SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

(Incorporated in Singapore. Registration Number: 200600593Z)

ANNUAL REPORT

For the financial year ended 31 March 2017

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED
(Incorporated in Singapore)

ANNUAL REPORT
For the financial year ended 31 March 2017

Contents

DIRECTORS' STATEMENT

For the financial year ended 31 March 2017

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 2017.

In the opinion of the directors,

(a) the financial statements as set out on pages 7 to 29 are drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act"), the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B (the "DI-PPF Act") and Singapore Financial Reporting Standards ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2017 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. Han Eng Juan
Mrs. Hauw-Quek Soo Hoon
Mr. Wong Yew Meng
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 Memorandum of Association 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.

On behalf of the Board of Directors

KOH YONG GUAN
Director

HAN ENG JUAN
Director

27 June 2017

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, Cap. 50 (the "Act"), the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B (the "DI-PPF Act") and Singapore Financial Reporting Standards ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2017 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 then ended;
- the balance sheet as at 31 March 2017;
- 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 ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

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

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement included in pages 1 to 2 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 and will not express any form of assurance conclusion thereon.

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

Responsibilities of Management and 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.

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)

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.
- 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.

Other Matter

The financial statements for the preceding financial year were reported on by an audit firm other than PricewaterhouseCoopers LLP. The auditor's report dated 27 June 2016 issued by the predecessor audit firm on the financial statements for the year ended 31 March 2016 was unqualified.

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

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, 27 June 2017

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2017

	Notes	2017 $	2016 $
Income:			
Recovery from the Deposit Insurance Fund	2.2	**3,153,858**	2,620,623
Recovery from the Policy Owners' Protection Life Fund	2.2	**1,832,772**	1,425,970
Recovery from the Policy Owners' Protection General Fund	2.2	**1,043,359**	810,858
Government grants	2.3	**19,057**	20,269
Total income		**6,049,046**	4,877,720
Expenses:			
Employee compensation	3	**2,809,699**	2,644,330
Depreciation and amortisation	8,9	**1,007,365**	700,433
Other expenses	4	**2,231,982**	1,532,957
Total expenses		**6,049,046**	4,877,720
Profit before income tax		-	-
Income tax expense	5	-	-
Total comprehensive income		-	-

There is no other comprehensive income for the financial years ended 31 March 2017 and 2016.

BALANCE SHEET
As at 31 March 2017

	Notes	**2017** **$**	2016 $
ASSETS			
Current assets			
Cash and cash equivalents	6	**2,430,468**	5,268,761
Non-trade receivables	7	**358,443**	281,004
Prepayments		**61,718**	57,464
		2,850,629	5,607,229
Non-current assets			
Property and equipment	8	**378,969**	405,464
Intangible assets	9	**2,778,277**	2,085,749
		3,157,246	2,491,213
Total assets		**6,007,875**	8,098,442
LIABILITIES			
Current liabilities			
Advance from the Deposit Insurance Fund	10	**2,171,229**	3,281,400
Advance from the Policy Owners' Protection Life Fund	10	**2,011,978**	2,646,449
Advance from the Policy Owners' Protection General Fund	10	**1,144,003**	1,504,702
Non-trade payables	10	**660,306**	638,927
		5,987,516	8,071,478
Non-current liabilities			
Non-trade payables	10	**20,359**	26,964
Total liabilities		**6,007,875**	8,098,442
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.

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2017

	Note	**2017** **$**	2016 $
Cash flows from operating activities			
Profit before income tax		-	-
Adjustments for:			
- Depreciation and amortisation		**1,007,365**	700,433
		1,007,365	700,433
Change in working capital:			
- Non-trade receivables		**(77,439)**	(19,820)
- Prepayments		**(4,254)**	(33,195)
- Advance from the Deposit Insurance Fund		**(1,110,171)**	1,170,315
- Advance from the Policy Owners' Protection Life Fund		**(634,471)**	868,134
- Advance from the Policy Owners' Protection General Fund		**(360,699)**	492,343
- Non-trade payables		**14,774**	398,761
Net cash (used in)/provided by operating activities		**(1,164,895)**	3,576,971
Cash flows from investing activities			
Purchases of property and equipment	8	**(217,336)**	(136,469)
Additions to intangible assets	9	**(1,456,062)**	(1,364,294)
Net cash used in investing activities		**(1,673,398)**	(1,500,763)
Net (decrease)/increase in cash and cash equivalents		**(2,838,293)**	2,076,208
Cash and cash equivalents at beginning of financial year	6	**5,268,761**	3,192,553
Cash and cash equivalents at end of financial year	6	**2,430,468**	5,268,761

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

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

The Company is designated under section 56 of the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B (the "DI-PPF Act") to be the deposit insurance and policy owners' protection fund agency for the purposes of the DI-PPF Act. The Company was previously designated by the Minister under section 12 of the Deposit Insurance Act Cap. 77A (the "DI Act") as the deposit insurance agency until the repeal of the DI Act on 1 May 2011. Accordingly, in the notes to the financial statements, DI-PPF Act refers collectively to the DI Act in force up to 30 April 2011 and the DI-PPF Act which came into force on 1 May 2011.

The 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 Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

Interpretations and amendments to published standards effective in 2016

On 1 April 2016, 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.

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 or prior financial years.

2. Significant accounting policies (continued)

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 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.

Government grants are shown separately in the statement of comprehensive income.

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 Financial assets

(a) Classification

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the assets were acquired. The Company determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are presented as "non-trade receivables" on the balance sheet.

2. Significant accounting policies (continued)

2.5 Financial assets (continued)

(b) *Recognition and de-recognition*

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

Financial assets are derecognised when the contractual right to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sum of the consideration received is recognised in the statement of comprehensive income. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to the statement of comprehensive income.

(c) *Initial measurement*

Loans and receivables are initially recognised at fair value plus directly attributable transaction costs.

(d) *Subsequent measurement*

Loans and receivables are subsequently carried at amortised cost using the effective interest method, less impairment.

(e) *Impairment*

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

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the statement of comprehensive income.

2. Significant accounting policies (continued)

2.5 Financial assets (continued)

(e) *Impairment* (continued)

The impairment allowance is reduced through the statement of comprehensive income in a subsequent period when the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost at the reversal date had no impairment been recognised in prior periods.

2.6 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.

(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 - 5 years

The residual values, estimated useful lives and depreciation method of property and equipment are reviewed, and adjusted as appropriate, at each financial year-end 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.

2. Significant accounting policies (continued)

2.6 Property and equipment (continued)

(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.

2.7 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.

(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 are 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. Significant accounting policies (continued)

2.8 Impairment of non-financial assets

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

For the purpose of impairment testing, 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.

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) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in the statement of comprehensive income.

2.9 Advances from the 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 which are unpaid.

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

2. Significant accounting policies (continued)

2.10 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.

2.11 Operating leases

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

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

2.12 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 are recognised in the financial period to which they relate.

(b) *Employee leave entitlement*

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

2. Significant accounting policies (continued)

2.12 Employee compensation (continued)

(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, 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.

(d) Deferred bonus

Deferred bonus consist of cash compensation plans, including the employer's contribution to the Central Provident Fund, which are deferred for a specified period for the purposes of talent retention. The expenses relating to the benefits are fully 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 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.

2. Significant accounting policies (continued)

2.13 Currency translation (continued)

(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

	2017	2016
Wages and salaries	**2,397,173**	2,252,574
Employer's contribution to Central Provident Fund	**260,120**	246,811
Directors' fees	**103,000**	82,104
Deferred bonus	**38,192**	53,976
Others	**11,214**	8,865
	2,809,699	2,644,330

4. Other expenses

	2017 $	2016 $
Rental	**242,339**	243,350
Office maintenance	**17,427**	8,729
Telecommunication charges	**5,817**	5,814
Travel	**31,028**	22,722
Trade association membership	**24,879**	16,702
Audit fees	**50,700**	43,000
Internal audit fees	**95,500**	-
Legal, accounting and other fees	**76,036**	47,150
Company secretary fees	**1,910**	2,488
Consultancy fees	**359,420**	109,200
IT expenses	**572,479**	323,895
Publicity	**689,793**	652,634
Other expenses	**64,654**	57,273
	2,231,982	1,532,957

5. Income tax

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

6. Cash and cash equivalents

	2017 $	2016 $
Cash at bank	**2,430,468**	5,268,761

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 non-interest bearing and denominated in Singapore Dollar.

7. Non-trade receivables

	2017 $	2016 $
Refundable deposits	**61,865**	61,405
Receivable from Comptroller of Goods and Services Tax	**296,578**	217,233
Others	**-**	2,366
Total	**358,443**	281,004

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

8. Property and equipment

	Furniture, fittings and other office equipment $	Computer equipment and software $	Total $
2017			
Cost			
Beginning of financial year	338,622	750,469	1,089,091
Additions	6,200	211,136	217,336
Disposals	(6,200)	-	(6,200)
End of financial year	338,622	961,605	1,300,227
Accumulated depreciation			
Beginning of financial year	187,073	496,554	683,627
Depreciation charge	58,421	185,410	243,831
Disposals	(6,200)	-	(6,200)
End of financial year	239,294	681,964	921,258
Net book value			
End of financial year	**99,328**	**279,641**	**378,969**
2016			
Cost			
Beginning of financial year	338,622	622,640	961,262
Additions	-	136,469	136,469
Disposals	-	(8,640)	(8,640)
End of financial year	338,622	750,469	1,089,091
Accumulated depreciation			
Beginning of financial year	126,502	367,259	493,761
Depreciation charge	60,571	137,935	198,506
Disposals	-	(8,640)	(8,640)
End of financial year	187,073	496,554	683,627
Net book value			
End of financial year	**151,549**	**253,915**	**405,464**

9. Intangible assets

	Computer software $	Software under development $	Total $
2017			
Cost			
Beginning of financial year	4,117,025	1,393,455	5,510,480
Additions	1,412,174	43,888	1,456,062
Transfers	1,393,455	(1,393,455)	-
End of financial year	6,922,654	43,888	6,966,542
Accumulated amortisation			
Beginning of financial year	3,424,731	-	3,424,731
Amortisation	763,534	-	763,534
End of financial year	4,188,265	-	4,188,265
Net book value			
End of financial year	**2,734,389**	**43,888**	**2,778,277**
2016			
Cost			
Beginning of financial year	3,905,741	240,795	4,146,536
Additions	202,754	1,161,540	1,364,294
Disposals	(350)	-	(350)
Transfers	8,880	(8,880)	-
End of financial year	4,117,025	1,393,455	5,510,480
Accumulated amortisation			
Beginning of financial year	2,923,154	-	2,923,154
Amortisation	501,927	-	501,927
Disposals	(350)	-	(350)
End of financial year	3,424,731	-	3,424,731
Net book value			
End of financial year	**692,294**	**1,393,455**	**2,085,749**

10. Advances from the Funds and non-trade payables

	2017	2016
	$	$
Current:		
Advances from the Funds	**5,327,210**	7,432,551
Non-trade payables	**660,306**	638,927
	5,987,516	8,071,478
Non-current:		
Non-trade payables	**20,359**	26,964
Total	**6,007,875**	8,098,442

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

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

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

11. Goods and Services Tax ("GST")

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

12. Company limited by guarantee

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

13. Commitments

(a) Capital commitments

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

	2017	2016
	$	$
Property and equipment	**13,253**	281,550
Intangible assets	**50,842**	1,544,845
	64,095	1,826,395

(b) Operating lease commitments – where the Company is a lessee

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

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

	2017	2016
	$	$
Not later than one year	**230,580**	221,229
Between one and five years	**441,945**	-
	672,525	221,229

14. Financial risk management

Financial risk factors

The Company's activities expose it to market risk (including currency risk, interest rate risk and equity price 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 prepares regular reports for the review of the Company's management team and the Board of Directors. The information presented below is based on information received by the management team.

14. Financial risk management (continued)

(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 cash and cash equivalents, non-trade receivables, advance from the DI Fund, advance from the PPF Life Fund, advance from the PPF General Fund and non-trade payables are non-interest bearing.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. 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. The Company's financial assets comprise:-

(i) cash and cash equivalents that are placed with major banks in Singapore; and
(ii) non-trade receivables totalling $358,443 (2016: $281,004) of which 99.6% (2016: 98.8%) are due from the Comptroller of Goods and Services Tax and refundable deposits placed with the MAS.

The Company has no past due or impaired assets.

14. Financial risk management (continued)

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

(ii) Contingent liabilities-related risk

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

In this regard, the Company entered into an agreement with the MAS on 9 February 2012 under which the MAS may provide the Company a contingent liquidity facility of up to $20 billion, in the event liquidity is needed for compensation payments to insured depositors. For the financial year ended 31 March 2017, there was no request and no drawdown on the facility. Furthermore, the Company may raise additional premium contributions in accordance with section 15 of the DI-PPF Act.

14. Financial risk management (continued)

(c) Liquidity risk (continued)

(ii) Contingent liabilities-related risk (continued)

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

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

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

(d) Fair value measurement

The carrying value of cash and cash equivalents, non-trade receivables, advance from the DI Fund, advance from the PPF Life Fund, advance from the PPF General Fund 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, carried at original cost, which approximates its fair value as the effect of discounting future net cash flow back to present value is insignificant.

14. Financial risk management (continued)

(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.

15. 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

	2017	2016
	$	$
Wages, salaries and other short-term employee benefits	**667,331**	544,334
Employers' contribution to Central Provident Fund	**11,341**	9,773
Deferred bonus	**-**	17,120
	678,672	571,227

16. 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 2017:

Description	**Effective for annual periods beginning on or after**
FRS 115: Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
FRS 109: Financial Instruments	1 January 2018
Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 40: Transfers of Investment Property	1 January 2018
FRS 116: Leases	1 January 2019

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

FRS 109 Financial Instruments

In December 2014, the ASC issued the final version of FRS 109 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption. The Company is currently assessing the impact of FRS 109 on the financial statements.

17. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Singapore Deposit Insurance Corporation Limited on 27 June 2017.

DEPOSIT INSURANCE FUND

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

ANNUAL REPORT

For the financial year ended 31 March 2017

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

ANNUAL REPORT
For the financial year ended 31 March 2017

Contents

DEPOSIT INSURANCE FUND

STATEMENT BY SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED
For the financial year ended 31 March 2017

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

(a) the financial statements of the Deposit Insurance Fund (the "DI Fund") 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 Cap. 77B and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the DI Fund as at 31 March 2017 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

HAN ENG JUAN
Director

27 June 2017

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 Cap. 77B (the "DI-PPF Act") and Singapore Financial Reporting Standards ("FRSs") so as to give a true and fair view of the financial position of the DI Fund as at 31 March 2017 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 then ended;
- the balance sheet as at 31 March 2017;
- 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 ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

The Singapore Deposit Insurance Corporation Limited's (the "Agency") management is responsible for the other information. The other information comprises the Statement by Singapore Deposit Insurance Corporation Limited included in page 1 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 and will not express any form of assurance conclusion thereon.

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

Responsibilities of 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.

Other Matter

The financial statements for the preceding financial year were reported by an audit firm other than PricewaterhouseCoopers LLP. The auditor's report dated 27 June 2016 issued by the predecessor audit firm on the financial statements for the year ended 31 March 2016 was unqualified.

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, 27 June 2017

DEPOSIT INSURANCE FUND

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2017

	Notes	**2017** **$**	2016 $
Income:			
Premium contributions	2.2	**30,726,338**	29,660,534
Interest income from financial assets	2.2	**5,866,184**	5,400,587
Total income		**36,592,522**	35,061,121
Expenses:			
Net expenditure incurred by Singapore Deposit Insurance Corporation Limited	3	**3,153,858**	2,620,623
Total expenses		**3,153,858**	2,620,623
Net surplus		**33,438,664**	32,440,498
Income tax expense	4	**-**	-
Total comprehensive income		**33,438,664**	32,440,498

There is no other comprehensive income for the financial years ended 31 March 2017 and 2016.

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

DEPOSIT INSURANCE FUND

BALANCE SHEET
As at 31 March 2017

	Notes	**2017** **$**	2016 $
ASSETS			
Current assets			
Cash and cash equivalents	5	**1,523,246**	549,254
Advance to the Agency	6	**2,171,229**	3,281,400
Non-trade receivables	6	**1,095,485**	797,998
Financial assets, held-to-maturity	7	**3,898,779**	19,466,977
		8,688,739	24,095,629
Non-current assets			
Financial assets, held-to-maturity	7	**248,269,586**	199,424,989
Total assets		**256,958,325**	223,520,618
LIABILITIES			
Current liabilities			
Trade payables	8	-	957
Total liabilities		-	957
NET ASSETS		**256,958,325**	223,519,661
ACCUMULATED SURPLUS		**256,958,325**	223,519,661

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 2017

	Notes	**2017** **$**	2016 $
Beginning of financial year		**223,519,661**	191,079,163
Total comprehensive income for the financial year		**33,438,664**	32,440,498
End of financial year	9(d)	**256,958,325**	223,519,661

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 2017

	Note	**2017** **$**	2016 $
Cash flows from operating activities			
Net Surplus		**33,438,664**	32,440,498
Adjustments for:			
- Interest income from financial assets		**(5,866,184)**	(5,400,587)
		27,572,480	27,039,911
Change in working capital:			
- Advance to the Agency		**1,110,171**	(1,170,315)
- Trade payables		**(957)**	957
Net cash provided by operating activities		**28,681,694**	25,870,553
Cash flows from investing activities			
Purchases of financial assets, held-to-maturity		**(54,335,087)**	(38,281,099)
Proceeds upon maturity of financial assets, held-to-maturity		**19,456,903**	6,473,316
Interest received from financial assets		**7,170,482**	6,348,125
Net cash used in investing activities		**(27,707,702)**	(25,459,658)
Net increase in cash and cash equivalents		**973,992**	410,895
Cash and cash equivalents at beginning of financial year	5	**549,254**	138,359
Cash and cash equivalents at end of financial year	5	**1,523,246**	549,254

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

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

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

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

2. Significant accounting policies

2.1 Basis of preparation

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

The financial statements are the responsibility of the Agency. The preparation of these financial statements in conformity with FRS 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.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2016

On 1 April 2016, 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 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 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.

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

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

2.3 Cash and cash equivalents

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

2.4 Financial assets

(a) *Classification*

The DI Fund classifies its financial assets in the following categories: loans and receivables and held-to-maturity. The classification depends on the purpose for which the assets were acquired. The Agency determines the classification of its financial assets at initial recognition.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets. Loans and receivables are presented as "Advance to the Agency" and "non-trade receivables" on the balance sheet.

(ii) *Held-to-maturity financial assets*

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the DI Fund has the positive intention and ability to hold to maturity. If the DI Fund were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the financial year-end date which are presented as current assets.

2. Significant accounting policies (continued)

2.4 Financial assets (continued)

(b) Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the DI Fund commits to purchase or sell the asset.

Financial assets are derecognised when the contractual right to receive cash flows from the financial assets have expired or have been transferred and the DI Fund has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sum of the consideration received is recognised in the statement of comprehensive income. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to the statement of comprehensive income.

(c) Initial measurement

Loans and receivables and held-to maturity financial assets are initially recognised at fair value plus directly attributable transaction costs.

(d) Subsequent measurement

Loans and receivables and held-to maturity financial assets are subsequently carried at amortised cost using the effective interest method, less impairment.

(e) Impairment

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

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the statement of comprehensive income.

2. Significant accounting policies (continued)

2.4 Financial assets (continued)

(e) Impairment (continued)

The impairment allowance is reduced through the statement of comprehensive income in a subsequent period when the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost at the reversal date had no impairment been recognised in prior periods.

2.5 Trade payables

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

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

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.

2.6 Provision for other liabilities and charges

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

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. Significant accounting policies (continued)

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.

3. Net expenditure incurred by Singapore Deposit Insurance Corporation Limited

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

4. Income tax

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

5. Cash and cash equivalents

	2017	2016
	$	$
Cash at bank	**1,523,246**	549,254

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

6. Advances to Agency and non-trade receivables

	2017 $	2016 $
Advance to the Agency	**2,171,229**	3,281,400
Non-trade receivables	**1,095,485**	797,998
Total	**3,266,714**	4,079,398

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

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

7. Financial assets, held-to-maturity

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

	2017 $	2016 $
Current:		
MAS Bills	**3,898,779**	6,939,080
Singapore Government bonds	-	12,527,897
	3,898,779	19,466,977
Non-current:		
Singapore Government bonds	**248,269,586**	199,424,989
Total	**252,168,365**	218,891,966

The total fair value of the held-to-maturity investments, measured using quoted market bid prices as at 31 March 2017 was $257,759,300 (2016: $229,369,005). The non-current held-to-maturity investments have maturity dates between 2019 and 2042.

8. Trade payables

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

9. Financial risk management

Financial risk factors

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

The information presented below is based on information received by the Agency's management team.

(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 subjected 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 held-to-maturity financial assets. See Note 7 for details on the investments' fair values as at year-end.

9. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that 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, financial assets held-to-maturity and advance to the Agency. The DI Fund adopts the policy of dealing with financial institutions and other counterparties with high credit ratings to mitigate credit risk. 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;
(iii) Investments in MAS bills and accrued interest receivable on such securities; and
(iv) Advance to the Agency to cover the Agency's operating and capital expenditures.

The DI Fund has no past due or impaired assets.

(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; and
- coupons from holdings of Singapore Government bonds.

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

9. **Financial risk management** (continued)

(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. Where this is insufficient, the Agency will obtain loans on behalf of the DI Fund while awaiting payments from realisation of the assets of the failed DI Scheme member.

In this regard, the Agency entered into an agreement with the MAS on 9 February 2012 where the MAS may provide the Agency a contingent liquidity facility of up to $20 billion, in the event liquidity is needed for compensation payments to insured depositors. For the financial year ended 31 March 2017, there was no request and no drawdown on the facility. Furthermore, the Agency may raise additional premium contributions in accordance with section 15 of the DI-PPF Act.

(d) *Accumulated surplus*

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

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

9. Financial risk management (continued)

(e) Fair value measurement

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

The financial assets, held to maturity are not carried at fair value, however, the fair values are disclosed in Note 7, based on quoted market bid-prices in active markets at the 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 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 2017:-

Description	Effective for annual periods beginning on or after
FRS 115: Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
FRS 109: Financial Instruments	1 January 2018
Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 40: Transfers of Investment Property	1 January 2018
FRS 116: Leases	1 January 2019

Except for FRS 109, 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.

FRS 109 Financial Instruments

In December 2014, the ASC issued the final version of FRS 109 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption. The Agency is currently assessing the impact of FRS 109 on the financial statements.

11. Authorisation of financial statements

These financial statements were authorised for issue by the Agency's directors on 27 June 2017.

POLICY OWNERS' PROTECTION LIFE FUND

(Established under the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B)

ANNUAL REPORT

For the financial year ended 31 March 2017

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

ANNUAL REPORT
For the financial year ended 31 March 2017

Contents

POLICY OWNERS' PROTECTION LIFE FUND

STATEMENT BY SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED
For the financial year ended 31 March 2017

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

(a) the financial statements of the Policy Owners' Protection Life Fund (the "PPF Life Fund") 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 Cap. 77B and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the PPF Life Fund as at 31 March 2017 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

HAN ENG JUAN
Director

27 June 2017

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 Cap. 77B (the "DI-PPF Act") and Singapore Financial Reporting Standards ("FRSs") so as to give a true and fair view of the financial position of the PPF Life Fund as at 31 March 2017 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 then ended;
- the balance sheet as at 31 March 2017;
- 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 ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

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") management is responsible for the other information. The other information comprises the Statement by Singapore Deposit Insurance Corporation Limited included in page 1 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 and will not express any form of assurance conclusion thereon.

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

Responsibilities of 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.

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.

Other Matter

The financial statements for the preceding financial year were reported on by on audit firm other than PricewaterhouseCoopers LLP. The auditor's report dated 27 June 2016 issued by the predecessor audit firm on the financial statements for the year ended 31 March 2016 was unqualified.

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, 27 June 2017

POLICY OWNERS' PROTECTION LIFE FUND

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2017

	Notes	**2017**	2016
		$	$
Income:			
Levies	2.2	**38,502,639**	29,127,977
Interest income from financial assets	2.2	**2,750,052**	2,235,198
Total income		**41,252,691**	31,363,175
Expenses:			
Net expenditure incurred by Singapore Deposit Insurance Corporation Limited	3	**1,832,772**	1,425,970
Total expenses		**1,832,772**	1,425,970
Net surplus		**39,419,919**	29,937,205
Income tax expense	4	**-**	-
Total comprehensive income		**39,419,919**	29,937,205

There is no other comprehensive income for the financial years ended 31 March 2017 and 2016.

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

POLICY OWNERS' PROTECTION LIFE FUND

BALANCE SHEET
As at 31 March 2017

	Notes	2017 $	2016 $
ASSETS			
Current assets			
Cash and cash equivalents	5	**1,791,345**	2,020,330
Advance to the Agency	6	**2,011,978**	2,646,449
Non-trade receivables	6	**831,453**	573,777
Financial assets, held-to-maturity	7	**1,818,554**	3,095,256
		6,453,330	8,335,812
Non-current assets			
Financial assets, held-to-maturity	7	**153,846,756**	112,544,355
TOTAL ASSETS AND NET ASSETS		**160,300,086**	120,880,167
ACCUMULATED SURPLUS		**160,300,086**	120,880,167

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

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS

For the financial year ended 31 March 2017

	Notes	**2017 $**	2016 $
Beginning of financial year		**120,880,167**	90,942,962
Total comprehensive income for the financial year		**39,419,919**	29,937,205
End of financial year	8(d)	**160,300,086**	120,880,167

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

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2017

	Note	2017	2016
Cash flows from operating activities			
Net Surplus		**39,419,919**	29,937,205
Adjustments for:			
- Interest income from financial assets		**(2,750,052)**	(2,235,198)
		36,669,867	27,702,007
Change in working capital:			
- Advance to the Agency		**634,471**	(868,134)
Net cash provided by operating activities		**37,304,338**	26,833,873
Cash flows from investing activities			
Purchases of financial assets, held-to-maturity		**(43,857,430)**	(31,417,044)
Proceeds upon maturity of financial assets, held-to-maturity		**3,093,676**	2,402,774
Interest received from financial assets		**3,230,431**	2,776,971
Net cash used in investing activities		**(37,533,323)**	(26,237,299)
Net increase in cash and cash equivalents		**(228,985)**	596,574
Cash and cash equivalents at beginning of financial year	5	**2,020,330**	1,423,756
Cash and cash equivalents at end of financial year	5	**1,791,345**	2,020,330

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

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

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

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

2. Significant accounting policies

2.1 Basis of preparation

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

The financial statements are the responsibility of the Agency. The preparation of these financial statements in conformity with FRS 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.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2016

On 1 April 2016, 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 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 or prior financial years.

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

2. Significant accounting policies (continued)

2.3 Cash and cash equivalents

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

2.4 Financial assets

(a) Classification

The PPF Life Fund classifies its financial assets in the following categories: loans and receivables and held-to-maturity. The classification depends on the purpose for which the assets were acquired. The Agency determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets. Loans and receivables are presented as "Advance to the Agency" and "non-trade receivables" on the balance sheet.

(ii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the PPF Life Fund has the positive intention and ability to hold to maturity. If the PPF Life Fund were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the financial year-end date which are presented as current assets.

2. Significant accounting policies (continued)

2.4 Financial assets (continued)

(b) *Recognition and de-recognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the PPF Life Fund commits to purchase or sell the asset.

Financial assets are derecognised when the contractual right to receive cash flows from the financial assets have expired or have been transferred and the PPF Life Fund has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sum of the consideration received is recognised in the statement of comprehensive income. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to the statement of comprehensive income.

(c) *Initial measurement*

Loans and receivables and held-to maturity financial assets are initially recognised at fair value plus directly attributable transaction costs.

(d) *Subsequent measurement*

Loans and receivables and held-to maturity financial assets are subsequently carried at amortised cost using the effective interest method, less impairment.

(e) *Impairment*

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

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the statement of comprehensive income.

2. Significant accounting policies (continued)

2.4 Financial assets (continued)

(e) Impairment (continued)

The impairment allowance is reduced through the statement of comprehensive income in a subsequent period when the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost at the reversal date had no impairment been recognised in prior periods.

2.5 Trade payables

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

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

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.

2.6 Provision for other liabilities and charges

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

2.7 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.

3. Net expenditure incurred by Singapore Deposit Insurance Corporation Limited

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

4. Income tax

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

5. Cash and cash equivalents

	2017	2016
	$	$
Cash at bank	**1,791,345**	2,020,330

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

6. Advances to the Agency and non-trade receivables

	2017	2016
	$	$
Advance to the Agency	**2,011,978**	2,646,449
Non-trade receivables	**831,453**	573,777
Total	**2,843,431**	3,220,226

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

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

7. Financial assets, held-to-maturity

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

	2017 $	2016 $
Current:		
MAS Bills	**1,818,554**	3,095,256
Non-current:		
Singapore Government bonds	**153,846,756**	112,544,355
Total	**155,665,310**	115,639,611

The total fair value of the held-to-maturity investments, measured using quoted market bid prices as at 31 March 2017 was $156,812,370 (2016: $118,693,186). The non-current held-to-maturity investments have maturity dates between 2019 and 2042.

8. Financial risk management

Financial risk factors

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

8. Financial risk management (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 held-to-maturity financial assets. See Note 7 for details on the investments' fair values as at year-end.

8. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that 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, financial assets held-to-maturity and advance to the Agency. 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 a major bank in Singapore and the MAS;
(ii) Investments in Singapore Government bonds and accrued interest receivable on such securities; the issuer, the Singapore Government, has a credit rating of "AAA" from Standard & Poor's and Fitch Ratings;
(iii) Investments in MAS bills and accrued interest receivable on such securities; and
(iv) Advance to the Agency to cover the Agency's operating and capital expenditures.

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

(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; and
- coupons from holdings of Singapore Government bonds.

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

8. Financial risk management (continued)

(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 pay out of or utilise the PPF Life Fund in the following manner when required to do so by the MAS under section 46(2) of the DI-PPF Act:

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

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

(d) Accumulated surplus

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

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

8. Financial risk management (continued)

(e) Fair value measurement

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

The financial assets, held to maturity are not carried at fair value, however, the fair values are disclosed in Note 7, based on quoted market bid-prices in active markets at the 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 fund does not hold any level 2 or level 3 assets.

9. 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 2017:-

Description	Effective for annual periods beginning on or after
FRS 115: Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
FRS 109: Financial Instruments	1 January 2018
Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 40: Transfers of Investment Property	1 January 2018
FRS 116: Leases	1 January 2019

Except for FRS 109, 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.

FRS 109 Financial Instruments

In December 2014, the ASC issued the final version of FRS 109 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption. The Agency is currently assessing the impact of FRS 109 on the financial statements.

10. Authorisation of financial statements

These financial statements were authorised for issue by the Agency's directors on 27 June 2017.

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

ANNUAL REPORT
For the financial year ended 31 March 2017

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

ANNUAL REPORT
For the financial year ended 31 March 2017

Contents

POLICY OWNERS' PROTECTION GENERAL FUND

STATEMENT BY SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED
For the financial year ended 31 March 2017

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

(a) the financial statements of the Policy Owners' Protection General Fund (the "PPF General Fund") 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 Cap. 77B and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the PPF General Fund as at 31 March 2017 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

HAN ENG JUAN
Director

27 June 2017

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 Cap. 77B (the "DI-PPF Act") and Singapore Financial Reporting Standards ("FRSs") so as to give a true and fair view of the financial position of the PPF General Fund as at 31 March 2017 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 then ended;
- the balance sheet as at 31 March 2017;
- 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 ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

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") management is responsible for the other information. The other information comprises the Statement by Singapore Deposit Insurance Corporation Limited included in page 1 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 and will not express any form of assurance conclusion thereon.

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

Responsibilities of 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.

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.

Other Matter

The financial statements for the preceding financial year were reported on by an audit firm other than PricewaterhouseCoopers LLP. The auditor's report dated 27 June 2016 issued by the predecessor audit firm on the financial statements for the year ended 31 March 2016 was unqualified.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED - POLICY OWNERS' PROTECTION GENERAL 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 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, 27 June 2017

POLICY OWNERS' PROTECTION GENERAL FUND

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2017

	Notes	**2017**	2016
		$	$
Income:			
Levies	2.2	**3,419,334**	3,164,501
Interest income from financial assets	2.2	**197,807**	161,219
Total income		**3,617,141**	3,325,720
Expenses:			
Net expenditure incurred by Singapore Deposit Insurance Corporation Limited	3	**1,043,359**	810,858
Total expenses		**1,043,359**	810,858
Net surplus		**2,573,782**	2,514,862
Income tax expense	4	**-**	-
Total comprehensive income		**2,573,782**	2,514,862

There is no other comprehensive income for the financial years ended 31 March 2017 and 2016.

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

POLICY OWNERS' PROTECTION GENERAL FUND

BALANCE SHEET
As at 31 March 2017

	Notes	2017 $	2016 $
ASSETS			
Current assets			
Cash and cash equivalents	5	**1,662,559**	1,220,951
Advance to the Agency	6	**1,144,003**	1,504,702
Non-trade receivables	6	**48,877**	31,198
Financial assets, held-to-maturity	7	**-**	430,000
		2,855,439	3,186,851
Non-current assets			
Financial assets, held-to-maturity	7	**10,695,692**	7,790,498
TOTAL ASSETS AND NET ASSETS		**13,551,131**	10,977,349
ACCUMULATED SURPLUS		**13,551,131**	10,977,349

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 2017

	Notes	**2017** **$**	2016 $
Beginning of financial year		**10,977,349**	8,462,487
Total comprehensive income for the financial year		**2,573,782**	2,514,862
End of financial year	8(d)	**13,551,131**	10,977,349

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 2017

	Note	**2017** **$**	2016 $
Cash flows from operating activities			
Net Surplus		**2,573,782**	2,514,862
Adjustments for:			
- Interest income from financial assets		**(197,807)**	(161,219)
		2,375,975	2,353,643
Change in working capital:			
- Advance to the Agency		**360,699**	(492,343)
Net cash provided by operating activities		**2,736,674**	1,861,300
Cash flows from investing activities			
Purchases of financial assets, held-to-maturity		**(2,956,081)**	(2,020,202)
Proceeds upon maturity of financial assets, held-to-maturity		**429,157**	460,232
Interest received from financial assets		**231,858**	201,135
Net cash used in investing activities		**(2,295,066)**	(1,358,835)
Net increase in cash and cash equivalents		**441,608**	502,465
Cash and cash equivalents at beginning of financial year	5	**1,220,951**	718,486
Cash and cash equivalents at end of financial year	5	**1,662,559**	1,220,951

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

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

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

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

2. Significant accounting policies

2.1 Basis of preparation

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

The financial statements are the responsibility of the Agency. The preparation of these financial statements in conformity with FRS 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.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2016

On 1 April 2016, 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 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 or prior financial years.

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

2. Significant accounting policies (continued)

2.3 Cash and cash equivalents

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

2.4 Financial assets

(a) Classification

The PPF General Fund classifies its financial assets in the following categories: loans and receivables and held-to-maturity. The classification depends on the purpose for which the assets were acquired. The Agency determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets. Loans and receivables are presented as "Advance to the Agency" and "non-trade receivables" on the balance sheet.

(ii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the PPF General Fund has the positive intention and ability to hold to maturity. If the PPF General Fund were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the financial year-end date which are presented as current assets.

(b) Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the PPF General Fund commits to purchase or sell the asset.

Financial assets are derecognised when the contractual right to receive cash flows from the financial assets have expired or have been transferred and the PPF General Fund has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sum of the consideration received is recognised in the statement of comprehensive income. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to the statement of comprehensive income.

2. Significant accounting policies (continued)

2.4 Financial assets (continued)

(c) *Initial measurement*

Loans and receivables and held-to maturity financial assets are initially recognised at fair value plus directly attributable transaction costs.

(d) *Subsequent measurement*

Loans and receivables and held-to maturity financial assets are subsequently carried at amortised cost using the effective interest method, less impairment.

(e) *Impairment*

The Agency assesses at each financial year-end date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.
The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the statement of comprehensive income.

The impairment allowance is reduced through the statement of comprehensive income in a subsequent period when the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost at the reversal date had no impairment been recognised in prior periods.

2. Significant accounting policies (continued)

2.5 Trade payables

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

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

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.

2.6 Provision for other liabilities and charges

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

2.7 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.

3. Net expenditure incurred by Singapore Deposit Insurance Corporation Limited

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

4. Income tax

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

5. Cash and cash equivalents

	2017	2016
	$	$
Cash at bank	**1,662,559**	1,220,951

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

6. Advances to the Agency and non-trade receivables

	2017	2016
	$	$
Advance to the Agency	**1,144,003**	1,504,702
Non-trade receivables	**48,877**	31,198
Total	**1,192,880**	1,535,900

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

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

7. Financial assets, held-to-maturity

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

	2017	2016
	$	$
Current:		
MAS Bills	-	430,000
Non-current:		
Singapore Government bonds	**10,695,692**	7,790,498
Total	**10,695,692**	8,220,498

The total fair value of the held-to-maturity investments, measured using quoted market bid prices as at 31 March 2017 was $10,726,359 (2016: $8,394,389). The non-current held-to-maturity investments have maturity dates between 2019 and 2030.

8. Financial risk management

Financial risk factors

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

8. Financial risk management (continued)

(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. 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 held-to-maturity financial assets. See Note 7 for details on the investments' fair values as at year-end.

8. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that 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, financial assets held-to-maturity and advance to the Agency. The PPF General Fund adopts the policy of dealing with financial institutions and other counterparties with high credit ratings to mitigate credit risk. The PPF General Fund's financial assets comprise:

(i) Cash held with a major bank in Singapore and the MAS;
(ii) Investments in Singapore Government bonds and accrued interest receivable on such securities; the issuer, the Singapore Government, has a credit rating of "AAA" from Standard & Poor's and Fitch Ratings;
(iii) Investments in MAS bills and accrued interest receivable on such securities; and
(iv) Advance to the Agency to cover the Agency's operating and capital expenditures.

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

(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; and
- coupons from holdings of Singapore Government bonds.

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

8. Financial risk management (continued)

(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 General Fund or the Agency. The Agency will pay out of or utilise the PPF General Fund in the following manner when required to do so by the MAS under section 46(2) of the DI-PPF Act:

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

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

(d) Accumulated surplus

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

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

(e) Fair value measurement

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

8. Financial risk management (continued)

(e) Fair value measurement (continued)

The financial assets, held to maturity are not carried at fair value, however, the fair values are disclosed in Note 7, based on quoted market bid-prices in active markets at the 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 General Fund as disclosed in Note 7 are categorised within Level 1 of the fair value hierarchy. The fund does not hold any level 2 or level 3 assets.

9. 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 2017:-

Description	**Effective for annual periods beginning on or after**
FRS 115: Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
FRS 109: Financial Instruments	1 January 2018
Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 40: Transfers of Investment Property	1 January 2018
FRS 116: Leases	1 January 2019

Except for FRS 109, 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.

FRS 109 Financial Instruments

In December 2014, the ASC issued the final version of FRS 109 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption. The Agency is currently assessing the impact of FRS 109 on the financial statements.

10. Authorisation of financial statements

These financial statements were authorised for issue by the Agency's directors on 27 June 2017.