

Ministry of Education - Education Fund
(UEN No. T06CC3002H)

**Statement by Board of Trustees and
Financial Statements
Financial Year Ended 31 March 2020**

KLP LLP
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Board of Trustees

Chairperson

Mr Lai Chung Han, Permanent Secretary (Education)

Treasurer

Mr Clarence Tang, Divisional Director, Finance and Procurement

Members

Ms Lai Wei Lin, Second Permanent Secretary (Education)

Mr Wong Siew Hoong, Director – General of Education

Mr Lim Boon Wee, Deputy Secretary (Services)

Ms Melissa Khoo, Deputy Secretary (Policy)

Auditor

KLP LLP

Principal Bankers

DBS Bank

Standard Chartered Bank

United Overseas Bank

Index	Page
<u>Statement by Board of Trustees</u>	<u>1</u>
<u>Independent Auditor's Report</u>	<u>2</u>
<u>Statement of Financial Position</u>	<u>5</u>
<u>Statement of Financial Activities</u>	<u>6</u>
<u>Statement of Changes in Funds and Reserve</u>	<u>7</u>
<u>Statement of Cash Flows</u>	<u>8</u>
<u>Notes to the Financial Statements</u>	<u>9</u>

Ministry of Education - Education Fund
Statement by Board of Trustees
For the financial year ended 31 March 2020

In our opinion, the accompanying financial statements of Education Fund (the "Fund") are drawn up in accordance to the provisions of the Trustees Act, Chapter 337, the Charities Act, Chapter 37 and Financial Reporting Standards in Singapore so as to give a true and fair view of the state of affairs of the Fund as at 31 March 2020 and of the financial performance, changes in funds and reserve and cash flows of the Fund for the financial year ended on that date.

On behalf of the Board of Trustees,



Mr Lai Chung Han
Chairperson



Mr Clarence Tang
Treasurer

Singapore, 4 December 2020

Independent Auditor's Report to the Trustees of Ministry of Education - Education Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ministry of Education - Education Fund (the "Fund"), which comprise the statement of financial position of the Fund as at 31 March 2020 ("FY 2019"), and the statement of financial activities, statement of changes in funds and reserve and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Fund are properly drawn up in accordance with the provisions of the Trustees Act, Chapter 337, the Charities Act, Chapter 37 and other relevant regulations (the Acts and Regulations) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the state of affairs of the Fund as at 31 March 2020 and of the financial performance, changes in funds and reserve and cash flows of the Fund for the year ended on that date.

Basis for Opinion

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

Other Information

Board of Trustees is responsible for the other information. The other information comprises the Statement by Board of Trustees set out on page 1, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not 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 Trustees of Ministry of Education - Education Fund (continued)

Responsibilities of Board of Trustees and Those Charged with Governance for the Financial Statements

Board of Trustees is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Acts and Regulations and FRSs, and for such internal control as Board of Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Board of Trustees is responsible for assessing the 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 Board of Trustees either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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.

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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Board of Trustees.

**Independent Auditor's Report to the Trustees of Ministry of Education - Education Fund
(continued)**

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

- Conclude on the appropriateness of Board of Trustees' 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 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 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required to be kept by the Fund have been properly kept in accordance with the Acts and Regulations.

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

- (a) the Fund has not used the donation monies in accordance with its objectives as required under Regulation 11 of the Charities (Institution of a Public Character) Regulations; and
- (b) the Fund has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.



KLP LLP
Public Accountants and
Chartered Accountants

Singapore, 4 December 2020

Ministry of Education - Education Fund
Statement of Financial Position
As at 31 March 2020

	<u>Note</u>	<u>FY2019</u> <u>S\$</u>	<u>FY2018</u> <u>S\$</u>
Assets			
Non-current assets			
Loan and advances	4	1,531,186	2,131,738
Financial assets at amortised cost	5	48,039,525	70,782,529
		<u>49,570,711</u>	<u>72,914,267</u>
Current assets			
Loan and advances	4	1,426,146	1,701,788
Financial assets at amortised cost	5	22,077,840	-
Financial assets at FVOCI	6	136,549,112	137,466,561
Fixed deposits	7	3,158,683	11,907,691
Cash and cash equivalents	8	26,912,379	6,596,123
		<u>190,124,160</u>	<u>157,672,163</u>
Total assets		<u>239,694,871</u>	<u>230,586,430</u>
Current liabilities			
Other payables		<u>9,900</u>	<u>9,900</u>
Net assets		<u>239,684,971</u>	<u>230,576,530</u>
Fund and liabilities			
General fund		187,318,334	185,429,497
Specific fund		40,608,317	34,885,250
		<u>227,926,651</u>	<u>220,314,747</u>
Fair value reserve	9	<u>11,758,320</u>	<u>10,261,783</u>
Total funds and reserve		<u>239,684,971</u>	<u>230,576,530</u>

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

Ministry of Education - Education Fund
Statement of Financial Activities
For the financial year ended 31 March 2020

	<u>Note</u>	<u>FY2019</u> <u>S\$</u>	<u>FY2018</u> <u>S\$</u>
<u>Incoming resources</u>			
Donations, interest and investment income to specific fund		7,118,704	1,960,115
Interest and investment income	10	2,456,899	2,423,619
Other income		112,816	73,082
Total incoming resources		<u>9,688,419</u>	<u>4,456,816</u>
<u>Resources expended</u>			
Payments from specific fund		2,303,431	1,431,705
Project grants for school and other organizations		565,880	624,637
Amortisation of deferred interest		87,140	138,976
Other expenditure		27,858	28,591
Total resources expended		<u>2,984,309</u>	<u>2,223,909</u>
Net income for the year		<u>6,704,110</u>	<u>2,232,907</u>
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Net fair value gains on financial assets at fair value through other comprehensive income	9	2,404,331	2,295,629
Other comprehensive income		<u>2,404,331</u>	<u>2,295,629</u>
Total comprehensive income for the year		<u>9,108,441</u>	<u>4,528,536</u>
Net income for the year is attributable as follows:			
General fund		1,888,837	1,704,497
Specific fund		4,815,273	528,410
		<u>6,704,110</u>	<u>2,232,907</u>

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

Ministry of Education - Education Fund
Statement of Changes in Funds and Reserve
For the financial year ended 31 March 2020

	General fund	Specific fund	Total fund	Fair value reserve	Total funds and reserve
	S\$	S\$	S\$	S\$	S\$
Balance as at					
01 April 2018	183,725,000	34,356,840	218,081,840	7,966,154	226,047,994
Net income for the year	1,704,497	528,410	2,232,907	-	2,232,907
Other comprehensive income for the year	-	-	-	2,295,629	2,295,629
Total comprehensive income for the year	1,704,497	528,410	2,232,907	2,295,629	4,528,536
Balance as at					
31 March 2019	185,429,497	34,885,250	220,314,747	10,261,783	230,576,530
Net income for the year	1,888,837	4,815,273	6,704,110	-	6,704,110
Fair value gain on financial assets at FVOCI (Note 9)	-	-	-	2,404,331	2,404,331
Total comprehensive income for the year	1,888,837	4,815,273	6,704,110	2,404,331	9,108,441
Others					
Reclassification of cumulative fair value upon disposal (Note 9)	-	907,794	907,794	(907,794)	-
Balance as at					
31 March 2020	187,318,334	40,608,317	227,926,651	11,758,320	239,684,971

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

Ministry of Education - Education Fund
Statement of Cash Flows
For the financial year ended 31 March 2020

	FY2019	FY2018
	S\$	S\$
Cash flows from operating activities		
Net income for the year	6,704,110	2,232,907
<i>Adjustments for:</i>		
Interest and investment income	(2,421,144)	(2,401,776)
Fee rebate from fund managers	(35,755)	(21,843)
Amortisation of deferred interest	87,140	138,976
Gain on disposal of financial asset at FVOCI	(52,310)	-
Operating cash flows before working capital changes	4,282,041	(51,736)
<i>Changes in working capital:</i>		
Loan and advances	982,419	2,961,221
Other receivables	-	745,244
Other payables	-	(745,664)
Cash generated from operating activities	5,264,460	2,909,065
Interest received	6,611	6,558
Net cash generated from operating activities	5,271,071	2,915,623
Cash flows from investing activities		
Interest and investment income received	2,422,087	2,263,430
Purchase of financial asset at amortised cost	-	(7,000,000)
Purchase of financial asset at FVOCI	(287,191)	(262,434)
Proceeds from disposal of financial asset at amortised cost	500,000	5,750,000
Proceeds from disposal of financial asset at FVOCI	3,661,281	-
Redemption/(placement) of fixed deposits	8,749,008	(2,943,767)
Net cash generated from/(used in) investing activities	15,045,185	(2,192,771)
Net increase in cash and cash equivalents	20,316,256	722,852
Cash and cash equivalents at the beginning of financial year	6,596,123	5,873,271
Cash and cash equivalents at the end of financial year		
(Note 8)	26,912,379	6,596,123

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

Ministry of Education - Education Fund
Notes to the Financial Statements
For the financial year ended 31 March 2020

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

1. General

The Education Fund (the "Fund") is an exempt charity and has been granted the Institution of Public Character status for a period from 2 December 2006 to 1 December 2021.

The primary objective of the Fund is to finance projects that promote, develop and advance education in Singapore. The fund comprises a General Fund and a Specific Fund. The General Fund which receives donations from the public is used for worthwhile educational projects as determined by the Board of Trustees. Specific Fund which receives donations from individuals and organisations for specific purposes is used to fund projects and awards specified by the donors. There have been no significant changes in the nature of these activities during the financial year.

The registered office of the Fund is at 1 North Buona Vista Drive, Singapore 138675.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Fund have been drawn up in accordance with the provisions of the Trustees Act, Chapter 337, Charities Act, Chapter 37 and Financial Reporting Standards in Singapore ("FRSs"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar (S\$), which is the Fund's functional currency.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Fund has adopted all the new and amended standards which are relevant to the Fund and are effective for annual financial periods beginning on or after 1 April 2019. The adoption of these standards did not have any material effect on the financial performance or position of the Fund.

2.3 Standards issued but not yet effective

The Fund has not adopted the following standard applicable to the Fund that have been issued but not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020
Amendments to FRS 1 and FRS 8 <i>Definition of Material</i>	1 January 2020

The Board of Trustees expect that the adoption of the Standards above will have no material impact on the financial statements in the period of initial application.

2. Summary of significant accounting policies (continued)

2.4 Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Fund and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in statement of financial activities.

2.5 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes a party to the contractual provisions of the instruments.

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

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Fund's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL. The Fund only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in statement of financial activities when the assets are derecognised or impaired, and through the amortisation process.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to statement of financial activities. Dividends from such investments are to be recognised in statement of financial activities when the Fund's right to receive payments is established. For investments in equity instruments which the Fund has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

2. Summary of significant accounting policies (continued)

2.5 Financial instruments (continued)

(a) Financial assets (continued)

Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument. The Fund determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.6 Impairment of financial assets

The Fund recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, cash with Accountant-General's Department (AGD) and fixed deposits.

2. Summary of significant accounting policies (continued)

2.8 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the Fund's activities, including donations. Revenue is recognised when there is entitlement, certainty and sufficient reliability of measurement.

(a) Donations

Income from donations are recognised at a point in time when received.

(b) Interest and investment income

Interest income from bank deposits, loans and advances and investments in bonds are recognised as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

(c) Other income

Other income is recognised on accrual basis.

2.9 Taxes

As an exempt charity under the Charities Act, Cap. 37, the Fund is exempt from income tax under Section 13(1)(zm) of the Income Tax Act, Cap. 134.

2.10 Funds

Specific Fund is distinguished from General Fund. Specific Fund may only be utilised in accordance with the purposes established by the source of such fund. The Board of Trustees governs the utilisation of both of the Specific and General Funds.

3. Significant accounting judgments and estimates

The preparation of the Fund's financial statements requires Board of Trustees to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

The Board of Trustees is of the opinion that there are no significant judgments made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Significant accounting judgments and estimates (continued)

3.2 Key sources of estimation of uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

a) Discounting of loans

The Fund has long-term loans to teachers and loans to other government-funded educational institution which are interest free. Amortising these loans requires the estimation of the future cash flows, appropriate discount rates and inflation rates in order to calculate the present value of the loans (Note 4).

b) Provision for expected credit losses of loan and advances

The Fund uses a provision matrix to calculate ECLs for loan and advances. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Fund's historical observed default rates. The Fund will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Fund's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The carrying amount of the Fund's loan and advances as at 31 March 2020 was S\$2,957,332 (FY2018: S\$3,833,526).

4. Loan and advances

	FY2019 S\$	FY2018 S\$
Non-current:		
Within 2-5 years		
- Loan to government-funded educational institutions	1,012,025	1,223,554
- Study loans to teachers	336,079	756,951
- Deferred interest income	83,082	151,233
	<u>1,431,186</u>	<u>2,131,738</u>
More than 5 years		
- Loan to government-funded educational institutions	100,000	-
	<u>100,000</u>	<u>-</u>
	<u>1,531,186</u>	<u>2,131,738</u>
Current:		
- Loan to government-funded educational institutions	217,473	422,559
- Study loans to teachers	755,092	145,314
- Deferred interest income	72,439	700,250
- Interest receivable	381,142	433,665
	<u>1,426,146</u>	<u>1,701,788</u>
Total loan and advances	<u>2,957,332</u>	<u>3,833,526</u>

- (i) Loans to other government-funded educational institutions are given to support educational purposes in accordance with the objective of the Education Fund. As at 31 March 2020, there were 3 outstanding loans (FY2018: 2 outstanding loans). The loans are unsecured, interest free and are repayable within 10 years from date of agreement. The loans were discounted using the interest rate of 2% (FY2018: 2%) per annum.
- (ii) Study loans to teachers are interest free and repayable on agreed repayment schedule. The loans were discounted using the interest rate of 5% (FY2018: 6%) per annum.
- (iii) Deferred interest income relates to the study loans to teachers.
- (iv) Interest receivable relates to interest receivables from financial assets at amortised cost, fixed deposits and cash and cash equivalents.

Loan and advances are denominated in Singapore Dollar.

5. Financial assets at amortised cost

	FY2019	FY2018
	S\$	S\$
Non-current:		
- SGD corporate bonds (quoted)		
Within 2-5 years	18,672,663	41,372,326
More than 5 years	29,366,862	29,410,203
	<u>48,039,525</u>	<u>70,782,529</u>
Current:		
- SGD corporate bonds (quoted)	22,077,840	-
	<u>70,117,365</u>	<u>70,782,529</u>

The interest rates of the Fund's financial assets at amortised cost ranges from 2.23% to 4.5% per annum (FY2018: 2.23% to 4.5% per annum), which will mature from 28 April 2020 to 30 January 2059 (FY2018: 30 March 2020 to 30 January 2059).

Financial assets at amortised cost are denominated in Singapore Dollar.

6. Financial assets at FVOCI

	FY2019	FY2018
	S\$	S\$
At fair value through other comprehensive income		
- Investment with Fund Managers (quoted)		
Beginning of financial year	137,466,561	134,908,498
Addition during the year	287,191	262,434
Fair value gain recognised in other comprehensive income	1,496,537	2,295,629
Disposal during the year	(2,701,177)	-
End of financial year	<u>136,549,112</u>	<u>137,466,561</u>

The financial assets at FVOCI are carried at their fair value. The fair value is determined directly by reference to the market price stated in the statement at the reporting date. Changes in the investments' fair values are recognised as either gains or losses in the fair value reserve account, which is presented within equity.

The financial assets at FVOCI are denominated in the following currencies:

	FY2019	FY2018
	S\$	S\$
Singapore Dollar	136,549,112	134,690,768
United State Dollar	-	2,775,793
	<u>136,549,112</u>	<u>137,466,561</u>

7. Fixed deposits

Fixed deposits have maturity of more than three months from the placement date and bears interest from 1.59% to 2.03% (FY2018: 1.30% to 2.03%) per annum.

Fixed deposits are denominated in Singapore Dollar.

8. Cash and cash equivalents

	FY2019 S\$	FY2018 S\$
Cash at banks	4,169,843	1,886,343
Cash with AGD	1,671,637	2,201,173
Fixed deposits	21,070,899	2,508,607
	<u>26,912,379</u>	<u>6,596,123</u>

Fixed deposits have maturity of less than three months from the placement date and bears interest from 0.74% to 1.51% (FY2018: 1.72% to 1.81%) per annum.

Cash and cash equivalents are denominated in Singapore Dollar.

9. Fair value reserve

	FY2019 S\$	FY2018 S\$
Balance as at 01 April	10,261,783	7,966,154
Reclassification of cumulative fair value previously recognised upon disposal	(907,794)	-
Fair value gain on financial assets at fair value through other comprehensive income	2,404,331	2,295,629
	<u>1,496,537</u>	<u>2,295,629</u>
Balance as at 31 March	<u>11,758,320</u>	<u>10,261,783</u>

Fair value reserve represents the cumulative fair value changes, net of tax, of financial assets at fair value through other comprehensive income until they are disposed of or impaired.

10. Interest and investment income

	FY2019 S\$	FY2018 S\$
Dividend income from financial assets at FVOCI	251,436	240,591
Fee rebate from fund managers	35,755	21,843
Interest from bond	1,921,078	1,869,886
Interest income from cash and cash equivalents	6,611	6,558
Interest income from discounting of loans to teachers	105,475	137,626
Interest income from fixed deposits	136,544	116,225
Interest income from loan to government-funded educational institution	-	30,890
	<u>2,456,899</u>	<u>2,423,619</u>

11. Income tax

The Fund, being a charity, is not subjected to income tax.

12. Tax exempt receipts

(a) Tax Exempt Receipts issued by the Fund

During the financial year, the Fund issued tax exempt receipts amounting to S\$234,644 (FY2018: S\$95,326) which have been accordingly accounted for in the Statement of Financial Activities.

(b) Tax Exempt Receipts issued by Government Schools, Government-Aided Schools and Independent Schools

For the financial period from 1 January 2019 to 31 December 2019, tax exempt receipts amounting to S\$13,192,089 (1 January 2018 to 31 December 2018: S\$13,349,139) have been issued by schools for donations received directly by them. Hence, these donations have been accounted for in the respective schools' accounts and not in the books of Ministry of Education – Education Fund.

13. Type of receipts

Donations received by the Fund are through Online Portal and cheque.

14. Fair value of assets and liabilities

(a) Fair value hierarchy

The Fund categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Fund can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Financial assets at FVOCI are categorised under Level 1 which is based on quoted prices in active market for identical instruments that the Fund can access at the measurement date.

14. Fair value of assets and liabilities (continued)

(b) Assets and liabilities not measured at fair value

Financial assets at amortised cost

The fair value of financial assets at amortised cost approximate their carrying amounts.

Cash and cash equivalents and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

Loan and advances and fixed deposits

The carrying amounts of these balances approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

15. Financial risk management

The Fund is exposed to the financial risks because of the financial activities it undertake. The key financial risks include credit risk, liquidity risk and market risk (including interest rate risk and foreign currency risk).

The Board of Trustees monitors and ensures on an ongoing basis that an appropriate balance between risk and control is achieved.

The following sections provide details regarding the Fund's exposure to the above- mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Fund's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Fund. The Fund's exposure to credit risk arises primarily from loan and advances. For other financial assets (including financial assets at amortised cost, financial assets at FVOCI and cash and cash equivalents), the Fund minimises credit risk by dealing exclusively with high credit rating counterparties.

The Fund has policies in place to ensure that interest-free loans to other government-funded educational institution and study loans to teachers are given appropriately, and in accordance with the Fund's objective.

The maximum exposure to credit risk in the event that the counterparties fail to perform the obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

Loan and advances

The Fund assessed and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Fund measured the impairment loss allowance using lifetime ECL and determined that the ECL is insignificant.

Exposure to credit risk

The Fund has no significant concentration of credit risk. The Fund has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

15. Financial risk management (continued)

Liquidity risk

Liquidity risk refers to the risk that the Fund will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Fund monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Fund's contractual obligations.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Fund's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying amount S\$	Contractual cash flows S\$	One year or less S\$	Two to five years S\$	More than five years S\$
FY2019					
Financial assets:					
Loan and advances	2,957,332	2,957,332	1,426,146	1,431,186	100,000
Financial assets at amortised cost	70,117,365	78,128,047	24,263,548	22,731,671	31,132,828
Financial assets at FVOCI	136,549,112	136,549,112	136,549,112	-	-
Fixed deposits	3,158,683	3,168,576	3,168,576	-	-
Cash and cash equivalents	26,912,379	26,922,564	26,922,564	-	-
Total undiscounted financial assets	239,694,871	247,725,631	192,329,946	24,162,857	31,232,828
Financial liabilities:					
Other payables	9,900	9,900	9,900	-	-
Total undiscounted financial liabilities	9,900	9,900	9,900	-	-
Net undiscounted financial assets	239,684,971	247,715,731	192,320,046	24,162,857	31,232,828

15. Financial risk management (continued)

Liquidity risk (continued)

	Carrying amount S\$	Contractual cash flows S\$	One year or less S\$	Two to five years S\$	More than five years S\$
FY2018					
Financial assets:					
Loan and advances	3,833,526	3,833,526	1,701,788	2,131,738	-
Financial assets at amortised cost	70,782,529	80,660,817	2,372,781	46,487,915	31,800,121
Financial assets at FVOCI	137,466,561	137,466,561	137,466,561	-	-
Fixed deposits	11,907,691	11,969,473	11,969,473	-	-
Cash and cash equivalents	6,596,123	6,599,811	6,599,811	-	-
Total undiscounted financial assets	230,586,430	240,530,188	160,110,414	48,619,653	31,800,121
Financial liabilities:					
Other payables	9,900	9,900	9,900	-	-
Total undiscounted financial liabilities	9,900	9,900	9,900	-	-
Net undiscounted financial assets	230,576,530	240,520,288	160,100,514	48,619,653	31,800,121

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Fund's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

Interest rate risk the risk that the fair value or future cash flows of the Fund's financial instruments will fluctuate because of changes in market interest rates. The Fund's investment income may be significantly affected by changes in the interest rates of financial assets at amortised cost and fixed deposits. The interest rates are disclosed in Note 5, 7 and 8.

At the end of the financial year-end, the Fund's exposure to market risk for change interest rate relate mainly to interest-earning financial assets as it does not have any significant interest-bearing financial liabilities. Since the estimated change in basis point is less than 100 at the reporting date, the net effect is not expected to have a significant impact on the financial statements. The analysis assumes that all other variable, in particular foreign currency rates, remain constant.

15. Financial risk management (continued)

Market risk (continued)

Foreign currency risk

The Fund's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Fund does not have any formal policy for hedging against currency risk. The Fund ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The Fund has transactional currency exposures arising from financial assets at FVOCI that are denominated in a currency other than the functional currency of the Fund, primarily United State Dollar (USD).

In prior year, 2% strengthening of Singapore Dollar against the foreign currency denominated balances as at the reporting date would increase net income by the amounts shown below. This analysis assumes that all other variables remain constant.

	Net income	
	FY2019	FY2018
	S\$	S\$
United States Dollar	-	55,516

In prior year, 2% weakening of Singapore Dollar against the above currency would have had equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

16. Financial instruments by category

At the reporting date, the aggregate carrying amounts of financial assets at FVOCI, financial assets and financial liabilities at amortised cost were as follows:

	FY2019	FY2018
	S\$	S\$
Financial assets at FVOCI		
Financial assets at FVOCI (Note 6)	136,549,112	137,466,561
Financial assets measured at amortised cost		
Loan and advances (Note 4)	2,957,332	3,833,526
Financial assets at amortised cost (Note 5)	70,117,365	70,782,529
Fixed deposits (Note 7)	3,158,683	11,907,691
Cash and cash equivalents (Note 8)	26,912,379	6,596,123
Total financial assets measured at amortised cost	103,145,759	93,119,869
Financial liabilities measured at amortised cost		
Other payables	9,900	9,900
Total financial liabilities measured at amortised cost	9,900	9,900

17. Fund management policy

The Board of Trustees' objective when managing the Fund is to ensure that the funds are utilised in accordance with the purpose of the funds.

18. Authorisation of financial statements for issue

The financial statements of the Fund for the financial year ended 31 March 2020 were authorised for issue by the Board of Trustees on the date of the Statement by Board of Trustees.