

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

**Statement by Board of Trustees and  
Financial Statements  
Financial Year Ended 31 March 2021**

***KLP LLP***

CHARTERED ACCOUNTANTS  
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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

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

**Ministry of Education - Education Fund**  
**Statement by Board of Trustees**  
**For the financial year ended 31 March 2021**

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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 2021 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,



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**Mr. Lai Chung Han**  
Chairperson



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**Mr. Clarence Tang**  
Treasurer

Singapore, 23 September 2021

## **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 2021 ("FY 2020"), 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 2021 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 Acts and Regulations have been properly kept in accordance with the provisions of 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, 23 September 2021

**Ministry of Education - Education Fund**  
**Statement of Financial Position**  
**As at 31 March 2021**

	<u>Note</u>	<u>FY2020</u> <u>S\$</u>	<u>FY2019</u> <u>S\$</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Loan and advances	4	1,084,850	1,531,186
Financial assets at amortised cost	5	52,323,061	48,039,525
		<u>53,407,911</u>	<u>49,570,711</u>
<b>Current assets</b>			
Loan and advances	4	872,092	1,426,146
Financial assets at amortised cost	5	6,251,668	22,077,840
Financial assets at FVOCI	6	149,087,291	136,549,112
Fixed deposits	7	6,212,298	3,158,683
Cash and cash equivalents	8	37,866,291	26,912,379
		<u>200,289,640</u>	<u>190,124,160</u>
<b>Total assets</b>		<u>253,697,551</u>	<u>239,694,871</u>
<b>Current liabilities</b>			
Other payables		<u>9,900</u>	<u>9,900</u>
<b>Net assets</b>		<u>253,687,651</u>	<u>239,684,971</u>
<b>Funds</b>			
General fund		189,157,126	187,318,334
Specific fund		40,416,261	40,608,317
		<u>229,573,387</u>	<u>227,926,651</u>
<b>Fair value reserve</b>	9	<u>24,114,264</u>	<u>11,758,320</u>
<b>Total funds and reserve</b>		<u>253,687,651</u>	<u>239,684,971</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 2021**

	<u>Note</u>	<u>FY2020</u> <u>S\$</u>	<u>FY2019</u> <u>S\$</u>
<b><u>Incoming resources</u></b>			
Donations, interest and investment income to specific fund		1,492,276	7,118,704
Interest and investment income	10	2,013,080	2,456,899
Other income		87,374	112,816
<b>Total incoming resources</b>		<b>3,592,730</b>	<b>9,688,419</b>
<b><u>Resources expended</u></b>			
Payments from specific fund		1,684,332	2,303,431
Project grants for school and other organizations		157,688	565,880
Amortisation of deferred interest		79,019	87,140
Other expenditure		24,955	27,858
<b>Total resources expended</b>		<b>1,945,994</b>	<b>2,984,309</b>
<b>Net income for the year</b>		<b>1,646,736</b>	<b>6,704,110</b>
<b><u>Other comprehensive income</u></b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Net fair value gain on financial assets at fair value through other comprehensive income	9	12,355,944	2,404,331
<b>Total other comprehensive income</b>		<b>12,355,944</b>	<b>2,404,331</b>
<b>Total comprehensive income for the year</b>		<b>14,002,680</b>	<b>9,108,441</b>
<b>Net income for the year is attributable as follows:</b>			
General fund		1,838,792	1,888,837
Specific fund		(192,056)	4,815,273
		<b>1,646,736</b>	<b>6,704,110</b>

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 2021**

	<b>General fund</b>	<b>Specific fund</b>	<b>Total funds</b>	<b>Fair value reserve</b>	<b>Total funds and reserve</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
<b>Balance as at</b>					
<b>01 April 2019</b>	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
<b>Others</b>					
Reclassification of cumulative fair value upon disposal (Note 9)	-	907,794	907,794	(907,794)	-
<b>Balance as at</b>					
<b>31 March 2020</b>	187,318,334	40,608,317	227,926,651	11,758,320	239,684,971
Net income for the year	1,838,792	(192,056)	1,646,736	-	1,646,736
Fair value gain on financial assets at FVOCI (Note 9)	-	-	-	12,355,944	12,355,944
Total comprehensive income for the year	1,838,792	(192,056)	1,646,736	12,355,944	14,002,680
<b>Balance as at</b>					
<b>31 March 2021</b>	189,157,126	40,416,261	229,573,387	24,114,264	253,687,651

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 2021**

	<b>FY2020</b>	<b>FY2019</b>
	<b>S\$</b>	<b>S\$</b>
<b>Cash flows from operating activities</b>		
Net income for the year	1,646,736	6,704,110
<i>Adjustments for:</i>		
Interest and investment income to specific fund	(515,884)	(353,189)
Interest and investment income	(1,975,513)	(2,421,144)
Amortisation of deferred interest	79,019	87,140
Gain on disposal of financial asset at FVOCI	-	(52,310)
Operating cash flows before working capital changes	(765,642)	3,964,607
<i>Changes in working capital:</i>		
Loan and advances	1,064,689	1,112,658
<b>Cash generated from operations</b>	<b>299,047</b>	<b>5,077,265</b>
Interest received	1,607	6,611
<b>Net cash generated from operating activities</b>	<b>300,654</b>	<b>5,083,876</b>
<b>Cash flows from investing activities</b>		
Interest and investment income received	2,439,108	2,609,282
Purchase of financial asset at amortised cost	(21,000,000)	-
Purchase of financial asset at FVOCI	(182,235)	(287,191)
Proceeds from disposal of financial asset at amortised cost	32,450,000	500,000
Proceeds from disposal of financial asset at FVOCI	-	3,661,281
(Placement)/redemption of fixed deposits	(3,053,615)	8,749,008
<b>Net cash generated from investing activities</b>	<b>10,653,258</b>	<b>15,232,380</b>
<b>Net increase in cash and cash equivalents</b>	<b>10,953,912</b>	<b>20,316,256</b>
Cash and cash equivalents at the beginning of financial year	26,912,379	6,596,123
<b>Cash and cash equivalents at the end of financial year</b>		
<b>(Note 8)</b>	<b>37,866,291</b>	<b>26,912,379</b>

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

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

## **1. General**

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 2020. 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>
Annual Improvements to FRSs 2018 - 2020	1 January 2022

The Board of Trustees expect that the adoption of the standards above will have no material impact on the financial statements in the year 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 fair value through profit or loss (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, fair value through other comprehensive income (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**

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 judgements and estimates**

The preparation of the Fund's financial statements requires Board of Trustees to make judgements, 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 judgements 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.

### **3.2 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.

**3. Significant accounting judgements and estimates (continued)**

**3.2 Key sources of estimation of uncertainty (continued)**

**Provision for expected credit losses of loan and advances**

The Fund assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which counterparties operate in, and concluded that there has no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Fund measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

The carrying amount of the Fund's loan and advances as at 31 March 2021 was S\$1,956,942 (FY2019: S\$2,957,332).

**4. Loan and advances**

	<b>FY2020</b>	<b>FY2019</b>
	<b>S\$</b>	<b>S\$</b>
<b>Non-current:</b>		
Within 2-5 years		
- Loan to government-funded educational institutions <sup>(i)</sup>	796,266	1,012,025
- Study loans to teachers <sup>(ii)</sup>	140,364	336,079
- Deferred interest income <sup>(iii)</sup>	48,220	83,082
	<u>984,850</u>	<u>1,431,186</u>
More than 5 years		
- Loan to government-funded educational institutions <sup>(i)</sup>	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
	<u>1,084,850</u>	<u>1,531,186</u>
<b>Current:</b>		
- Loan to government-funded educational institutions <sup>(i)</sup>	220,676	217,473
- Study loans to teachers <sup>(ii)</sup>	499,554	755,092
- Deferred interest income <sup>(iii)</sup>	46,940	72,439
- Interest receivable <sup>(iv)</sup>	104,922	381,142
	<u>872,092</u>	<u>1,426,146</u>
Total loan and advances	<u>1,956,942</u>	<u>2,957,332</u>

(i) Loans to government-funded educational institutions are given to support educational purposes in accordance with the objective of the Education Fund. As at 31 March 2021, there were 3 outstanding loans (FY2019: 3 outstanding loans). The loans are unsecured, interest free and are repayable from 1 April 2021 to 31 December 2033. The loans amounting to S\$1,016,942 (FY2019: S\$1,229,498) were discounted using interest rate of 2% (FY2019: 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% (FY2019: 5%) per annum.

(iii) Deferred interest income relates to the loan to government-funded educational institutions and study loans to teachers amounting to S\$53,057 (FY2019: S\$76,502) and S\$42,103 (FY2019: S\$79,019) respectively.

(iv) Interest receivable relates to interest receivables from financial assets at amortised cost, fixed deposits and cash and cash equivalents.

**4. Loan and advances (continued)**

The fair values of non-current loan and advances are computed based on cash flows discounted at market borrowing rates. The fair values are within level 2 of the fair value hierarchy.

Loan and advances are denominated in Singapore Dollar.

**5. Financial assets at amortised cost**

	<b>FY2020</b>	<b>FY2019</b>
	<b>S\$</b>	<b>S\$</b>
<b>Non-current:</b>		
- SGD corporate bonds (quoted)		
Within 2-5 years	11,500,000	18,672,663
More than 5 years	40,823,061	29,366,862
	<u>52,323,061</u>	<u>48,039,525</u>
<b>Current:</b>		
- SGD corporate bonds (quoted)	6,251,668	22,077,840
	<u>58,574,729</u>	<u>70,117,365</u>

The interest rates of the Fund's financial assets at amortised cost ranges from 2.23% to 4.5% (FY2019: 2.23% to 4.5%) per annum, which will mature from 8 April 2021 to 30 January 2059 (FY2019: 28 April 2020 to 30 January 2059).

Financial assets at amortised cost are denominated in Singapore Dollar.

**6. Financial assets at FVOCI**

	<b>FY2020</b>	<b>FY2019</b>
	<b>S\$</b>	<b>S\$</b>
At fair value through other comprehensive income		
- Investment with Fund Managers (quoted)		
Beginning of financial year	136,549,112	137,466,561
Addition during the year	182,235	287,191
Fair value gain recognised in other comprehensive income (Note 9)	12,355,944	2,404,331
Disposal during the year	-	(3,608,971)
End of financial year	<u>149,087,291</u>	<u>136,549,112</u>

The financial assets at FVOCI are carried at their fair value. The fair value is determined directly by reference to the quoted current market price of the underlying investments at reporting date. Changes in the investments' fair values are recognised as fair value gains or losses in other comprehensive income which subsequently will not be reclassified to profit or loss.

Financial assets at FVOCI are denominated in Singapore Dollar.

**7. Fixed deposits**

Fixed deposits have maturity of more than three months from the placement date and bears interest from 0.05% to 0.20% (FY2019: 1.59% to 2.03%) per annum.

Fixed deposits are denominated in Singapore Dollar.



**8. Cash and cash equivalents**

	<b>FY2020</b>	<b>FY2019</b>
	<b>S\$</b>	<b>S\$</b>
Cash at banks	11,162,719	4,169,843
Cash with AGD	1,475,021	1,671,637
Fixed deposits	25,228,551	21,070,899
	<u>37,866,291</u>	<u>26,912,379</u>

Fixed deposits have maturity of less than three months from the placement date and bears interest at 0.05% (FY2019: from 0.74% to 1.51%) per annum.

Cash and cash equivalents are denominated in Singapore Dollar.

**9. Fair value reserve**

	<b>FY2020</b>	<b>FY2019</b>
	<b>S\$</b>	<b>S\$</b>
Balance as at 01 April	11,758,320	10,261,783
Reclassification of cumulative fair value previously recognised upon disposal	-	(907,794)
Fair value gain on financial assets at fair value through other comprehensive income	12,355,944	2,404,331
Balance as at 31 March	<u>24,114,264</u>	<u>11,758,320</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**

	<b>FY2020</b>	<b>FY2019</b>
	<b>S\$</b>	<b>S\$</b>
Dividend income from financial assets at FVOCI	144,668	251,436
Fee rebate from fund managers	37,567	35,755
Interest from corporate bonds	1,714,993	1,921,078
Interest income from cash and cash equivalents	2,443	6,611
Interest income from discounting of loans to teachers	79,019	105,475
Interest income from fixed deposits	34,390	136,544
	<u>2,013,080</u>	<u>2,456,899</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\$287,615 (FY2019: S\$234,644) 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 2020 to 31 December 2020, tax exempt receipts amounting to S\$6,365,849 (FY2019: 1 January 2019 to 31 December 2019: S\$13,192,089) 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.

The fair value of financial assets at FVOCI is based on quoted market prices of the underlying investments in unit trusts at the balance sheet date. The quoted market price used for financial assets at FVOCI held by the Fund is the current bid price. The fair value of these instruments are within Level 1 of the fair value hierarchy.

**14. Fair value of assets and liabilities (continued)**

**(b) Assets and liabilities not measured at fair value**

*Loan and advances*

The carrying amounts of these balances approximate their fair values as these financial instruments are measured at amortised cost using the effective interest method.

*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.

*Financial assets at amortised cost 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).

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 government-funded educational institutions 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 these financial assets. Accordingly, the Fund measured the impairment loss allowance using lifetime ECL and determined that the ECL is insignificant.

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

**Credit risk (continued)**

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.

**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.

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>One year or less</b>	<b>Two to five years</b>	<b>More than five years</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
<b>FY2020</b>					
<b>Financial assets:</b>					
Loan and advances	1,956,942	1,956,942	872,092	984,850	100,000
Financial assets at amortised cost	58,574,729	72,157,946	9,773,375	18,278,309	44,106,262
Financial assets at FVOCI	149,087,291	149,087,291	149,087,291	-	-
Fixed deposits	6,212,298	6,217,849	6,217,849	-	-
Cash and cash equivalents	37,866,291	37,867,018	37,867,018	-	-
Total undiscounted financial assets	<u>253,697,551</u>	<u>267,287,046</u>	<u>203,817,625</u>	<u>19,263,159</u>	<u>44,206,262</u>
<b>Financial liabilities:</b>					
Other payables	9,900	9,900	9,900	-	-
Total undiscounted financial liabilities	<u>9,900</u>	<u>9,900</u>	<u>9,900</u>	<u>-</u>	<u>-</u>
<b>Net undiscounted financial assets</b>	<u>253,687,651</u>	<u>267,277,146</u>	<u>203,807,725</u>	<u>19,263,159</u>	<u>44,206,262</u>

15. Financial risk management (continued)

Liquidity risk (continued)

*Analysis of financial instruments by remaining contractual maturities (continued)*

	Carrying amount S\$	Contractual cash flows S\$	One year or less S\$	Two to five years S\$	More than five years S\$
<b>FY2019</b>					
<b>Financial assets:</b>					
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
<b>Financial liabilities:</b>					
Other payables	9,900	9,900	9,900	-	-
Total undiscounted financial liabilities	9,900	9,900	9,900	-	-
<b>Net undiscounted financial assets</b>	<b>239,684,971</b>	<b>247,715,731</b>	<b>192,320,046</b>	<b>24,162,857</b>	<b>31,232,828</b>

**Market risk**

Market risk is the risk that changes in market prices, such as interest 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 is 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 exposure to interest rate risk arises primarily from financial assets at amortised cost, fixed deposits and cash and cash equivalents. The interest rates are disclosed in Note 5, 7 and 8.

The Fund does not expect any significant effect on the Fund's net income for the year arising from the effects of reasonably possible changes to interest rates on fixed interest-bearing financial instruments at the end of the financial year except for fixed deposits and cash and cash equivalent.

The Fund has fixed rate instrument which was financial assets at amortised cost and variable rate instruments which were fixed deposits and cash and cash equivalent. At the reporting date, for the variable rate instruments, if the interest rates had been 50 (FY2019: 50) basis points higher/lower with all other variables held constant, the Fund's net income for the year would have been S\$29,286 (FY2019: S\$35,059) higher/lower, arising mainly as a result of higher/lower interest income on floating rate on the variable rate instruments.

**16. Financial instruments by category**

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

	<b>FY2020</b>	<b>FY2019</b>
	<b>S\$</b>	<b>S\$</b>
<b>Financial assets at FVOCI</b>		
Financial assets at FVOCI (Note 6)	<u>149,087,291</u>	<u>136,549,112</u>
<b>Financial assets measured at amortised cost</b>		
Loan and advances (Note 4)	1,956,942	2,957,332
Financial assets at amortised cost (Note 5)	58,574,729	70,117,365
Fixed deposits (Note 7)	6,212,298	3,158,683
Cash and cash equivalents (Note 8)	<u>37,866,291</u>	<u>26,912,379</u>
Total financial assets measured at amortised cost	<u>104,610,260</u>	<u>103,145,759</u>
<b>Financial liabilities measured at amortised cost</b>		
Other payables	<u>9,900</u>	<u>9,900</u>
Total financial liabilities measured at amortised cost	<u>9,900</u>	<u>9,900</u>

**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 2021 were authorised for issue by the Board of Trustees on the date of the Statement by Board of Trustees.