

**SINGAPORE DEPOSIT INSURANCE
CORPORATION LIMITED**

(Incorporated in Singapore. Registration Number: 200600593Z)

ANNUAL REPORT

For the financial year ended 31 March 2021

**SINGAPORE DEPOSIT INSURANCE CORP'ORATION
LIMITED**

(Incorporated in Singapore)

ANNUAL REPORT

For the financial year ended 31 March 2021

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SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

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 2021.

In the opinion of the directors,

- (a) the financial statements as set out on pages 6 to 32 are drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act"), the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B (the "DI-PPF Act") and Singapore Financial Reporting Standards ("FRS") so as to give a true and fair view of the financial position of the Company as at 31 March 2021 and the financial performance and cash flows of the Company for the financial year covered by the financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Mr. Koh Yong Guan, Chairman
Mr. Wong Yew Meng
Mrs. Hauw-Quek Soo Hoon
Mr. Ang Peng Koon Patrick
Mr. Gerard Tan Wee Seng
Ms Karen Tay Cheng Kim (resigned on 30 April 2020)

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.

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

Dividends

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


Independent auditor

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

On behalf of the Board of Directors



KOH YONG GUAN
Director



WONG YEW MENG
Director

Date: 18 August 2021

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 ("FRS") so as to give a true and fair view of the financial position of the Company as at 31 March 2021 and of the financial performance and cash flows of the Company for the financial year ended on that date.

What we have audited

The financial statements of the Company comprise:

- the statement of comprehensive income for the financial year ended 31 March 2021;
- the balance sheet as at 31 March 2021;
- the statement of cash flows for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

Other Information

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, the DI-PPF Act and FRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion,

- (a) the accounting and other records required by the Act and the DI-PPF Act to be kept by the Company have been properly kept in accordance with the provisions of the Act and the DI-PPF Act, including records of all assets of the Company whether purchased, donated or otherwise; and
- (b) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Company during the financial year have been made in accordance with the provisions of DI-PPF Act.

PricewaterhouseCoopers UP

Public Accountants and Chartered Accountants
Singapore, 18 August 2021

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED**STATEMENT OF COMPREHENSIVE INCOME***For the financial year ended 31 March 2021*

	Notes	2021 \$	2020 \$
Income:			
Recovery from the Deposit Insurance Fund	2.2	3,769,204	3,834,005
Recovery from the Policy Owners' Protection Life Fund	2.2	1,386,215	2,465,574
Recovery from the Policy Owners' Protection General Fund	2.2	1,340,480	1,402,885
Other Income		5,820	22,031
Total income		6,501,719	7,724,495
Expenses:			
Employee compensation	3	3,752,164	3,395,045
Depreciation and amortisation	8,10	1,522,972	1,288,419
Interest expense	9	23,988	4,158
Other expenses	4	1,202,595	3,036,873
Total expenses		6,501,719	7,724,495
Profit before income tax		-	-
Income tax expense	5	-	-
Total comprehensive income		-	-

There is no other comprehensive income for the financial years ended 31 March 2021 and 2020.

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

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

BALANCE SHEET

As at 31 March 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	6,236,966	5,657,710
Non-trade receivables	7	337,716	434,094
Prepayments		345,672	417,303
		<u>6,920,354</u>	<u>6,509,107</u>
Non-current assets			
Property and equipment	8	1,105,609	999,065
Intangible assets	10	2,442,652	2,694,552
		<u>3,548,261</u>	<u>3,693,617</u>
Total assets		<u>10,468,615</u>	<u>10,202,724</u>
LIABILITIES			
Current liabilities			
Advance from the Deposit Insurance Fund	2.10	5,333,544	4,173,198
Advance from the Policy Owners' Protection Life Fund	2.10	2,030,536	2,538,828
Advance from the Policy Owners' Protection General Fund	2.10	1,483,289	1,457,164
Lease Liabilities	11	303,549	216,411
Non-trade payables	12	1,056,610	1,242,315
		<u>10,207,528</u>	<u>9,627,916</u>
Non-current liabilities			
Lease Liabilities	11	261,087	566,408
Non-trade payables	12	-	8,400
		<u>261,087</u>	<u>574,808</u>
Total liabilities		<u>10,468,615</u>	<u>10,202,724</u>
NET ASSETS		<u>-</u>	<u>-</u>

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.

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

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Profit before income tax		-	-
Adjustments for:			
- Depreciation and amortisation	8,10	1,522,972	1,288,419
- Loss on disposal of property and equipment		14,436	1,448
- Interest income		-	(84)
- Interest expense on lease liability		23,988	4,158
		1,561,396	1,293,941
Changes in working capital:			
- Non-trade receivables		96,378	14,997
- Prepayments		71,631	(131,615)
- Advance from the Deposit Insurance Fund		1,160,346	(892,052)
- Advance from the Policy Owners' Protection Life Fund		(508,292)	(188,700)
- Advance from the Policy Owners' Protection General Fund		26,125	(152,958)
- Non-trade payables		(194,105)	(412,270)
Net cash provided by operating activities		2,213,479	(468,657)
Cash flows from investing activities			
Prepayment of lease	11	-	(26,448)
Purchases of property and equipment	8	(592,639)	(9,784)
Additions to intangible assets	10	(814,642)	(818,964)
Interest received		-	84
Net cash used in investing activities		(1,407,281)	(855,112)
Cash flows from financing activities			
Principal repayment of lease liabilities	11	(202,954)	-
Interest paid	11	(23,988)	(4,158)
Net cash used in financing activities		(226,942)	(4,158)
Net increase/(decrease) in cash and cash equivalents		579,256	(1,327,927)
Cash and cash equivalents at beginning of financial year	6	5,657,710	6,985,637
Cash and cash equivalents at end of financial year	6	6,236,966	5,657,710

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

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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, #11-08/09, 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; the DI-PPF Act which came into force on 1 May 2011 and the DI-PPF (Amendment) Act 2018 which came into force on 1 April 2019.

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

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

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

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

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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 otherwise.

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. There are no areas involving significant judgement or complexity, or areas where assumptions and estimates are material to the financial statements.

Interpretations and amendments to published standards effective in 2020

On 1 April 2020, 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.

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

Description
Amendments to FRS 1 Presentation of Financial Statements and FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
Amendments to FRS 103 Business Combinations (Definition of a Business)
Amendments to FRS 109, FRS 39, FRS 107: Interest Rate Benchmark Reform
Amendments to References to Conceptual Framework in FRS Standards and Amendments to illustrative examples, implementation guidance and FRS practice statements
Amendments to FRS 116: Covid-19-Related Rent Concessions

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

2.2 Revenue recognition

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

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

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.3 Other Income

Other Income includes interest income and government grants.

(a) Interest Income

Interest income is recognised using the effective interest rate method.

(b) Government Grants

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

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

2.4 Cash and cash equivalents

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

2.5 Leases

The Company is the lessee

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

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.5 Leases (continued)

The Company is the lessee (continued)

- Right-of-use assets

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

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

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

- Lease liabilities

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

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

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

- Short-term and low-value leases

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

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.6 Financial Assets

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

(i) Initial Recognition and Measurement

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

(ii) Subsequent Measurement

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

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

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

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

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

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.7 Property and equipment

(a) Measurement

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

The cost of an item of property and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(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:

	<u>Useful lives</u>
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.

(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.

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.8 Intangible assets

(a) *Measurement*

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

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

(b) *Amortisation*

Amortisation of intangible assets is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are 3 to 5 years.

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

Intangible assets under development are not amortised.

(c) *Subsequent expenditure*

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

(d) *Disposal*

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

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.9 Impairment of non-financial assets

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

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

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

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

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

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

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

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

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

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.11 Non-trade payables

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

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

2.12 Employee compensation

Employee benefits are recognised as an expense.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Company's contribution to the defined contribution plans is recognised in the financial period to which they relate.

(b) *Employee leave entitlements*

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

(c) *Termination benefits*

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. The Company may withdraw or modify a current employee's existing entitlement to receive any deferred bonus payments, remuneration or other benefits if the employment of the current employee is terminated due to misconduct, negligence or a breach of employment terms.

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

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.12 Employee compensation (continued)

(d) Deferred bonus payments

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

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

2.13 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 March 2021***3. Employee compensation**

	2021	2020
	\$	\$
Wages and salaries	3,336,658	2,974,770
Employer's contribution to Central Provident Fund	324,751	307,358
Directors' fees	83,068	104,000
Deferred bonus payments	(5,307)	(3,851)
Others	12,994	12,768
	3,752,164	3,395,045

4. Other expenses

	2021	2020
	\$	\$
IT expenses	708,052	1,346,983
Consultancy fees	199,540	428,037
Rental and reinstatement cost	96,073	242,672
Audit fees	61,626	58,691
Internal audit fees	38,125	58,500
Legal, accounting and other fees	20,989	19,907
Office maintenance	17,410	8,030
Telecommunication charges	14,253	7,629
Travel	-	52,250
Trade association membership	-	24,859
Company secretary fees	1,954	1,903
Publicity	1,915	735,674
Loss on disposal of Property and equipment	14,436	1,448
Other expenses	28,222	50,290
	1,202,595	3,036,873

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

5. Income tax

The Company does not have taxable income for this financial year. The Ministry of Finance has granted GST remission for all input tax claims incurred on all business purchases made by the Company on behalf of DI Fund, PPF Life Fund and PPF General Fund until end of 2022 or until the target fund size of respective Funds has been reached, whichever is earlier.

6. Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank	<u>6,236,966</u>	<u>5,657,710</u>

Cash at bank constitutes moneys withdrawn by the Company from:

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

As the deposit insurance and policy owners' protection fund agency as defined in the DI-PPF Act, the Company can only utilise the money in the bank accounts for purposes as stated above. Therefore, the bank accounts are held by the Company but are specified as trust accounts for the Funds.

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

7. Non-trade receivables

	2021 \$	2020 \$
Refundable deposits	5,850	5,780
Receivable from Comptroller of Goods and Services Tax	275,020	385,315
Others	56,846	42,999
Total	<u>337,716</u>	<u>434,094</u>

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

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

8. Property and equipment

	<u>Property</u> \$	<u>Furniture, fittings and other office equipment</u> \$	<u>Computer equipment and software</u> \$	<u>Total</u> \$
2021				
<i>Cost</i>				
Beginning of financial year	850,109	114,523	1,208,332	2,172,964
Additions	-	187,744	404,895	592,639
Disposal	-	(91,524)	(12,418)	(103,942)
Adjustment	(15,229)	-	-	(15,229)
End of financial year	834,880	210,743	1,600,809	2,646,432
<i>Accumulated depreciation</i>				
Beginning of financial year	47,228	91,125	1,035,546	1,173,899
Depreciation charge	277,995	24,347	154,088	456,430
Disposal	-	(77,088)	(12,418)	(89,506)
End of financial year	325,223	38,384	1,177,216	1,540,823
Net book value				
End of financial year	509,657	172,359	423,593	1,105,609
2020				
<i>Cost</i>				
Beginning of financial year	-	117,942	1,440,273	1,558,215
Additions	850,109	-	9,784	859,893
Disposal	-	(3,419)	(241,725)	(245,144)
End of financial year	850,109	114,523	1,208,332	2,172,964
<i>Accumulated depreciation</i>				
Beginning of financial year	-	85,001	1,081,500	1,166,501
Depreciation charge	47,228	8,443	195,423	251,094
Disposal	-	(2,319)	(241,377)	(243,696)
End of financial year	47,228	91,125	1,035,546	1,173,899
Net book value				
End of financial year	802,881	23,398	172,786	999,065

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

9. Leases - The Company as a lessee

Property

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

(a) Carrying amounts

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

	2021	2020
Leasehold office space	509,657	802,881

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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

(b) Depreciation charge during the year

	2021	2020
	\$	\$
Leasehold office space	277,995	47,228

(c) Interest expense

	2021	2020
	\$	\$
Interest expense on lease liabilities	23,988	4,158

(d) Lease expense not capitalised in lease liabilities

	2021	2020
	\$	\$
Short-term lease expense	60,110	231,861

(e) Total cash outflow for all leases in financial year ended 31 March 2021 was \$287,052 (2020: \$231,861).

(f) There is no addition of right-of-use assets during the financial year ended 31 March 2021 (2020: \$850,109).

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

10. Intangible assets

	<u>Computer software</u> \$	<u>Software under development</u> \$	<u>Total</u> \$
2021			
<i>Cost</i>			
Beginning of financial year	9,541,238	113,658	9,654,896
Additions	288,528	526,114	814,642
Disposal	-	-	-
Transfers	332,555	(332,555)	-
End of financial year	10,162,321	307,217	10,469,538
<i>Accumulated amortisation</i>			
Beginning of financial year	6,960,344	-	6,960,344
Amortisation	1,066,542	-	1,066,542
Disposal	-	-	-
End of financial year	8,026,886	-	8,026,886
Net book value			
End of financial year	2,135,435	307,217	2,442,652
2020			
<i>Cost</i>			
Beginning of financial year	7,703,250	1,139,350	8,842,600
Additions	657,306	161,658	818,964
Disposal	(6,668)	-	(6,668)
Transfers	1,187,350	(1,187,350)	-
End of financial year	9,541,238	113,658	9,654,896
<i>Accumulated amortisation</i>			
Beginning of financial year	5,929,687	-	5,929,687
Amortisation	1,037,325	-	1,037,325
Disposal	(6,668)	-	(6,668)
End of financial year	6,960,344	-	6,960,344
Net book value			
End of financial year	2,580,894	113,658	2,694,552

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

11. Lease Liabilities

Reconciliation of liabilities arising from financing activities:

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

\$	1 April 2019	Principal and interest payments	Non-cash changes			31 March 2020
			Interest expense	Addition of new leases	Adjustment to lease liability	
Lease liabilities	-	(26,448)	4,158	805,109	-	782,819

12. Non-trade payables

	2021 \$	2020 \$
<i>Current:</i>		
Non-trade payables	1,056,610	1,242,315
<i>Non-current:</i>		
Non-trade payables	-	8,400
Total	1,056,610	1,250,715

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.

13. 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 the Ministry of Finance.

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

14. Company limited by guarantee

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

15. Commitments

(a) Capital commitments

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

	2021 \$	2020 \$
Property and equipment	3,249	353,072
Intangible assets	193,760	403,552
	<u>197,009</u>	<u>756,624</u>

(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:

	2021 \$	2020 \$
Not later than one year	-	107,207
Between one and five years	-	-
	<u>-</u>	<u>107,207</u>

The Company has adopted FRS 116 on 1 April 2020. Lease payments have been recognised as right-of-use assets and lease liabilities on the balance sheet as at 31 March 2020 and 31 March 2021, except for short-term and low value leases.

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

16. Financial risk management

Financial risk factors

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

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

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

(a) Market risk

(i) Currency risk

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

(ii) Equity Price risk

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

(iii) Interest rate risk

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

(b) Credit risk

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

(i) Risk Management

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

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

16. Financial risk management (continued)

Financial risk factors (continued)

(d) Credit risk (continued)

(ii) Non-trade receivables

The Company has applied the simplified approach to measure the lifetime ECLs for non-trade receivables. The non-trade receivables totalling \$337,716 (2020: \$434,094) of which 100% (2020: 100%) are due from the Comptroller of Goods and Services Tax and receivables or refundable deposits placed with the MAS. The Company has no past due or impaired assets.

(iii) Cash and cash equivalents

Cash and cash equivalents that are placed with major banks in Singapore are rated AA- (2020: AA-) based on Fitch ratings and are considered to have low credit risk. The cash balances are measured on 12-months expected credit losses and subject to immaterial credit loss.

(c) Liquidity risk

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

(i) Liabilities-related risk

The Company's budget is determined before the start of every period of 3 consecutive financial years, beginning 1 April 2020, 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. The Company may also obtain loans on behalf of the DI Fund while awaiting payments from the realisation of the assets of the failed DI Scheme member.

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

16. Financial risk management (continued)

(c) Liquidity risk (continued)

(ii) Contingent liabilities-related risk (continued)

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, on behalf of DI Fund, in the event liquidity is needed for compensation payments to insured depositors. For the financial years ended 31 March 2021 and 31 March 2020, there was no request and no drawdown on the facility. Furthermore, the MAS may, with the concurrence of the Company, determine and raise additional premium contributions in accordance with section 15 of the DI-PPF Act.

The making of payments pursuant to the PPF Scheme established under the DI-PPF Act arises from the occurrence of future events that are not within the control of the PPF Life Fund, the PPF General Fund or the Company. When required by the MAS under section 46(2) of the DI-PPF Act, the Company will 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 the transfer and/or run-off of the insurance business of a failed PPF Scheme member.

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

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

16. Financial risk management (continued)

(c) Liquidity risk (continued)

(iii) Maturity analysis of lease liabilities

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

	2021 \$	2020 \$
Less than one year	317,376	226,942
Between one and two years	264,480	317,376
Between two and five years	-	264,480
	581,856	808,798

(d) Fair value measurement

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

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

(e) Capital risk

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

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

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

17. Related party transactions

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

Key management personnel compensation

	2021 \$	2020 \$
Wages, salaries and other short-term employee benefits	547,297	530,932
Employers' contribution to Central Provident Fund	10,200	10,200
Deferred bonus payments inclusive of employers' contribution to Central Provident Fund	-	-
	557,497	541,132

18. New or revised accounting standards and interpretations

The Company has not early adopted any of the following mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the Company's accounting periods beginning on or after 1 April 2021:

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to FRS 116: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to FRS 103: Reference to the Conceptual Framework	1 January 2022
Amendments to FRS 16: Property, Plant and Equipment—Proceeds before Intended Use	1 January 2022
Amendments to FRS 37: Onerous Contracts—Cost of Fulfilling a Contract	1 January 2022

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 March 2021***18. New or revised accounting standards and interpretations (continued)**

Description	Effective for annual periods beginning on or after
Annual Improvements to FRSs 2018 - 2020	1 January 2022
FRS 117 Insurance Contracts	1 January 2023
Amendments to FRS 104: Extension of the Temporary Exemption from Applying FRS 109	-
Amendments to FRS 117	1 January 2023
Amendments to FRS 1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendment to FRS 1: Classification of Liabilities as Current or Non-current—Deferral of Effective Date	-
Amendments to FRS 8: Definition of Accounting Estimates	1 January 2023
Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Effective Date of Amendments to FRS 110 and FRS 28	-

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

19. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Singapore Deposit Insurance Corporation Limited on 18 August 2021.

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 2021

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 2021

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DEPOSIT INSURANCE FUND

STATEMENT BY SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

For the financial year ended 31 March 2021

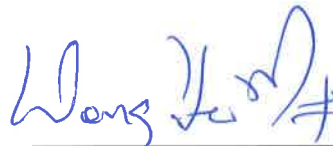
We, Koh Yong Guan and Wong Yew Meng, being two of the directors of Singapore Deposit Insurance Corporation Limited (the "Agency"), do hereby state that in the opinion of the directors:

- (a) the financial statements of the Deposit Insurance Fund (the "DI Fund") as set out on pages 6 to 22 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 2021 and of the financial performance, changes in accumulated surplus and cash flows of the DI Fund for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the DI Fund will be able to pay its debts as and when they fall due.

On behalf of Singapore Deposit Insurance Corporation Limited



KOH YONG GUAN
Director



WONG YEW MENG
Director

Date: 18 August 2021

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 ("FRS") so as to give a true and fair view of the financial position of the DI Fund as at 31 March 2021 and of the financial performance, changes in accumulated surplus and cash flows of the DI Fund for the financial year ended on that date.

What we have audited

The financial statements of the DI Fund comprise:

- the statement of comprehensive income for the financial year ended 31 March 2021;
- the balance sheet as at 31 March 2021;
- the statement of changes in accumulated surplus for the financial year then ended;
- the statement of cash flows for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

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

Other Information

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

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

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

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 FRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion,

- (a) the accounting and other records required by the DI-PPF Act to be kept by the DI Fund have been properly kept in accordance with the provisions of the DI-PPF Act, including records of all assets of the DI Fund whether purchased, donated or otherwise; and
- (b) the receipts, expenditure and investment of moneys by the DI Fund during the financial year have been made in accordance with the provisions of DI-PPF Act.

Pinnawattanan Loops UP

Public Accountants and Chartered Accountants
Singapore, 18 August 2021

DEPOSIT INSURANCE FUND

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2021

	Notes	2021 \$	2020 \$
Income:			
Premium contributions	2.2	56,762,726	50,986,447
Interest income from financial assets	2.2	8,802,763	8,026,129
Total income		65,565,489	59,012,576
Expenses:			
Net expenditure incurred by Singapore Deposit Insurance Corporation Limited	3	3,769,204	3,834,005
Total expenses		3,769,204	3,834,005
Net surplus		61,796,285	55,178,571
Income tax expense	4	-	-
Total comprehensive income		61,796,285	55,178,571

There is no other comprehensive income for the financial years ended 31 March 2021 and 2020.

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

DEPOSIT INSURANCE FUND

BALANCE SHEET

As at 31 March 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	32,004	28,285
Advance to the Agency	2.8	5,333,544	4,173,198
Trade and other receivables	6	2,136,050	1,737,075
Financial assets, at amortised cost	7	76,204,523	38,122,422
		<u>83,706,121</u>	<u>44,060,980</u>
Non-current assets			
Financial assets, at amortised cost	7	362,612,575	340,461,431
TOTAL ASSETS AND NET ASSETS		<u>446,318,696</u>	<u>384,522,411</u>
ACCUMULATED SURPLUS	8(d)	<u>446,318,696</u>	<u>384,522,411</u>

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 2021

	Note	2021 \$	2020 \$
Beginning of financial year		384,522,411	329,343,840
Total comprehensive income for the financial year		61,796,285	55,178,571
End of financial year	8(d)	446,318,696	384,522,411

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 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Net Surplus		61,796,285	55,178,571
Adjustments for:			
- Interest income from financial assets		(8,802,763)	(8,026,129)
		<u>52,993,522</u>	<u>47,152,442</u>
Change in working capital:			
- Advance to the Agency		(1,160,346)	892,052
- Trade receivables	6	(639)	761,279
- Trade payables		-	(1,143,295)
		<u>51,832,537</u>	<u>47,662,478</u>
Net cash provided by operating activities			
Cash flows from investing activities			
Purchases of financial assets, at amortised cost		(100,797,742)	(62,431,486)
Proceeds upon maturity of financial assets, at amortised cost		37,950,756	4,549,836
Interest received from financial assets		11,018,168	9,715,938
Net cash used in investing activities		<u>(51,828,818)</u>	<u>(48,165,712)</u>
Net increase/(decrease) in cash and cash equivalents		3,719	(503,234)
Cash and cash equivalents at beginning of financial year	5	28,285	531,519
Cash and cash equivalents at end of financial year	5	<u>32,004</u>	<u>28,285</u>

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

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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; the DI-PPF Act which came into force on 1 May 2011 and the DI-PPF (Amendment) Act 2018 which came into force on 1 April 2019. Subject to the directions of the Minister, the DI Fund is administered and managed by Singapore Deposit Insurance Corporation Limited (the "Agency") designated by the Minister under section 56 of the DI-PPF Act as the deposit insurance and policy owners' protection fund agency.

The Agency is a public company limited by guarantee incorporated under the Companies Act Cap. 50 on 13 January 2006 and is domiciled in Singapore. The address of its registered office is 10 Shenton Way, #11-08/09, MAS Building, Singapore 079117.

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

The DI Scheme was established in Singapore for the benefit of insured depositors in respect of their insured deposits placed with each DI Scheme member as specified in the DI-PPF Act. With effect from 1 April 2019, the maximum deposit insurance coverage is increased from \$50,000 to \$75,000.

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 otherwise.

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. There are no areas involving significant judgement or complexity, or areas where assumptions and estimates are material to the financial statements.

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2020

On 1 April 2020, the DI Fund has adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the DI Fund's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

Description
Amendments to FRS 1 Presentation of Financial Statements and FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
Amendments to FRS 103 Business Combinations (Definition of a Business)
Amendments to FRS 109, FRS 39, FRS 107: Interest Rate Benchmark Reform
Amendments to References to Conceptual Framework in FRS Standards and Amendments to illustrative examples, implementation guidance and FRS practice statements
Amendments to FRS 116: Covid-19-Related Rent Concessions

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

2.2 Revenue recognition

(a) Premium contributions

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

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2.2 Revenue recognition (continued)

(a) Premium contributions (continued)

Under the DI-PPF Act, the MAS can notify the Agency of shortfalls or refunds of premium contributions. Premium shortfalls or refunds are recognised in the period in which the premium contributions are assessed and due to be received or paid, provided that the right to receive or refund premiums has been established by reference to the written notifications received by the Agency from the MAS.

(b) Interest income from financial assets

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

2.3 Cash and cash equivalents

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

2.4 Financial assets

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

(i) Initial Recognition and Measurement

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

(ii) Subsequent Measurement

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

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.4 Financial assets (continued)

(ii) Subsequent Measurement (continued)

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

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

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

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

2.5 Trade payables

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

- (i) receives 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.

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.6 Provision for other liabilities and charges

Provisions for other liabilities and charges are recognised when the DI Fund has a 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 the statement of comprehensive income when the change arises.

2.7 Currency translation

Functional and presentation currency

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

2.8 Advance to the Agency

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

3. Net expenditure incurred by Singapore Deposit Insurance Corporation Limited

Expenditure net of grants and recoveries incurred by the Agency in carrying out the objects of the DI-PPF Act are payable from the DI Fund as provided under the DI-PPF Act.

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

4. Income tax

The DI Fund does not have taxable income for this financial year. The Ministry of Finance has granted income tax remission for premium contributions collected by the DI Fund for the life of the Fund. In addition, income tax remission was granted for investment income earned by the DI Fund and GST remission was granted for all input tax claims incurred on all business purchases until end of 2022 or until the target fund size of insured deposits has been reached, whichever is earlier.

5. Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank and cash with the MAS	32,004	28,285

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

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

6. Trade and other receivables

	2021 \$	2020 \$
Trade receivables	639	-
Accrued interest receivables	2,135,411	1,737,075
	<u>2,136,050</u>	<u>1,737,075</u>

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

7. Financial assets, at amortised cost

The DI Fund's investments comprise:

	2021 \$	2020 \$
<i>Current:</i>		
MAS Bills	6,477,296	9,040,422
Singapore Government bonds	<u>69,727,227</u>	<u>29,082,000</u>
	<u>76,204,523</u>	<u>38,122,422</u>
<i>Non-current:</i>		
Singapore Government bonds	<u>362,612,575</u>	<u>340,461,431</u>
Total	<u>438,817,098</u>	<u>378,583,853</u>

The total fair value of the investments at amortised cost, measured using quoted market bid prices as at 31 March 2021 was \$446,964,512 (2020: \$399,651,605). The non-current investments at amortised cost have maturity dates between April 2022 and April 2042.

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

8. Financial risk management

Financial risk factors

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

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

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

(a) Market risk

(i) Currency risk

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

(ii) Equity price risk

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

(iii) Interest rate risk

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

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

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

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

8. Financial risk management (continued)

(b) Credit risk

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

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

The DI Fund's financial assets comprise:

- (i) Cash held with major banks in Singapore and the MAS;
- (ii) Investments in Singapore Government bonds and accrued interest receivable on such securities; the issuer, the Singapore Government, has a credit rating of "AAA" from Standard & Poor's and Fitch Ratings; and
- (iii) Investments in MAS bills and accrued interest receivable on such securities.

The DI Fund has no past due or impaired assets.

(c) Liquidity risk

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

(I) Liabilities-related risk

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

The DI Fund's annual cash inflows are predictable, comprising:

- premium contributions which are usually collected on the first working day of the financial year; 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.

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

8. Financial risk management (continued)

(c) *Liquidity risk* (continued)

(ii) Contingent liabilities-related risk

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

In this regard, the Agency entered into an agreement with the MAS on 9 February 2012 where the MAS may provide the Agency a contingent liquidity facility of up to \$20 billion, on behalf of DI Fund, in the event liquidity is needed for compensation payments to insured depositors. For the financial years ended 31 March 2021 and 31 March 2020, there were no request and no drawdown on the facility. Furthermore, the MAS may, with the concurrence of the Agency, determine and raise additional premium contributions in accordance with section 15 of the DI-PPF Act.

(d) *Accumulated surplus*

The management of the DI Fund's accumulated surplus is circumscribed by the DI-PPF Act. Premium contributions income is determined by the MAS which is charged under the DI-PPF Act to set the premium rates at which premium contributions are levied on DI Scheme members. As for investments, the Agency is required to invest the DI Fund's moneys with the objects of capital preservation and maintenance of liquidity. The moneys may only be invested in the types of investments prescribed in section 11 of the DI-PPF Act.

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

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

8. Financial risk management (continued)

(e) Fair value measurement

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

The financial assets, at amortised cost are not carried at fair value, however, the fair values are disclosed in Note 7, based on quoted market bid-prices in active markets at the financial year-end date. These fair values have been analysed according to a fair value hierarchy as follows:

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

The fair values of the Singapore Government bonds and MAS bills held by DI Fund as disclosed in Note 7 are categorised within Level 1 of the fair value hierarchy. The DI Fund does not hold any level 2 or level 3 assets.

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

9. 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 2021:

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to FRS 116: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to FRS 103: Reference to the Conceptual Framework	1 January 2022
Amendments to FRS 16: Property, Plant and Equipment—Proceeds before Intended Use	1 January 2022
Amendments to FRS 37: Onerous Contracts—Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to FRSs 2018 - 2020	1 January 2022
FRS 117 Insurance Contracts	1 January 2023
Amendments to FRS 104: Extension of the Temporary Exemption from Applying FRS 109	-
Amendments to FRS 117: Leases	1 January 2023
Amendments to FRS 1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendment to FRS 1: Classification of Liabilities as Current or Non-current—Deferral of Effective Date	-
Amendments to FRS 8: Definition of Accounting Estimates	1 January 2023
Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Effective Date of Amendments to FRS 110 and FRS 28	-

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

10. Authorisation of financial statements

These financial statements were authorised for issue by the Agency's directors on 18 August 2021.

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 2021

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 2021

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POLICY OWNERS' PROTECTION LIFE FUND

STATEMENT BY SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

For the financial year ended 31 March 2021

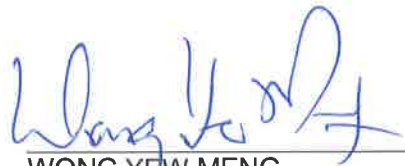
We, Koh Yong Guan and Wong Yew Meng, being two of the directors of Singapore Deposit Insurance Corporation Limited (the "Agency"), do hereby state that in the opinion of the directors:

- (a) the financial statements of the Policy Owners' Protection Life Fund (the "PPF Life Fund") as set out on pages 6 to 22 are drawn up in accordance with the provisions of the Deposit Insurance and Policy Owners' Protection Schemes Act 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 2021 and of the financial performance, changes in accumulated surplus and cash flows of the PPF Life Fund for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the PPF Life Fund will be able to pay its debts as and when they fall due.

On behalf of Singapore Deposit Insurance Corporation Limited



KOH YONG GUAN
Director



WONG YEW MENG
Director

Date : 18 August 2021

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 ("FRS") so as to give a true and fair view of the financial position of the PPF Life Fund as at 31 March 2021 and of the financial performance, changes in accumulated surplus and cash flows of the PPF Life Fund for the financial year ended on that date.

What we have audited

The financial statements of the PPF Life Fund comprise:

- the statement of comprehensive income for the financial year ended 31 March 2021;
- the balance sheet as at 31 March 2021;
- the statement of changes in accumulated surplus for the financial year then ended;
- the statement of cash flows for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

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

Other Information

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

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

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

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 FRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion,

- (a) the accounting and other records required by the DI-PPF Act to be kept by the PPF Life Fund have been properly kept in accordance with the provisions of the DI-PPF Act, including records of all assets of the PPF Life Fund whether purchased, donated or otherwise; and
- (b) the receipts, expenditure and investment of moneys by the PPF Life Fund during the financial year have been made in accordance with the provisions of DI-PPF Act.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants
Singapore, 18 August 2021

POLICY OWNERS' PROTECTION LIFE FUND

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2021

	Notes	2021 \$	2020 \$
Income:			
Levies	2.2	37,995,136	33,430,062
Interest income from financial assets	2.2	5,402,619	5,053,103
Total income		43,397,755	38,483,165
Expenses:			
Net expenditure incurred by Singapore Deposit Insurance Corporation Limited	3	1,386,215	2,465,574
Total expenses		1,386,215	2,465,574
Net surplus		42,011,540	36,017,591
Income tax expense	4	-	-
Total comprehensive income		42,011,540	36,017,591

There is no other comprehensive income for the financial years ended 31 March 2021 and 2020.

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

POLICY OWNERS' PROTECTION LIFE FUND

BALANCE SHEET

As at 31 March 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	13,669	25,116
Advance to the Agency	2.8	2,030,536	2,538,828
Non-trade receivables	6	1,618,408	1,504,911
Financial assets, at amortised cost	7	55,596,954	32,049,206
		<u>59,259,567</u>	<u>36,118,061</u>
Non-current assets			
Financial assets, at amortised cost	7	247,006,047	228,136,013
TOTAL ASSETS AND NET ASSETS		<u>306,265,614</u>	<u>264,254,074</u>
ACCUMULATED SURPLUS	8(d)	<u>306,265,614</u>	<u>264,254,074</u>

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

POLICY OWNERS' PROTECTION LIFE FUND

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS

For the financial year ended 31 March 2021

	Note	2021 \$	2020 \$
Beginning of financial year		264,254,074	228,236,483
Total comprehensive income for the financial year		<u>42,011,540</u>	<u>36,017,591</u>
End of financial year	8(d)	<u>306,265,614</u>	<u>264,254,074</u>

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

POLICY OWNERS' PROTECTION LIFE FUND

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Net Surplus		42,011,540	36,017,591
Adjustments for:			
- Interest income from financial assets		(5,402,619)	(5,053,103)
		<u>36,608,921</u>	<u>30,964,488</u>
Change in working capital:			
- Advance to the Agency		508,292	188,700
Net cash provided by operating activities		<u>37,117,213</u>	<u>31,153,188</u>
Cash flows from investing activities			
Purchases of financial assets, at amortised cost		(75,667,943)	(46,078,236)
Proceeds upon maturity of financial assets, at amortised cost		31,955,683	8,033,707
Interest received from financial assets		6,583,600	6,306,713
Net cash used in investing activities		<u>(37,128,660)</u>	<u>(31,737,816)</u>
Net (decrease) in cash and cash equivalents		(11,447)	(584,628)
Cash and cash equivalents at beginning of financial year	5	<u>25,116</u>	<u>609,744</u>
Cash and cash equivalents at end of financial year	5	<u>13,669</u>	<u>25,116</u>

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

POLICY OWNERS' PROTECTION LIFE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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

1. General information

The Policy Owners' Protection Life Fund (the "PPF Life Fund") was established under section 34 of the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B (the "DI-PPF Act"). Accordingly, in the notes to the financial statements, DI-PPF Act refers to the DI-PPF Act which came into force on 1 May 2011 and the DI-PPF (Amendment) Act 2018 which came into force on 1 April 2020. Subject to the directions of the Minister, the PPF Life Fund is administered and managed by Singapore Deposit Insurance Corporation Limited (the "Agency") designated by the Minister under section 56 of the DI-PPF Act as the deposit insurance and policy owners' protection fund agency.

The Agency is a public company limited by guarantee incorporated under the Companies Act Cap. 50 on 13 January 2006 and is domiciled in Singapore. The address of its registered office is 10 Shenton Way, #11-08/09, MAS Building, Singapore 079117.

The principal activities of the Agency are the administration of the Deposit Insurance Scheme 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 otherwise.

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. There are no areas involving significant judgement or complexity, or areas where assumptions and estimates are material to the financial statements.

POLICY OWNERS' PROTECTION LIFE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2020

On 1 April 2020, the PPF Life Fund has adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the PPF Life Fund's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

Description
Amendments to FRS 1 Presentation of Financial Statements and FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
Amendments to FRS 103 Business Combinations (Definition of a Business)
Amendments to FRS 109, FRS 39, FRS 107: Interest Rate Benchmark Reform
Amendments to References to Conceptual Framework in FRS Standards and Amendments to illustrative examples, implementation guidance and FRS practice statements
Amendment to FRS 116: Covid-19-Related Rent Concessions

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

POLICY OWNERS' PROTECTION LIFE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.2 Revenue recognition

(a) Levies

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

Under the DI-PPF Act, the MAS can notify the Agency of shortfalls or refunds of levies. Levies shortfalls or refunds are recognised in the period in which the levies are assessed and due to be received or paid, provided that the right to receive levies has been established by reference to the written notifications received by the Agency from the MAS.

(b) Interest income from financial assets

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

2.3 Cash and cash equivalents

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

2.4 Financial assets

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

(i) Initial Recognition and Measurement

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

POLICY OWNERS' PROTECTION LIFE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.4 Financial assets (continued)

(ii) Subsequent Measurement

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

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

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

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

2.5 Trade payables

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

- (i) receives 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.

POLICY OWNERS' PROTECTION LIFE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.6 Provision for other liabilities and charges

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

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

2.6 Provision for other liabilities and charges (continued)

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

2.7 Currency translation

Functional and presentation currency

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

POLICY OWNERS' PROTECTION LIFE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.8 Advance to the Agency

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

3. Net expenditure incurred by Singapore Deposit Insurance Corporation Limited

Expenditure net of grants and recoveries incurred by the Agency in carrying out the objects of the DI-PPF Act are payable from the PPF Life Fund as provided under the DI-PPF Act.

4. Income tax

The PPF Life Fund does not have taxable income for this financial year. The Ministry of Finance has granted income tax remission for levy contributions collected and the investment income earned by the PPF Life Fund. In addition, GST remission was granted for all input tax claims incurred on all business purchases. These remissions are granted until end of 2022 or until the target fund size of aggregated protected liabilities has been reached, whichever is earlier.

5. Cash and cash equivalents

	2021 \$	2020 \$
Cash with the MAS	13,669	25,116

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

POLICY OWNERS' PROTECTION LIFE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

6. Non-trade receivables

	2021 \$	2020 \$
Accrued interest receivables	<u>1,618,408</u>	<u>1,504,911</u>

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

7. Financial assets, at amortised cost

The PPF Life Fund's investments comprise:

	2021 \$	2020 \$
<i>Current:</i>		
MAS Bills	5,702,906	7,396,634
Singapore Government bonds	<u>49,894,048</u>	<u>24,652,572</u>
	<u>55,596,954</u>	<u>32,049,206</u>
<i>Non-current:</i>		
Singapore Government bonds	<u>247,006,047</u>	<u>228,136,013</u>
Total	<u>302,603,001</u>	<u>260,185,219</u>

The total fair value of the investments at amortised cost, measured using quoted market bid prices as at 31 March 2021 was \$300,545,248 (2020: \$271,687,821). The non-current investments at amortised cost have maturity dates between April 2022 and April 2042.

8. Financial risk management

Financial risk factors

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

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

POLICY OWNERS' PROTECTION LIFE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

8. Financial risk management (continued)

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

(a) Market risk

(i) Currency risk

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

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

(ii) Equity Price risk

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

(iii) Interest rate risk

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

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

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

POLICY OWNERS' PROTECTION LIFE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

8. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the PPF Life Fund. The PPF Life Fund's major classes of financial assets are cash at bank and financial assets at amortised cost. The PPF Life Fund adopts the policy of dealing with financial institutions and other counterparties with high credit ratings to mitigate credit risk. The PPF Life Fund's financial assets comprise:

- (i) Cash held with the MAS;
- (ii) Investments in Singapore Government bonds and accrued interest receivable on such securities; the issuer, the Singapore Government, has a credit rating of "AAA" from Standard & Poor's and Fitch Ratings; and
- (iii) Investments in MAS bills and accrued interest receivable on such securities.

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

(c) Liquidity risk

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

(i) Liabilities-related risk

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

The PPF Life Fund's annual cash inflows are predictable, comprising:

- levies which are usually collected on the first working day of every July; 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.

POLICY OWNERS' PROTECTION LIFE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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

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

(d) Accumulated surplus

The management of the PPF Life Fund's accumulated surplus is circumscribed by the DI-PPF Act. Levies income is determined by the MAS which is charged under the DI-PPF Act to set the rates at which levies are levied on PPF Scheme members. As for investments, the Agency is required to invest the PPF Life Fund's moneys with the objects of capital preservation and maintenance of liquidity. The moneys may only be invested in the types of investments prescribed in section 11 of the DI-PPF Act.

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

POLICY OWNERS' PROTECTION LIFE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

8. Financial risk management (continued)

(e) Fair value measurement

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

The financial assets, at amortised cost are not carried at fair value, however, the fair values are disclosed in Note 7, based on quoted market bid-prices in active markets at the financial year-end date. These fair values have been analysed according to a fair value hierarchy as follows:

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

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

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

The fair values of the Singapore Government bonds and MAS bills held by PPF Life Fund as disclosed in Note 7 are categorised within Level 1 of the fair value hierarchy. The PPF Life Fund does not hold any level 2 or level 3 assets.

POLICY OWNERS' PROTECTION LIFE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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 2021:

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to FRS 116: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to FRS 103: Reference to the Conceptual Framework	1 January 2022
Amendments to FRS 16: Property, Plant and Equipment—Proceeds before Intended Use	1 January 2022
Amendments to FRS 37: Onerous Contracts—Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to FRSs 2018 – 2020	1 January 2022
FRS 117 Insurance Contracts	1 January 2023
Amendments to FRS 104: Extension of the Temporary Exemption from Applying FRS 109	-
Amendments to FRS 117: Leases	1 January 2023
Amendments to FRS 1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendment to FRS 1: Classification of Liabilities as Current or Non-current—Deferral of Effective Date	-
Amendments to FRS 8: Definition of Accounting Estimates	1 January 2023
Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

POLICY OWNERS' PROTECTION LIFE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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

<u>Description</u>	Effective for annual periods beginning on or after
Effective Date of Amendments to FRS 110 and FRS 28	-

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

10. Authorisation of financial statements

These financial statements were authorised for issue by the Agency's directors on 18 August 2021.

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 2021

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 2021

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POLICY OWNERS' PROTECTION GENERAL FUND

STATEMENT BY SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

For the financial year ended 31 March 2021

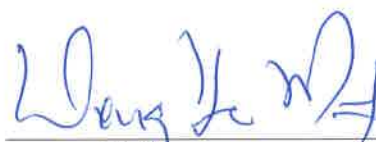
We, Koh Yong Guan and Wong Yew Meng, being two of the directors of Singapore Deposit Insurance Corporation Limited (the "Agency"), do hereby state that in the opinion of the directors:

- (a) the financial statements of the Policy Owners' Protection General Fund (the "PPF General Fund") as set out on pages 6 to 22 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 2021 and of the financial performance, changes in accumulated surplus and cash flows of the PPF General Fund for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the PPF General Fund will be able to pay its debts as and when they fall due.

On behalf of Singapore Deposit Insurance Corporation Limited



KOH YONG GUAN
Director



WONG YEW MENG
Director

Date: 18 August 2021

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 ("FRS") so as to give a true and fair view of the financial position of the PPF General Fund as at 31 March 2021 and of the financial performance, changes in accumulated surplus and cash flows of the PPF General Fund for the financial year ended on that date.

What we have audited

The financial statements of the PPF General Fund comprise:

- the statement of comprehensive income for the financial year ended 31 March 2021;
- the balance sheet as at 31 March 2021;
- the statement of changes in accumulated surplus for the financial year then ended;
- the statement of cash flows for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

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

Other Information

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

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

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

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 FRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

**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.

Picuwatarkas Coopers WP

Public Accountants and Chartered Accountants
Singapore, 18 August 2021

POLICY OWNERS' PROTECTION GENERAL FUND

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2021

	Notes	2021 \$	2020 \$
Income:			
Levies	2.2	3,103,559	2,906,183
Interest income from financial assets	2.2	342,525	349,840
Total income		3,446,084	3,256,023
Expenses:			
Net expenditure incurred by Singapore Deposit Insurance Corporation Limited	3	1,340,480	1,402,885
Total expenses		1,340,480	1,402,885
Net surplus		2,105,604	1,853,138
Income tax expense	4	-	-
Total comprehensive income		2,105,604	1,853,138

There is no other comprehensive income for the financial years ended 31 March 2021 and 2020.

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

POLICY OWNERS' PROTECTION GENERAL FUND

BALANCE SHEET

As at 31 March 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	12,496	910,696
Advance to the Agency	2.8	1,483,289	1,457,164
Non-trade receivables	6	93,083	89,856
Financial assets, at amortised cost	7	5,909,848	2,668,327
		<u>7,498,716</u>	<u>5,126,043</u>
Non-current assets			
Financial assets, at amortised cost	7	14,642,392	14,909,461
TOTAL ASSETS AND NET ASSETS		<u>22,141,108</u>	<u>20,035,504</u>
ACCUMULATED SURPLUS	8(d)	<u>22,141,108</u>	<u>20,035,504</u>

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 2021

	2021	2020
	\$	\$
Beginning of financial year	20,035,504	18,182,366
Total comprehensive income for the financial year	2,105,604	1,853,138
End of financial year	22,141,108	20,035,504

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 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Net Surplus		2,105,604	1,853,138
Adjustments for:			
- Interest income from financial assets		(342,525)	(349,840)
		1,763,079	1,503,298
Change in working capital:			
- Advance to the Agency		(26,125)	152,958
Net cash provided by operating activities		1,736,954	1,656,256
Cash flows from investing activities			
Purchases of financial assets, at amortised cost		(5,720,848)	(3,371,691)
Proceeds upon maturity of financial assets, at amortised cost		2,661,446	1,164,805
Interest received from financial assets		424,248	431,511
Net cash used in investing activities		(2,635,154)	(1,775,375)
Net (decrease) in cash and cash equivalents		(898,200)	(119,119)
Cash and cash equivalents at beginning of financial year	5	910,696	1,029,815
Cash and cash equivalents at end of financial year	5	12,496	910,696

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

POLICY OWNERS' PROTECTION GENERAL FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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

1. General information

The Policy Owners' Protection General Fund (the "PPF General Fund") was established under section 34 of the Deposit Insurance and Policy Owners' Protection Schemes Act Cap. 77B (the "DI-PPF Act"). Accordingly, in the notes to the financial statements, DI-PPF Act refers to the DI-PPF Act which came into force on 1 May 2011 and the DI-PPF (Amendment) Act 2018 which came into force on 1 April 2020. Subject to the directions of the Minister, the PPF General Fund is administered and managed by Singapore Deposit Insurance Corporation Limited (the "Agency") designated by the Minister under section 56 of the DI-PPF Act as the deposit insurance and policy owners' protection fund agency.

The Agency is a public company limited by guarantee incorporated under the Companies Act Cap. 50 on 13 January 2006 and is domiciled in Singapore. The address of its registered office is 10 Shenton Way, #11-08/09, MAS Building, Singapore 079117.

The principal activities of the Agency are the administration of the Deposit Insurance Scheme 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 otherwise.

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. There are no areas involving significant judgement or complexity, or areas where assumptions and estimates are material to the financial statements.

POLICY OWNERS' PROTECTION GENERAL FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2020

On 1 April 2020, the PPF General Fund has adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the PPF General Fund's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

Description
Amendments to FRS 1 Presentation of Financial Statements and FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
Amendments to FRS 103 Business Combinations (Definition of a Business)
Amendments to FRS 109, FRS 39, FRS 107: Interest Rate Benchmark Reform
Amendments to References to Conceptual Framework in FRS Standards and Amendments to illustrative examples, implementation guidance and FRS practice statements
Amendment to FRS 116: Covid-19-Related Rent Concessions

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

POLICY OWNERS' PROTECTION GENERAL FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.2 Revenue recognition

(a) Levies

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

Under the DI-PPF Act, the MAS can notify the Agency of shortfalls or refunds of levies. Levies shortfalls or refunds are recognised in the period in which the levies are assessed and due to be received or paid, provided that the right to receive levies has been established by reference to the written notifications received by the Agency from the MAS.

(b) Interest income from financial assets

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

2.3 Cash and cash equivalents

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

2.4 Financial assets

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

(i) Initial Recognition and Measurement

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

POLICY OWNERS' PROTECTION GENERAL FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.4 Financial assets (continued)

(ii) Subsequent Measurement

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

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

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

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

2.5 Trade payables

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

- (i) receives 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.

POLICY OWNERS' PROTECTION GENERAL FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.6 Provision for other liabilities and charges

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

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

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

2.7 Currency translation

Functional and presentation currency

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

POLICY OWNERS' PROTECTION GENERAL FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.8 Advance to the Agency

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

3. Net expenditure incurred by Singapore Deposit Insurance Corporation Limited

Expenditure net of grants and recoveries incurred by the Agency in carrying out the objects of the DI-PPF Act are payable from the PPF General Fund as provided under the DI-PPF Act.

4. Income tax

The PPF General Fund does not have taxable income for this financial year. The Ministry of Finance has granted income tax remission for levy contributions collected and the investment income earned by the PPF General Fund. In addition, GST remission was granted for all input tax claims incurred on all business purchases. These remissions are granted until end of 2022 or until the target fund size of gross premium incomes has been reached, whichever is earlier.

5. Cash and cash equivalents

	2021 \$	2020 \$
Cash with the MAS	12,496	910,696

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

6. Non-trade receivables

	2021 \$	2020 \$
Accrued interest receivables	93,083	89,856

POLICY OWNERS' PROTECTION GENERAL FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

6. Non-trade receivables (continued)

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

7. Financial assets, at amortised cost

The PPF General Fund's investments comprise:

	2021 \$	2020 \$
<i>Current:</i>		
MAS Bills	2,341,459	1,231,554
Singapore Government bonds	3,568,389	1,436,773
	<u>5,909,848</u>	<u>2,668,327</u>
<i>Non-current:</i>		
Singapore Government bonds	14,642,392	14,909,461
Total	<u>20,552,240</u>	<u>17,577,788</u>

The total fair value of the investments, at amortised cost measured using quoted market bid prices as at 31 March 2021 was \$20,503,611 (2020: \$18,219,346). The non-current investments, at amortised cost have maturity dates between April 2022 and August 2036.

8. Financial risk management

Financial risk factors

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

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

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

POLICY OWNERS' PROTECTION GENERAL FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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

POLICY OWNERS' PROTECTION GENERAL FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

8. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the PPF General Fund. The PPF General Fund's major classes of financial assets are cash at bank and financial assets at amortised cost. The PPF General Fund adopts the policy of dealing with financial institutions and other counterparties with high credit ratings to mitigate credit risk. The PPF General Fund's financial assets comprise:

- (i) Cash held with the MAS;
- (ii) Investments in Singapore Government bonds and accrued interest receivable on such securities; the issuer, the Singapore Government, has a credit rating of "AAA" from Standard & Poor's and Fitch Ratings; and
- (iii) Investments in MAS bills and accrued interest receivable on such securities.

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

(c) Liquidity risk

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

(i) Liabilities-related risk

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

The PPF General Fund's annual cash inflows are predictable, comprising:

- levies which are usually collected on the first working day of every July; 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.

POLICY OWNERS' PROTECTION GENERAL FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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

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

(d) Accumulated surplus

The management of the PPF General Fund's accumulated surplus is circumscribed by the DI-PPF Act. Levies income is determined by the MAS which is charged under the DI-PPF Act to set the rates at which levies are levied on PPF Scheme members. As for investments, the Agency is required to invest the PPF General Fund's moneys with the objects of capital preservation and maintenance of liquidity. The moneys may only be invested in the types of investments prescribed in section 11 of the DI-PPF Act.

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

POLICY OWNERS' PROTECTION GENERAL FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

8. Financial risk management (continued)

(e) Fair value measurement

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

The financial assets, at amortised cost are not carried at fair value, however, the fair values are disclosed in Note 7, based on quoted market bid-prices in active markets at the financial year-end date. These fair values have been analysed according to a fair value hierarchy as follows:

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

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

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

The fair values of the Singapore Government bonds and MAS bills held by PPF General Fund as disclosed in Note 7 are categorised within Level 1 of the fair value hierarchy. The PPF General Fund does not hold any level 2 or level 3 assets.

POLICY OWNERS' PROTECTION GENERAL FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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 2021:

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to FRS 116: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to FRS 103: Reference to the Conceptual Framework	1 January 2022
Amendments to FRS 16: Property, Plant and Equipment—Proceeds before Intended Use	1 January 2022
Amendments to FRS 37: Onerous Contracts—Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to FRSs 2018 – 2020	1 January 2022
FRS 117 Insurance Contracts	1 January 2023
Amendments to FRS 104: Extension of the Temporary Exemption from Applying FRS 109	-
Amendments to FRS 117: Leases	1 January 2023
Amendments to FRS 1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendment to FRS 1: Classification of Liabilities as Current or Non-current—Deferral of Effective Date	-
Amendments to FRS 8: Definition of Accounting Estimates	1 January 2023
Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

POLICY OWNERS' PROTECTION GENERAL FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Effective Date of Amendments to FRS 110 and FRS 28	-

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

10. Authorisation of financial statements

These financial statements were authorised for issue by the Agency's directors on 18 August 2021.