	Addition of new leases	Adjustment to lease liability	
Lease liabilities	**564,636**	**(317,376)**	**12,408**	**-**	**1,772**	**261,440**

$	1 April 2020	Principal and interest payments	Non-cash changes			31 March 2021
			Interest expense	Addition of new leases	Adjustment to lease liability	
Lease liabilities	782,819	(226,942)	23,988	-	(15,229)	564,636

12. Non-trade payables

	2022	2021
	$	$
Current:		
Non-trade payables	**1,578,977**	1,056,610

Non-trade payables are unsecured and non-interest bearing. The current non-trade payables are repayable within 12 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.

13. Goods and Services Tax ("GST")

The Ministry of Finance has granted GST input tax remission on all business purchases made by the Company on behalf of DI Fund, PPF Life Fund and PPF General Fund until end of 2022 or until the target fund size of respective Funds has been reached, whichever is earlier.

14. 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.

15. Capital Commitments

Capital expenditures contracted for at the financial year-end date but not recognised in the financial statements are as follows:

	2022	2021
	$	$
Property and equipment	**247,458**	3,249
Intangible assets	**1,263,295**	96,880
	1,510,753	100,129

Lease payments have been recognised as right-of-use assets and lease liabilities on the balance sheet as at 31 March 2022 and 31 March 2021, except for short-term and low value leases.

16. Financial risk management

Financial risk factors

The Company's activities expose it to market risk (including currency risk, equity price risk and interest rate risk), credit risk and liquidity risk.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. The management team then establishes the detailed policies, such as risk identification and measurement.

The Company's finance personnel prepare regular reports for the review of the management team and the Board of Directors. The information presented below is based on information received by the management team.

(a) *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 non-trade receivables and non-trade payables are non-interest bearing.

(b) *Credit risk*

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

(i) *Risk Management*

The Company's major classes of financial assets are cash and cash equivalents and non-trade receivables. The Company adopts the policy of dealing with financial institutions and other counterparties with high credit ratings to mitigate credit risk. The Company does not have significant credit concentration risk on its funds, which are held with several reputable financial institutions.

16. Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Non-trade receivables

The Company has applied the simplified approach to measure the lifetime ECLs for non-trade receivables. The non-trade receivables totalling $232,856 (2021: $337,716) of which 99% (2021: 100%) are due from the Comptroller of Goods and Services Tax and receivables or refundable deposits placed with the MAS. The Company has no past due or impaired assets.

(iii) Cash and cash equivalents

Cash and cash equivalents that are placed with major banks in Singapore are rated AA- (2021: AA-) based on Fitch ratings and are considered to have low credit risk. The cash balances are measured on 12-months expected credit losses and subject to immaterial credit loss.

(c) 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 every period of 3 consecutive financial years 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.

(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.

16. Financial risk management (continued)

(c) Liquidity risk (continued)

(ii) Contingent liabilities-related risk (continued)

The Company may raise cash from the assets held by the DI Fund which comprises Singapore Government bonds and MAS bills. The Company may also 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 under which the MAS may provide the Company a contingent liquidity facility of up to $20 billion (31 March 2021: $20 billion), on behalf of DI Fund, in the event a DI Scheme member fails and liquidity is needed for compensation payments to insured depositors. As at 31 March 2022, there were no request and no drawdown on the facility (31 March 2021: $NIL).

Furthermore, the MAS may, with the concurrence of the Company, determine and 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 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 the transfer and/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. The Company may also 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. Furthermore, the MAS may, with the concurrence of the Company, determine and raise additional levies in accordance with section 40 of the DI-PPF Act.

16. Financial risk management (continued)

(c) *Liquidity risk* (continued)

(iii) *Maturity analysis of lease liabilities*

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from financial year-end date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	2022	2021
	$	$
Less than one year	**264,480**	317,376
Between one and two years	**-**	264,480
Between two and five years	**-**	-
	264,480	581,856

(d) *Fair value measurement*

The carrying value of cash and cash equivalents, non-trade receivables and current non-trade payables are carried at values which approximate their fair values at the financial year-end date due to their short-term nature.

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

(e) *Capital risk*

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. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

Key management personnel compensation

	2022 **$**	2021 $
Wages, salaries and other short-term employee benefits	**544,943**	547,297
Employers' contribution to Central Provident Fund	**10,380**	10,200
Others	**135**	135
	555,458	557,632

18. New or revised accounting standards and interpretations

The Company has not early adopted any of the following mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the Company's accounting periods beginning on or after 1 April 2022 :

Description	Effective for annual periods beginning on or after
Amendments to FRS 103 Business Combinations: Reference to the Conceptual Framework	1 January 2022
Amendments to FRS 16 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to FRS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
FRS 117 Insurance Contracts	1 January 2023
Amendments to FRS 117 Insurance Contracts	1 January 2023
Amendments to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023

Description	Effective for annual periods beginning on or after
Amendment to FRS 1: Classification of Liabilities as Current or Non-current—Deferral of Effective Date	-
Amendments to FRS 1 Presentation of Financial Statements and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
Amendments to FRS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
FRS 110 and FRS 28: Effective Date of Amendments to FRS 110 and FRS 28	-

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.

19. 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 17 August 2022.

DEPOSIT INSURANCE FUND

(Established under the Deposit Insurance Act Cap. 77A and re-constituted under the Deposit Insurance and Policy Owners' Protection Schemes Act 2011)

ANNUAL REPORT

For the financial year ended 31 March 2022

DEPOSIT INSURANCE FUND
(Established under the Deposit Insurance Act Cap. 77A and re-constituted under the Deposit Insurance and Policy Owners' Protection Schemes Act 2011)

ANNUAL REPORT
For the financial year ended 31 March 2022

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DEPOSIT INSURANCE FUND

STATEMENT BY SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED
For the financial year ended 31 March 2022

We, Koh Yong Guan and Wong Yew Meng, 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") as set out on pages 6 to 21 are drawn up in accordance with the provisions of the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 and Financial Reporting Standards in Singapore so as to give a true and fair view of the financial position of the DI Fund as at 31 March 2022 and of the financial performance, changes in accumulated surplus and cash flows of the DI Fund for the financial year 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

WONG YEW MENG
Director

Date: 17 August 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED - DEPOSIT INSURANCE FUND

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of the Deposit Insurance Fund ("DI Fund") are properly drawn up in accordance with the provisions of the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 (the "DI-PPF Act") and Financial Reporting Standards in Singapore ("FRS") so as to give a true and fair view of the financial position of the DI Fund as at 31 March 2022 and of the financial performance, changes in accumulated surplus and cash flows of the DI Fund for the financial year ended on that date.

What we have audited

The financial statements of the DI Fund comprise:

- the statement of comprehensive income for the financial year ended 31 March 2022;
- the balance sheet as at 31 March 2022;
- the statement of changes in accumulated surplus for the financial year then ended;
- the statement of cash flows for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the DI Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED - DEPOSIT INSURANCE FUND (continued)

Other Information

The Singapore Deposit Insurance Corporation Limited's (the "Agency's") management is responsible for the other information. The other information comprises the Statement by Singapore Deposit Insurance Corporation Limited but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Agency's Management and Directors for the Financial Statements

The Agency's management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the DI-PPF Act and FRSs, 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.

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

The Agency's directors' responsibilities include overseeing the DI Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED - DEPOSIT INSURANCE FUND (continued)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the DI Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Agency's management.
- Conclude on the appropriateness of the Agency's management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the DI Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the DI Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED - DEPOSIT INSURANCE FUND (continued)

Report on Other Legal and Regulatory Requirements

In our opinion,

(a) the accounting and other records required by the DI-PPF Act to be kept by the DI Fund have been properly kept in accordance with the provisions of the DI-PPF Act, 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 DI-PPF Act.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants
Singapore, 17 August 2022

DEPOSIT INSURANCE FUND

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2022

	Notes	**2022**	2021
		$	$
Income:			
Premium contributions	2.2	**58,287,091**	56,762,726
Interest income from financial assets	2.2	**9,874,389**	8,802,763
Total income		**68,161,480**	65,565,489
Expenses:			
Net expenditure incurred by Singapore Deposit Insurance Corporation Limited	3	**4,309,426**	3,769,204
Total expenses		**4,309,426**	3,769,204
Net surplus		**63,852,054**	61,796,285
Income tax expense	4	**-**	-
Total comprehensive income		**63,852,054**	61,796,285

There is no other comprehensive income for the financial years ended 31 March 2022 and 2021.

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

DEPOSIT INSURANCE FUND

BALANCE SHEET
As at 31 March 2022

	Notes	**2022** **$**	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	5	**2,547,891**	32,004
Advance to the Agency	2.8	**2,905,118**	5,333,544
Trade and other receivables	6	**2,108,409**	2,136,050
Financial assets, at amortised cost	7	**52,071,390**	76,204,523
		59,632,808	83,706,121
Non-current assets			
Financial assets, at amortised cost	7	**450,537,942**	362,612,575
TOTAL ASSETS AND NET ASSETS		**510,170,750**	446,318,696
ACCUMULATED SURPLUS	9(d)	**510,170,750**	446,318,696

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

DEPOSIT INSURANCE FUND

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS
For the financial year ended 31 March 2022

	Note	**2022** **$**	2021 $
Beginning of financial year		**446,318,696**	384,522,411
Total comprehensive income for the financial year		**63,852,054**	61,796,285
End of financial year	9(d)	**510,170,750**	446,318,696

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

DEPOSIT INSURANCE FUND

STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2022

	Note	**2022 $**	2021 $
Cash flows from operating activities			
Net Surplus		**63,852,054**	61,796,285
Adjustments for:			
- Interest income from financial assets		**(9,874,389)**	(8,802,763)
		53,977,665	52,993,522
Change in working capital:			
- Advance to the Agency		**2,428,426**	(1,160,346)
- Trade receivables	6	**639**	(639)
Net cash provided by operating activities		**56,406,730**	51,832,537
Cash flows from investing activities			
Purchases of financial assets, at amortised cost		**(143,429,336)**	(100,797,742)
Proceeds upon maturity of financial assets, at amortised cost		**76,344,531**	37,950,756
Interest received from financial assets		**13,193,962**	11,018,168
Net cash used in investing activities		**(53,890,843)**	(51,828,818)
Net increase in cash and cash equivalents		**2,515,887**	3,719
Cash and cash equivalents at beginning of financial year	5	**32,004**	28,285
Cash and cash equivalents at end of financial year	5	**2,547,891**	32,004

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

These notes form an integral part of and should be read in conjunction with the accompanying 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 2011 (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; the DI-PPF Act which came into force on 1 May 2011 and the DI-PPF (Amendment) Act 2018 which came into force on 1 April 2019. 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 1967 on 13 January 2006 and is domiciled in Singapore. The address of its registered office is 10 Shenton Way, #11-08/09, 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 (the "PPF 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 member as specified in the DI-PPF Act. The maximum deposit insurance coverage is $75,000.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") under the historical cost convention, except as disclosed otherwise.

The financial statements are the responsibility of the Agency. The preparation of these financial statements in conformity with FRSs requires the Agency's management 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. There are no areas involving significant judgement or complexity, or areas where assumptions and estimates are material to the financial statements.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2021

On 1 April 2021, the DI Fund has adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the DI Fund's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended Standards and Interpretations that should be disclosed in the Basis of preparation note if the change in accounting policy had a material effect on the current or prior periods, or may have a material effect on future periods:

Description
Amendments to FRS 109 Financial Instruments, FRS 39 Financial Instruments: Recognition and Measurement, FRS 107 Financial Instruments: Disclosures, FRS 104 Insurance Contracts and FRS 116 Leases (Interest Rate Benchmark Reform – Phase 2)
Amendments to FRS 116 Leases (Covid-19-Related Rent Concessions)

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the DI Fund and had no material effect on the amounts reported for the current, future or prior financial years.

2.2 Revenue recognition

(a) 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 assessed and due to be received, provided that the right to receive premiums has been established by reference to the written notices given by the Agency to the DI Scheme members.

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(a) Premium contributions (continued)

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 assessed and due to be received or paid, provided that the right to receive or refund premiums has been established by reference to the written notifications received by the Agency from the MAS.

(b) Interest income from financial assets

Interest income from financial assets is recognised using the effective interest method.

2.3 Cash and cash equivalents

Cash and cash equivalents include cash at banks with financial institutions and MAS which are subject to an insignificant risk of change in value.

2.4 Financial assets

The DI Fund classifies its financial assets either at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification of debt instruments depends on the DI Fund's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets. The DI Fund reclassifies debt instruments when and only when its business model for managing those assets changes. Accordingly, this group of financial assets are measured at amortised cost at initial recognition.

(i) Initial Recognition and Measurement

At initial recognition, the DI Fund measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

(ii) Subsequent Measurement

Debt instruments of the DI Fund comprise cash and cash equivalents, trade and other receivables and financial assets, at amortised cost. DI Fund manages its debt instruments by collecting the contractual cash flows and these cash flows represent solely payment of principal and interest. Accordingly, these groups of financial assets are measured at amortised cost subsequent to initial recognition.

2. Significant accounting policies (continued)

2.4 Financial assets (continued)

(ii) Subsequent Measurement (continued)

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is recognised using the effective interest rate method.

DI Fund assesses on forward looking basis the expected credit losses ("ECLs") associated with its debt instruments carried at amortised cost.

For trade and other receivables, DI Fund applied the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For cash and cash equivalents, the general 3 stage approach is applied. Credit loss allowance is based on 12-month ECLs if there is no significant increase in credit risk since initial recognition. If there is significant increase in credit risk since initial recognition, lifetime ECL will be calculated and recognised.

2.5 Trade payables

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

(i) receives approval from the Minister under section 17 of the DI-PPF Act to refund premium contributions; or
(ii) receives notification from the MAS under section 18 of the DI-PPF Act.

They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Trade payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

2.6 Provision for other liabilities and charges

Provisions for other liabilities and charges are recognised when the DI Fund has a present 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.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the statement of comprehensive income when the change arises.

2.7 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 ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the DI Fund.

2.8 Advance to the Agency

Advance to the Agency represents cash advance to the Agency prior to the end of financial year, for the purpose of covering its operating and capital expenditures. These advances are not secured by collateral or credit enhancements, non-interest bearing and have no fixed term of repayment.

3. Net expenditure incurred by Singapore Deposit Insurance Corporation Limited

Expenditure net of grants and recoveries 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 Ministry of Finance has granted income tax remission for premium contributions collected by the DI Fund for the life of the Fund. In addition, income tax remission was granted for investment income earned by the DI Fund until end of 2022 or until the target fund size has been reached, whichever is earlier. As such, the DI Fund does not have tax chargeable income for this financial year. The

5. Cash and cash equivalents

	2022	2021
	$	$
Cash at bank and cash with the MAS	**2,547,891**	32,004

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

6. Trade and other receivables

	2022	2021
	$	$
Trade receivables	**-**	639
Accrued interest receivables	**2,108,409**	2,135,411
	2,108,409	2,136,050

Trade receivables are premiums receivable from DI Scheme members. Other receivables relate to accrued interest receivables from MAS bills and Singapore Government bonds. They are unsecured and denominated in Singapore Dollar.

7. Financial assets, at amortised cost

The DI Fund's investments comprise:

	2022	2021
	$	$
Current:		
MAS Bills	**-**	6,477,296
Singapore Government bonds	**52,071,390**	69,727,227
	52,071,390	76,204,523
Non-current:		
Singapore Government bonds	**450,537,942**	362,612,575
Total	**502,609,332**	438,817,098

The total fair value of the investments at amortised cost, measured using quoted market bid prices as at 31 March 2022 was $484,757,847 (2021: $446,964,512). The non-current investments at amortised cost have maturity dates between July 2023 and April 2042.

8. Goods and Services Tax ("GST")

The Ministry of Finance has granted GST tax remission to allow the DI Fund to exempt the premiums paid by Scheme members from GST, as well as claim input GST on all business purchases incurred by Singapore Deposit Insurance Corporation Limited on behalf of DI Fund until end of 2022 or until the target fund size has been reached, whichever is earlier.

9. Financial risk management

Financial risk factors

The DI Fund's activities expose it to market risk (including currency risk, equity price risk and interest rate risk), credit risk and liquidity risk.

The Agency's Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the DI Fund. The Agency's management team then establishes the detailed policies such as risk identification and measurement.

The Agency's finance personnel prepare regular reports for the review of the Agency's management team and the Board of Directors. The information presented below is based on information received by the Agency's management team.

9. Financial risk management (continued)

(a) *Market risk*

(i) *Currency risk*

The DI Fund's business operations are not exposed to foreign currency risks as all of 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 subject to cash flow interest rate risk as the interest payments are fixed.

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 investments are accounted for as financial assets at amortised cost. See Note 7 for details on the fair values as at year-end.

(b) *Credit risk*

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

The DI Fund's major classes of financial assets are cash at bank and financial assets at amortised cost. The DI Fund adopts the policy of dealing with financial institutions and other counterparties with high credit ratings to mitigate credit risk.

9. Financial risk management (continued)

(b) Credit risk (continued)

The DI Fund's financial assets comprise:

(i) Cash held with major banks 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; and
(iii) Investments in MAS bills and accrued interest receivable on such securities.

The DI Fund has no past due or impaired assets.

(c) Liquidity risk

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

(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 working day of the financial year;
- coupons from holdings of Singapore Government bonds; and
- interest income from MAS bills.

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

9. Financial risk management (continued)

(c) *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. The Agency may also obtain loans on behalf of the DI Fund while awaiting proceeds 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 (31 March 2021: $20 billion), on behalf of DI Fund, in the event a DI Scheme member fails, and liquidity is needed for compensation payments to insured depositors. As at 31 March 2022, there were no request and no drawdown on the facility (31 March 2021: $NIL).

Furthermore, the MAS may, with the concurrence of the Agency, determine and raise additional premium contributions in accordance with section 15 of the DI-PPF Act.

(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 moneys may only be invested in the types of investments prescribed in section 11 of the DI-PPF Act.

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.

9. Financial risk management (continued)

(e) *Fair value measurement*

The carrying value of cash and cash equivalents and trade and other receivables are carried at values which approximate their fair values at the financial year-end date due to their short-term nature.

The financial assets, at amortised cost 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 financial year-end date. These fair values have been analysed according to a fair value hierarchy as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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. The DI Fund does not hold any level 2 or level 3 assets.

10. New or revised accounting standards and interpretations

The DI Fund has not early adopted any of the following mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the DI Fund's accounting periods beginning on or after 1 April 2022:

Description	Effective for annual periods beginning on or after
Amendments to FRS 103 Business Combinations: Reference to the Conceptual Framework	1 January 2022
Amendments to FRS 16 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to FRS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022

10. New or revised accounting standards and interpretations (continued)

Description	Effective for annual periods beginning on or after
Annual Improvements to FRSs 2018-2020	1 January 2022
FRS 117 Insurance Contracts	1 January 2023
Amendments to FRS 117 Insurance Contracts	1 January 2023
Amendments to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023
Amendment to FRS 1: Classification of Liabilities as Current or Non-current—Deferral of Effective Date	-
Amendments to FRS 1 Presentation of Financial Statements and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
Amendments to FRS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
FRS 110 and FRS 28: Effective Date of Amendments to FRS 110 and FRS 28	-

The Agency's management expects that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

11. Authorisation of financial statements

These financial statements were authorised for issue by the Agency's directors on 17 August 2022.

POLICY OWNERS' PROTECTION LIFE FUND

(Established under the Deposit Insurance and Policy Owners' Protection Schemes Act 2011)

ANNUAL REPORT

For the financial year ended 31 March 2022

POLICY OWNERS' PROTECTION LIFE FUND
(Established under the Deposit Insurance and Policy Owners' Protection Schemes Act 2011)

ANNUAL REPORT
For the financial year ended 31 March 2022

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POLICY OWNERS' PROTECTION LIFE FUND

STATEMENT BY SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED
For the financial year ended 31 March 2022

We, Koh Yong Guan and Wong Yew Meng, 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") as set out on pages 6 to 22 are drawn up in accordance with the provisions of the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 and Financial Reporting Standards in Singapore so as to give a true and fair view of the financial position of the PPF Life Fund as at 31 March 2022 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; 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

WONG YEW MENG
Director

Date : 17 August 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED – POLICY OWNERS' PROTECTION LIFE FUND

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of the Policy Owners' Protection Life Fund ("PPF Life Fund") are properly drawn up in accordance with the provisions of the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 (the "DI-PPF Act") and Financial Reporting Standards in Singapore ("FRS") so as to give a true and fair view of the financial position of the PPF Life Fund as at 31 March 2022 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.

What we have audited

The financial statements of the PPF Life Fund comprise:

- the statement of comprehensive income for the financial year ended 31 March 2022;
- the balance sheet as at 31 March 2022;
- the statement of changes in accumulated surplus for the financial year then ended;
- the statement of cash flows for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the PPF Life Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED - POLICY OWNERS' PROTECTION LIFE FUND (continued)

Other Information

The Singapore Deposit Insurance Corporation Limited's (the "Agency's") management is responsible for the other information. The other information comprises the Statement by Singapore Deposit Insurance Corporation Limited but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Agency's Management and Directors for the Financial Statements

The Agency's management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the DI-PPF Act and FRSs, 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.

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

The Agency's directors' responsibilities include overseeing the PPF Life Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED - POLICY OWNERS' PROTECTION LIFE FUND (continued)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PPF Life Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Agency's management.
- Conclude on the appropriateness of the Agency's management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the PPF Life Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the PPF Life Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED - POLICY OWNERS' PROTECTION LIFE FUND
(continued)

Report on Other Legal and Regulatory Requirements

In our opinion,

(a) the accounting and other records required by the DI-PPF Act to be kept by the PPF Life Fund have been properly kept in accordance with the provisions of the DI-PPF Act, 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 made in accordance with the provisions of DI-PPF Act.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants
Singapore, 17 August 2022

POLICY OWNERS' PROTECTION LIFE FUND

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2022

	Notes	**2022** **$**	2021 $
Income:			
Levies	2.2	**45,037,931**	37,995,136
Interest income from financial assets	2.2	**6,203,803**	5,402,619
Total income		**51,241,734**	43,397,755
Expenses:			
Net expenditure incurred by Singapore Deposit Insurance Corporation Limited	3	**1,259,748**	1,386,215
Total expenses		**1,259,748**	1,386,215
Net surplus		**49,981,986**	42,011,540
Income tax expense	4	**-**	-
Total comprehensive income		**49,981,986**	42,011,540

There is no other comprehensive income for the financial years ended 31 March 2022 and 2021.

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

POLICY OWNERS' PROTECTION LIFE FUND

BALANCE SHEET
As at 31 March 2022

	Notes	**2022** **$**	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	5	**831,305**	13,669
Advance to the Agency	2.8	**770,788**	2,030,536
Non-trade receivables	6	**1,558,288**	1,618,408
Financial assets, at amortised cost	7	**62,698,089**	55,596,954
		65,858,470	59,259,567
Non-current assets			
Financial assets, at amortised cost	7	**290,389,130**	247,006,047
TOTAL ASSETS AND NET ASSETS		**356,247,600**	306,265,614
ACCUMULATED SURPLUS	9(d)	**356,247,600**	306,265,614

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

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS
For the financial year ended 31 March 2022

	Note	**2022** **$**	2021 $
Beginning of financial year		**306,265,614**	264,254,074
Total comprehensive income for the financial year		**49,981,986**	42,011,540
End of financial year	9(d)	**356,247,600**	306,265,614

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

POLICY OWNERS' PROTECTION LIFE FUND

STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2022

	Note	**2022** **$**	2021 $
Cash flows from operating activities			
Net Surplus		**49,981,986**	42,011,540
Adjustments for:			
- Interest income from financial assets		**(6,203,803)**	(5,402,619)
		43,778,183	36,608,921
Change in working capital:			
- Advance to the Agency		**1,259,748**	508,292
Net cash provided by operating activities		**45,037,931**	37,117,213
Cash flows from investing activities			
Purchases of financial assets, at amortised cost		**(108,687,483)**	(75,667,943)
Proceeds upon maturity of financial assets, at amortised cost		**55,565,797**	31,955,683
Interest received from financial assets		**8,901,391**	6,583,600
Net cash used in investing activities		**(44,220,295)**	(37,128,660)
Net increase/ (decrease) in cash and cash equivalents		**817,636**	(11,447)
Cash and cash equivalents at beginning of financial year	5	**13,669**	25,116
Cash and cash equivalents at end of financial year	5	**831,305**	13,669

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

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

The Policy Owners' Protection Life Fund (the "PPF Life Fund") was established under section 34 of the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 (the "DI-PPF Act"). Accordingly, in the notes to the financial statements, DI-PPF Act refers to the DI-PPF Act which came into force on 1 May 2011 and the DI-PPF (Amendment) Act 2018 which came into force on 1 April 2019. Subject to the directions of the Minister, the PPF Life 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 1967 on 13 January 2006 and is domiciled in Singapore. The address of its registered office is 10 Shenton Way, #11-08/09, 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 (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 purposes of compensating (in part or whole) or otherwise assisting or protecting insured policy owners and beneficiaries in respect of the insured policies issued by PPF Scheme members and for securing the continuity of insurance for insured policy owners as far as reasonably practicable as specified in the DI-PPF Act. The guaranteed benefits covered under the PPF Scheme are subjected to caps depending on the types of policies.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") under the historical cost convention, except as disclosed otherwise.

The financial statements are the responsibility of the Agency. The preparation of these financial statements in conformity with FRSs requires the Agency's management 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. There are no areas involving significant judgement or

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

complexity, or areas where assumptions and estimates are material to the financial statements.

Interpretations and amendments to published standards effective in 2021

On 1 April 2021, the PPF Life Fund has adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the PPF Life Fund's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended Standards and Interpretations that should be disclosed in the Basis of preparation note if the change in accounting policy had a material effect on the current or prior periods, or may have a material effect on future periods:

Description
Amendments to FRS 109 Financial Instruments, FRS 39 Financial Instruments: Recognition and Measurement, FRS 107 Financial Instruments: Disclosures, FRS 104 Insurance Contracts and FRS 116 Leases (Interest Rate Benchmark Reform – Phase 2)
Amendments to FRS 116 Leases (Covid-19-Related Rent Concessions)

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the PPF Life Fund and had no material effect on the amounts reported for the current, future or prior financial years.

2. Significant accounting policies (continued)

2.2 Revenue recognition

(a) 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 assessed and due to be received, provided that the right to receive levies has been established 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 assessed and due to be received or paid, provided that the right to receive levies or refund levies has been established by reference to the written notifications received by the Agency from the MAS.

(b) Interest income from financial assets

Interest income from financial assets is recognised using the effective interest method.

2.3 Cash and cash equivalents

Cash and cash equivalents include cash placed with MAS which are subject to an insignificant risk of change in value.

2.4 Financial assets

The PPF Life Fund classifies its financial assets either at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification of debt instruments depends on the PPF Life Fund's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets. The PPF Life Fund reclassifies debt instruments when and only when its business model for managing those assets changes. Accordingly, this group of financial assets are measured at amortised cost at initial recognition.

(i) Initial Recognition and Measurement

At initial recognition, the PPF Life Fund measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

2. Significant accounting policies (continued)

2.4 Financial assets (continued)

(ii) Subsequent Measurement

Debt instruments of the PPF Life Fund comprise cash and cash equivalents, trade and other receivables and financial assets, at amortised cost. The PPF Life Fund manages its debt instruments by collecting the contractual cash flows and these cash flows represent solely payment of principal and interest. Accordingly, these groups of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is recognised using the effective interest rate method.

The PPF Life Fund assesses on forward looking basis the expected credit losses ("ECLs") associated with its debt instruments carried at amortised cost.

For cash and cash equivalents, the general 3 stage approach is applied. Credit loss allowance is based on 12-month ECLs if there is no significant increase in credit risk since initial recognition. If there is significant increase in credit risk since initial recognition, lifetime ECL will be calculated and recognised.

2.5 Trade payables

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

(i) receives approval from the Minister under section 42 of the DI-PPF Act to refund levies; or
(ii) receives notification from the MAS under section 43 of the DI-PPF Act.

They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Trade payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

2.6 Provision for other liabilities and charges

Provisions for other liabilities and charges are recognised when the PPF Life Fund has a present 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.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the statement of comprehensive income when the change arises.

2.7 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 ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the PPF Life Fund.

2.8 Advance to the Agency

Advance to the Agency represents cash advance to the Agency prior to the end of financial year, for the purpose of covering its operating and capital expenditures. These advances are not secured by collateral or credit enhancements, non-interest bearing and have no fixed term of repayment.

3. Net expenditure incurred by Singapore Deposit Insurance Corporation Limited

Expenditure net of grants and recoveries 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 Ministry of Finance has granted income tax remission for levy contributions collected and the investment income earned by the PPF Life Fund until end of 2022 or until the target fund size has been reached, whichever is earlier. As such, the PPF Life Fund does not have tax chargeable income for this financial year.

5. Cash and cash equivalents

	2022	2021
	$	$
Cash with the MAS	**831,305**	13,669

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

6. Non-trade receivables

	2022	2021
	$	$
Accrued interest receivables	**1,558,288**	1,618,408

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, at amortised cost

The PPF Life Fund's investments comprise:

	2022	2021
	$	$
Current:		
MAS Bills	**1,236,000**	5,702,906
Singapore Government bonds	**61,462,089**	49,894,048
	62,698,089	55,596,954
Non-current:		
Singapore Government bonds	**290,389,130**	247,006,047
Total	**353,087,219**	302,603,001

7. Financial assets, at amortised cost (continued)

The total fair value of the investments at amortised cost, measured using quoted market bid prices as at 31 March 2022 was $332,878,521 (2021: $300,545,248). The non-current investments at amortised cost have maturity dates between July 2023 and April 2042.

8. Goods and Services Tax ("GST")

The Ministry of Finance has granted GST tax remission to allow the PPF Life Fund to exempt the levies paid by Scheme members from GST, as well as claim input GST on all business purchases incurred by Singapore Deposit Insurance Corporation Limited on behalf of PPF Life Fund until end of 2022 or until the target fund size has been reached, whichever is earlier.

9. Financial risk management

Financial risk factors

The PPF Life Fund's activities expose it to market risk (including currency risk, equity price risk and interest rate risk), credit risk and liquidity risk.

The Agency's Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the PPF Life Fund. The Agency's management team then establishes the detailed policies such as risk identification and measurement.

The Agency's finance personnel prepare regular reports for the review of the Agency's management team and the Board of Directors. The information presented below is based on information received by the Agency's management team.

9. Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk

(i) Currency risk

The PPF Life Fund's business operations are not exposed to foreign currency risks as all of 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.

(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 investments are accounted for as financial assets at amortised cost. See Note 7 for details on the fair values as at year-end.

9. Financial risk management (continued)

(b) Credit risk

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

The PPF Life Fund's major classes of financial assets are cash at bank and financial assets at amortised cost. The PPF Life Fund adopts the policy of dealing with financial institutions and other counterparties with high credit ratings to mitigate credit risk.

The PPF Life Fund's financial assets comprise:

(i) Cash held with 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; and
(iii) Investments in MAS bills and accrued interest receivable on such securities.

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

(c) Liquidity risk

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

(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 on the first working day of every July;
- coupons from holdings of Singapore Government bonds; and
- interest income from MAS bills.

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

9. Financial risk management (continued)

(c) 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 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; or
- fund the transfer and/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. The Agency may also obtain loans on behalf of the PPF Life Fund while awaiting proceeds from the realisation of the assets of the failed PPF Scheme member. Furthermore, the MAS may, with the concurrence of the Agency, determine and raise additional levies in accordance with section 40 of the DI-PPF Act.

(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 moneys may only be invested in the types of investments prescribed in section 11 of the DI-PPF Act.

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.

9. Financial risk management (continued)

(e) *Fair value measurement*

The carrying value of cash and cash equivalents and non-trade receivables are carried at values which approximate their fair values at the financial year-end date due to their short-term nature.

The financial assets, at amortised cost 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 financial year-end date. These fair values have been analysed according to a fair value hierarchy as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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. The PPF Life Fund does not hold any level 2 or level 3 assets.

10. New or revised accounting standards and interpretations

The PPF Life Fund has not early adopted any of the following mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the PPF Life Fund's accounting periods beginning on or after 1 April 2022:

Description	Effective for annual periods beginning on or after
Amendments to FRS 103 Business Combinations: Reference to the Conceptual Framework	1 January 2022
Amendments to FRS 16 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to FRS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
FRS 117 Insurance Contracts	1 January 2023
Amendments to FRS 117 Insurance Contracts	1 January 2023
Amendments to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023
Amendment to FRS 1: Classification of Liabilities as Current or Non-current—Deferral of Effective Date	-
Amendments to FRS 1 Presentation of Financial Statements and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
Amendments to FRS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

10. New or revised accounting standards and interpretations (continued)

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
FRS 110 and FRS 28: Effective Date of Amendments to FRS 110 and FRS 28	-

The Agency's management expects that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

11. Authorisation of financial statements

These financial statements were authorised for issue by the Agency's directors on 17 August 2022.

POLICY OWNERS' PROTECTION GENERAL FUND

(Established under the Deposit Insurance and Policy Owners' Protection Schemes Act 2011)

ANNUAL REPORT

For the financial year ended 31 March 2022

POLICY OWNERS' PROTECTION GENERAL FUND
(Established under the Deposit Insurance and Policy Owners' Protection Schemes Act 2011)

ANNUAL REPORT
For the financial year ended 31 March 2022

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POLICY OWNERS' PROTECTION GENERAL FUND

STATEMENT BY SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED
For the financial year ended 31 March 2022

We, Koh Yong Guan and Wong Yew Meng, 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") as set out on pages 5 to 20 are drawn up in accordance with the provisions of the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 and Financial Reporting Standards in Singapore so as to give a true and fair view of the financial position of the PPF General Fund as at 31 March 2022 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; 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

WONG YEW MENG
Director

Date: 17 August 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED – POLICY OWNERS' PROTECTION GENERAL FUND

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of the Policy Owners' Protection General Fund ("PPF General Fund") are properly drawn up in accordance with the provisions of the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 (the "DI-PPF Act") and Financial Reporting Standards in Singapore ("FRS") so as to give a true and fair view of the financial position of the PPF General Fund as at 31 March 2022 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.

What we have audited

The financial statements of the PPF General Fund comprise:

- the statement of comprehensive income for the financial year ended 31 March 2022;
- the balance sheet as at 31 March 2022;
- the statement of changes in accumulated surplus for the financial year then ended;
- the statement of cash flows for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the PPF General Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED - POLICY OWNERS' PROTECTION GENERAL FUND (continued)

Other Information

The Singapore Deposit Insurance Corporation Limited's (the "Agency's") management is responsible for the other information. The other information comprises the Statement by Singapore Deposit Insurance Corporation Limited but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Agency's Management and Directors for the Financial Statements

The Agency's management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the DI-PPF Act and FRSs, 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.

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

The Agency's directors' responsibilities include overseeing the PPF General Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED - POLICY OWNERS' PROTECTION GENERAL FUND (continued)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PPF General Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Agency's management.
- Conclude on the appropriateness of the Agency's management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the PPF General Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the PPF General Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In our opinion,

(a) the accounting and other records required by the DI-PPF Act to be kept by the PPF General Fund have been properly kept in accordance with the provisions of the DI-PPF Act, 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 made in accordance with the provisions of DI-PPF Act.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants
Singapore, 17 August 2022

POLICY OWNERS' PROTECTION GENERAL FUND

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2022

	Notes	**2022** **$**	2021 $
Income:			
Levies	2.2	**2,903,958**	3,103,559
Interest income from financial assets	2.2	**386,999**	342,525
Total income		**3,290,957**	3,446,084
Expenses:			
Net expenditure incurred by Singapore Deposit Insurance Corporation Limited	3	**1,203,285**	1,340,480
Total expenses		**1,203,285**	1,340,480
Net surplus		**2,087,672**	2,105,604
Income tax expense	4	**-**	-
Total comprehensive income		**2,087,672**	2,105,604

There is no other comprehensive income for the financial years ended 31 March 2022 and 2021.

POLICY OWNERS' PROTECTION GENERAL FUND

BALANCE SHEET
As at 31 March 2022

	Notes	**2022** **$**	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	5	**812,357**	12,496
Advance to the Agency	2.8	**579,003**	1,483,289
Non-trade receivables	6	**88,449**	93,083
Financial assets, at amortised cost	7	**5,492,616**	5,909,848
		6,972,425	7,498,716
Non-current assets			
Financial assets, at amortised cost	7	**17,256,355**	14,642,392
TOTAL ASSETS AND NET ASSETS		**24,228,780**	22,141,108
ACCUMULATED SURPLUS	9(d)	**24,228,780**	22,141,108

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 2022

		2022 $	2021 $
Beginning of financial year		**22,141,108**	20,035,504
Total comprehensive income for the financial year		**2,087,672**	2,105,604
End of financial year	9(d)	**24,228,780**	22,141,108

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

POLICY OWNERS' PROTECTION GENERAL FUND

STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Net Surplus		**2,087,672**	2,105,604
Adjustments for:			
- Interest income from financial assets		**(386,999)**	(342,525)
		1,700,673	1,763,079
Change in working capital:			
- Advance to the Agency		**904,286**	(26,125)
Net cash provided by operating activities		**2,604,959**	1,736,954
Cash flows from investing activities			
Purchases of financial assets, at amortised cost		**(8,257,021)**	(5,720,848)
Proceeds upon maturity of financial assets, at amortised cost		**5,905,422**	2,661,446
Interest received from financial assets		**546,501**	424,248
Net cash used in investing activities		**(1,805,098)**	(2,635,154)
Net increase/ (decrease) in cash and cash equivalents		**799,861**	(898,200)
Cash and cash equivalents at beginning of financial year	5	**12,496**	910,696
Cash and cash equivalents at end of financial year	5	**812,357**	12,496

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

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

The Policy Owners' Protection General Fund (the "PPF General Fund") was established under section 34 of the Deposit Insurance and Policy Owners' Protection Schemes Act 2011 (the "DI-PPF Act"). Accordingly, in the notes to the financial statements, DI-PPF Act refers to the DI-PPF Act which came into force on 1 May 2011 and the DI-PPF (Amendment) Act 2018 which came into force on 1 April 2019. Subject to the directions of the Minister, the PPF General 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 1967 on 13 January 2006 and is domiciled in Singapore. The address of its registered office is 10 Shenton Way, #11-08/09, 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 (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 purposes of compensating (in part or whole) or otherwise assisting or protecting insured policy owners and beneficiaries in respect of the insured policies issued by PPF Scheme members and for securing the continuity of insurance for insured policy owners as far as reasonably practicable as specified in the DI-PPF Act. The guaranteed benefits covered under the PPF Scheme are subjected to caps depending on the types of policies.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") under the historical cost convention, except as disclosed otherwise.

The financial statements are the responsibility of the Agency. The preparation of these financial statements in conformity with FRSs requires the Agency's management 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. There are no areas involving significant judgement or

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

complexity, or areas where assumptions and estimates are material to the financial statements.

Interpretations and amendments to published standards effective in 2021

On 1 April 2021, the PPF General Fund has adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the PPF General Fund's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended Standards and Interpretations that should be disclosed in the Basis of preparation note if the change in accounting policy had a material effect on the current or prior periods, or may have a material effect on future periods:

Description
Amendments to FRS 109 Financial Instruments, FRS 39 Financial Instruments: Recognition and Measurement, FRS 107 Financial Instruments: Disclosures, FRS 104 Insurance Contracts and FRS 116 Leases (Interest Rate Benchmark Reform – Phase 2)
Amendments to FRS 116 Leases (Covid-19-Related Rent Concessions)

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the PPF General Fund and had no material effect on the amounts reported for the current, future or prior financial years.

2. Significant accounting policies (continued)

2.2 Revenue recognition

(a) 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 assessed and due to be received, provided that the right to receive levies has been established 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 assessed and due to be received or paid, provided that the right to receive levies or refund levies has been established by reference to the written notifications received by the Agency from the MAS.

(b) Interest income from financial assets

Interest income from financial assets is recognised using the effective interest method.

2.3 Cash and cash equivalents

Cash and cash equivalents include cash placed with MAS which are subject to an insignificant risk of change in value.

2.4 Financial assets

The PPF General Fund classifies its financial assets either at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification of debt instruments depends on the PPF General Fund's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets. The PPF General Fund reclassifies debt instruments when and only when its business model for managing those assets changes. Accordingly, this group of financial assets are measured at amortised cost at initial recognition.

(i) Initial Recognition and Measurement

At initial recognition, the PPF General Fund measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

2. Significant accounting policies (continued)

2.4 Financial assets (continued)

(ii) Subsequent Measurement

Debt instruments of the PPF General Fund comprise cash and cash equivalents, trade and other receivables and financial assets, at amortised cost. The PPF General Fund manages its debt instruments by collecting the contractual cash flows and these cash flows represent solely payment of principal and interest. Accordingly, these groups of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is recognised using the effective interest rate method.

The PPF General Fund assesses on forward looking basis the expected credit losses ("ECLs") associated with its debt instruments carried at amortised cost.

For cash and cash equivalents, the general 3 stage approach is applied. Credit loss allowance is based on 12-month ECLs if there is no significant increase in credit risk since initial recognition. If there is significant increase in credit risk since initial recognition, lifetime ECL will be calculated and recognised.

2.5 Trade payables

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

(i) receives approval from the Minister under section 42 of the DI-PPF Act to refund levies; or
(ii) receives notification from the MAS under section 43 of the DI-PPF Act.

They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Trade payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

2.6 Provision for other liabilities and charges

Provisions for other liabilities and charges are recognised when the PPF General Fund has a present 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.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the statement of comprehensive income when the change arises.

2.7 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 ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the PPF General Fund.

2.8 Advance to the Agency

Advance to the Agency represents cash advance to the Agency prior to the end of financial year, for the purpose of covering its operating and capital expenditures. These advances are not secured by collateral or credit enhancements, non-interest bearing and have no fixed term of repayment.

3. Net expenditure incurred by Singapore Deposit Insurance Corporation Limited

Expenditure net of grants and recoveries 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 Ministry of Finance has granted income tax remission for levy contributions collected and the investment income earned by the PPF General Fund until end of 2022 or until the target fund size has been reached, whichever is earlier. As such, the PPF General Fund does not have tax chargeable income for this financial year.

5. Cash and cash equivalents

	2022 $	2021 $
Cash with the MAS	**812,357**	12,496

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

6. Non-trade receivables

	2022 $	2021 $
Accrued interest receivables	**88,449**	93,083

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, at amortised cost

The PPF General Fund's investments comprise:

	2022 $	2021 $
Current:		
MAS Bills	**1,108,000**	2,341,459
Singapore Government bonds	**4,384,616**	3,568,389
	5,492,616	5,909,848
Non-current:		
Singapore Government bonds	**17,256,355**	14,642,392
Total	**22,748,971**	20,552,240

7. Financial assets, at amortised cost (continued)

The total fair value of the investments at amortised cost, measured using quoted market bid prices as at 31 March 2022 was $21,610,639 (2021: $20,503,611). The non-current investments at amortised cost have maturity dates between July 2023 and August 2036.

8. Goods and Services Tax ("GST")

The Ministry of Finance has granted GST tax remission to allow the PPF General Fund to exempt the levies paid by Scheme members from GST, as well as claim GST on all business purchases incurred by Singapore Deposit Insurance Corporation Limited on behalf of PPF General Fund until end of 2022 or until the target fund size has been reached, whichever is earlier.

9. Financial risk management

Financial risk factors

The PPF General Fund's activities expose it to market risk (including currency risk, equity price risk and interest rate risk), credit risk and liquidity risk.

The Agency's Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the PPF General Fund. The Agency's management team then establishes the detailed policies such as risk identification and measurement.

The Agency's finance personnel prepare regular reports for the review of the Agency's management team and the Board of Directors. The information presented below is based on information received by the Agency's management team.

(a) Market risk

(i) Currency risk

The PPF General Fund's business operations are not exposed to foreign currency risks as all of 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.

9. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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.

(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 investments are accounted for as financial assets at amortised cost. See Note 7 for details on the fair values as at year-end.

(b) Credit risk

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

The PPF General Fund's major classes of financial assets are cash at bank and financial assets at amortised cost. The PPF General Fund adopts the policy of dealing with financial institutions and other counterparties with high credit ratings to mitigate credit risk.

9. Financial risk management (continued)

(b) Credit risk (continued)

The PPF General Fund's financial assets comprise:

(i) Cash held with 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; and
(iii) Investments in MAS bills and accrued interest receivable on such securities.

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

(c) Liquidity risk

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

(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 on the first working day of every July;
- coupons from holdings of Singapore Government bonds; and
- interest income from MAS bills.

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

(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 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
- fund the transfer and/or run-off of the insurance business of a failed PPF Scheme member.

9. Financial risk management (continued)

(c) Liquidity risk (continued)

(iii) Contingent liabilities-related risk (continued)

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

(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 moneys may only be invested in the types of investments prescribed in section 11 of the DI-PPF Act.

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 carrying value of cash and cash equivalents and non-trade receivables are carried at values which approximate their fair values at the financial year-end date due to their short-term nature.

The financial assets, at amortised cost 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 financial year-end date. These fair values have been analysed according to a fair value hierarchy as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

9. Financial risk management (continued)

(e) Fair value measurement (continued)

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. The PPF General Fund does not hold any level 2 or level 3 assets.

10. New or revised accounting standards and interpretations

The PPF General Fund has not early adopted any of the following mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the PPF General Fund's accounting periods beginning on or after 1 April 2022:

Description	Effective for annual periods beginning on or after
Amendments to FRS 103 Business Combinations: Reference to the Conceptual Framework	1 January 2022
Amendments to FRS 16 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to FRS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
FRS 117 Insurance Contracts	1 January 2023
Amendments to FRS 117 Insurance Contracts	1 January 2023
Amendments to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023
Amendment to FRS 1: Classification of Liabilities as Current or Non-current—Deferral of Effective Date	-
Amendments to FRS 1 Presentation of Financial Statements and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023

10. New or revised accounting standards and interpretations (continued)

Description	Effective for annual periods beginning on or after
Amendments to FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
Amendments to FRS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
FRS 110 and FRS 28: Effective Date of Amendments to FRS 110 and FRS 28	-

The Agency's management expects that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

11. Authorisation of financial statements

These financial statements were authorised for issue by the Agency's directors on 17 August 2022.