



ANNUAL REPORT FOR FINANCIAL YEAR 2013/2014

S. 64 of 2014

Presented to Parliament pursuant to Statute.

Ordered by Parliament to lie upon the Table:

24 July 2014

THE EDUCATION ENDOWMENT AND SAVINGS SCHEMES



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THE EDUCATION ENDOWMENT AND SAVINGS SCHEMES ACT

- 1 The Education Endowment Scheme Act (CAP 87A) was enacted in January 1993 to establish the Education Endowment Scheme, commonly known as the Edusave Scheme. The Edusave Endowment Fund and Edusave Pupils Fund were established under this Scheme. The Edusave Scheme is to enhance the quality of education in Singapore and to level up educational opportunities for all Singapore Citizen students. Income generated by the Edusave Endowment Fund is used to fund contributions to the Edusave Pupils Fund and other programmes to motivate students to excel in both academic and non-academic areas. An Edusave Pupils Fund account, commonly known as “Edusave account”, would be opened automatically for each eligible Singapore Citizen student.
- 2 In January 2008, the Act was amended to incorporate the Post-Secondary Education (PSE) Scheme to promote savings for post-secondary education and the title was changed to Education Endowment and Savings Schemes Act. The PSE Fund was established under this Scheme. Under the Scheme, balances in the Child Development Accounts and Edusave accounts will be transferred to their PSE accounts at the relevant age. The PSE Fund may also receive other grants from the Government.



EDUSAVE ADVISORY COUNCIL

- 1 The Edusave Advisory Council was established under Section 10(1) of the Education Endowment and Savings Schemes Act (CAP 87A, 2009 Revised Edition) for the purpose of advising the Minister for Education on the application of the income of the Edusave Endowment Fund. Each Council is appointed for a 2-year term and comprises members who are prominent businessmen and experienced educationists.
- 2 The Council which was appointed in January 2013 comprises:


Chairman: Mr Peter Lee Hwai Kiat
Chief Financial Officer
OSIM International Ltd

Members: Assoc Prof Noor Aisha Bte Abdul Rahman
Department of Malay Studies
National University of Singapore

Mr Alex Siow Yuen Khong
Managing Director
Health & Public Service, Singapore
Accenture Pte Ltd

Mr Eric Leong Yew Hon
Principal
Assumption Pathway School

Ms Susie Ho
Principal
CHIJ St Joseph's Convent



EXECUTIVE SUMMARY

EDUSAVE ENDOWMENT FUND

- 1 The Edusave Endowment Fund was established in January 1993 by a transfer of funds from the Government's Consolidated Revenue Account. It reached the targeted capital sum of \$5 billion in August 1997, and received top-ups of \$200 million in financial year 2012 and \$300 million in 2013 which brought the capital sum to \$5.5 billion.
- 2 The Edusave Endowment Fund is invested by the Government. Prior to financial year 2013, the interest rate was pegged to the 12-month average yield of 10-year Singapore Government Securities plus one percentage point. The Government has decided to set the interest rate for the Fund at 4% per annum for financial year 2013. The interest earned each year is used to fund the disbursements under the Edusave Scheme in the next year.
- 3 During the financial year, the Fund received a total income of \$326.2 million of which \$238.3 million was disbursed. As at 31 March 2014, the balance in the Edusave Endowment Fund was \$6.4 billion which included \$0.9 billion in accumulated surplus.

EDUSAVE PUPILS FUND

- 4 The Edusave Pupils Fund was established in January 1993. It comprises annual contributions and one-off grants paid into the Edusave accounts of eligible Singapore Citizen students which may be used to pay for approved fees and charges for school-based enrichment programmes. From April 2008, the Edusave balances of members who have attained the age of 16 years and are not studying in a prescribed school are transferred to their Post-Secondary Education (PSE) accounts.
- 5 During the financial year, \$82.7 million was paid into the Edusave accounts, \$84.8 million withdrawn for approved fees and charges, and \$27.0 million transferred to the PSE Fund. As at 31 March 2014, the balance in the Edusave Pupils Fund was \$239.8 million.



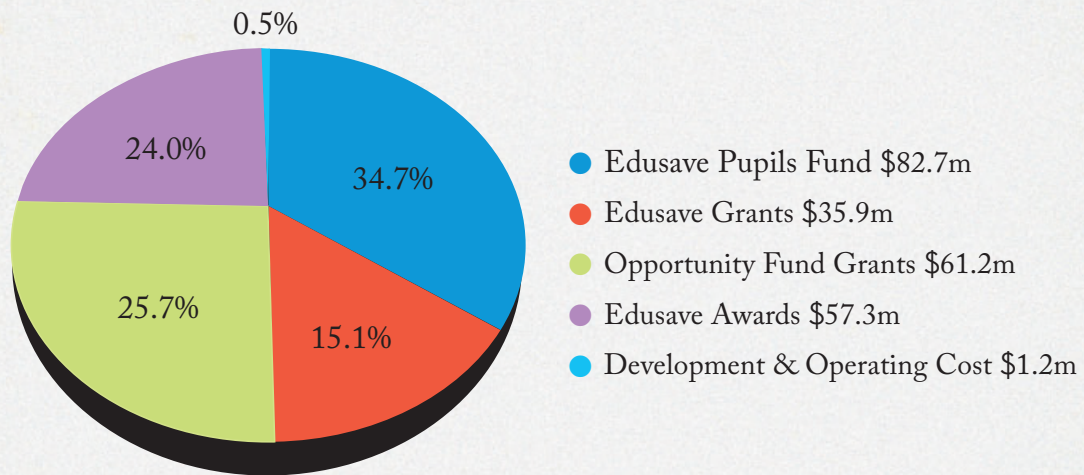
POST-SECONDARY EDUCATION FUND

- 6 The Post-Secondary Education (PSE) Fund was established in January 2008 to help parents save for their Singapore Citizen children's post-secondary education. The balances from the Child Development Accounts (CDA) and from the Edusave accounts are transferred to the PSE accounts at the relevant ages. Children eligible for co-savings arrangements under the Child Development Co-Savings Act can continue to contribute to their PSE accounts and receive matching grants from the Government until the prescribed contribution cap is reached, or when the children turn 18 years, whichever is earlier. The PSE Fund may also receive other grants from the Government and the Fund may be used by the members or their siblings to pay for fees and charges in approved institutions.
- 7 During the financial year, the PSE fund received \$0.5 million transferred from the CDA, \$27.0 million transferred from the Edusave accounts and a \$76.3 million government grant paid to eligible national servicemen under the National Service Recognition Award Scheme. An amount of \$88.2 million was withdrawn for fees and charges at approved institutions during the financial year. As at 31 March 2014, the balance in the PSE Fund was \$1.3 billion.

EDUSAVE ENDOWMENT FUND

- 1 The Edusave Endowment Fund was established in January 1993 by a transfer of funds from the Government's Consolidated Revenue Account. It reached the targeted capital sum of \$5 billion in August 1997, and received top-ups of \$200 million in financial year 2012 and \$300 million in 2013 which brought the capital sum to \$5.5 billion.
- 2 The Edusave Endowment Fund is invested by the Government. Prior to financial year 2013, the interest rate was pegged to the 12-month average yield of 10-year Singapore Government Securities plus one percentage point. The Government has decided to set the interest rate for the Fund at 4% per annum for financial year 2013. The interest earned each year is used to fund the disbursements under the Edusave Scheme in the next year.
- 3 During the financial year, the Fund earned an interest income of \$251.6 million. In April 2013, the Government also transferred \$72.0 million to the income account to be used to defray the Opportunity Fund grants for the next 3 years. It received another \$2.6 million from the recovery of Edusave grants from schools and institutions which had unutilised balances exceeding 50% of the allocation for 2013. The total income was \$326.2 million, of which \$238.3 million was disbursed during the financial year.
- 4 The income from the Fund is used to fund annual contributions and one-off grants to the Edusave accounts of eligible students, Edusave grants and Opportunity Fund grants to schools and institutions, Edusave awards to students and administrative cost. Chart-1 shows the distribution of the amount disbursed during the financial year.

Chart-1: Distribution of Amount Disbursed in Financial Year 2013



Total Amount Disbursed = \$238.3 million

- 5 As at 31 March 2014, the balance in the Edusave Endowment Fund was \$6.4 billion which included \$0.9 billion in accumulated surplus.

EDUSAVE PUPILS FUND

- 1 The Edusave Pupils Fund was established in January 1993. It comprises annual contributions and one-off grants paid into the Edusave accounts of Singapore Citizen students at primary and secondary levels in the Government and Government-aided schools, independent schools and institutions, specialised schools and the Government-supported special education schools. The Edusave Pupils Fund Scheme is administered by the Ministry of Education and the Fund is invested by the Central Provident Fund Board. The Edusave Pupils Fund earns an interest rate pegged to the Central Provident Fund Ordinary Account rate, and interest earned is used to pay members at the same rate. The interest rate was 2.5% for financial year 2013. During the financial year, the Fund earned an interest income of \$5.5 million and \$4.9 million was paid to members, leaving a surplus of \$0.6 million.
- 2 In 2014, the contribution rates were maintained at \$200 for students at primary level and \$240 for those at secondary level. During the financial year, \$82.7 million was paid into the Edusave accounts of 380,827 students.
- 3 The students may use their Edusave accounts to pay for approved fees and school-based enrichment programme charges. From April 2008, the Edusave balances of members who have attained the age of 16 years and are not studying in a prescribed school are transferred to their Post-Secondary Education (PSE) accounts. During the financial year, \$84.8 million was withdrawn, of which \$32.0 million (37.7%) was for approved fees and \$52.8 million (62.3%) for enrichment programme charges. Another \$27.0 million was transferred to the PSE accounts of 48,197 members.
- 4 As at 31 March 2014, the balance in the Edusave Pupils Fund was \$239.8 million.



EDUSAVE GRANTS

- 1 Edusave grants are given to all the Government and Government-aided schools, junior colleges and centralised institute; independent schools and institutions; specialised schools and the Government-supported special education schools and Institute of Technical Education (ITE). The schools and institutions use the grants to procure resources and equipment or to subsidise programmes that enhance the quality of teaching and learning.
- 2 In 2014, the grant rates were maintained at \$50 per student for primary level, \$90 for secondary level, \$120 for pre-university level and \$100 for ITE. To incentivise schools and institutions to use the grants to benefit the current cohort of students, from 2013, unutilised grants exceeding 50% of the annual allocation will be recovered in December of the year. During the financial year, \$35.9 million was disbursed and \$2.6 million recovered from the schools and institutions.

OPPORTUNITY FUND GRANTS

- 1 Since 2006, Opportunity Fund grants have been given to all the Government and Government-aided schools, junior colleges and centralised institute; independent schools and institutions; specialised schools and the Government-supported special education schools and Institute of Technical Education (ITE). The Opportunity Fund was extended to polytechnics from 2013. The schools and institutions use the grants to level up co-curricular development opportunities for Singapore Citizen students from low income households.
- 2 Opportunity Fund grants for each 3-year cycle are disbursed in two tranches. For the grant for 2013 – 2015, the first tranche of \$7.8 million was disbursed in January 2013 to all institutions except polytechnics based on 50% of the annualised rates for the previous 3-year cycle pending a review of the allocation framework. The balance of \$61.2 million was disbursed during the financial year in July 2013 based on the enhanced rates less the quantum disbursed in January.

EDUSAVE SCHOLARSHIPS FOR GOVERNMENT AND GOVERNMENT-AIDED PRIMARY AND SECONDARY SCHOOLS

- 1 Edusave scholarships are given to encourage Singapore Citizen students to excel in their studies. Singapore Citizen students in the top 10% of each level in primary five and six and all the secondary levels in the Government and Government-aided schools are eligible for Edusave Scholarships for Primary Schools (ESPS) and Secondary Schools (ESSS) Schemes respectively.
- 2 For both schemes, the scholarships are school-based. School principals select awardees from all streams in each level based on the students' academic performance and subject to good conduct. Table-1 shows the breakdown of the scholarship value by level:

Table-1: Value of Edusave Scholarships by Level

Level	\$
Primary	350
Secondary	500

- 3 In 2013, 6,812 Singapore Citizen students were awarded the ESPS and 14,453 the ESSS at a total value of \$9.6 million. Table-2 shows the breakdown of awardees by level:

Table-2: Breakdown of Edusave Scholarship Awardees by Level

Level	No.	\$m
Primary	6,812	2.4
Secondary	14,453	7.2
Total	21,265	9.6

EDUSAVE SCHOLARSHIPS FOR INDEPENDENT SCHOOLS

- 1 Edusave scholarships are given to Singapore Citizen students studying in independent schools. The Edusave Entrance Scholarships for Independent Schools (EESIS) are awarded to students in the top one-third of Singapore Citizen students enrolled in secondary one in the independent schools. Selection is based on the Primary School Leaving Examination results. For EESIS awarded up to 2007, the annual quantum of the award was the school fees charged by the independent school less the amount of school and standard miscellaneous fees that the awardee would have to pay if he were in a Government or Government-aided school or junior college. For EESIS awarded from 2008, the annual quantum is \$2,400 or the annual school fees less the amount of school and standard miscellaneous fees payable by students in Government or Government-aided schools, whichever is lower. The scholarship is tenable for the duration of the scholar's education in the independent school.
- 2 The Edusave Scholarships for Integrated Programme (ESIP) are for students who join the Integrated Programme at entry points beyond secondary one. The selection is based on either the Primary School Leaving Examination or the Integrated Programme Scholarship Test results. The quantum of the ESIP is the same as that for the EESIS, and capped for ESIP awarded from 2008. The scholarship is tenable for the duration of the scholar's Integrated Programme course.
- 3 Students in independent schools who are not EESIS and ESIP holders are eligible for the Edusave (Independent Schools) Yearly Award (E(IS)YA) if they are among the top 5% students in each level in the school. The value of E(IS)YA is the same as the annual value of the EESIS, and capped for awards given out from 2008.

- 4 During the financial year, \$19.6 million was disbursed to Edusave scholars in the independent schools and junior colleges. Table-3 shows the breakdown of awardees by scheme and level:

**Table-3: Breakdown of Edusave Scholarship Awardees
by Scheme and Level**

Level	EESIS		ESIP		E(IS)YA		Total	
	No.	\$m	No.	\$m	No.	\$m	No.	\$m
Secondary	5,102	11.0	216	0.5	218	0.4	5,536	11.9
Junior College	2,409	4.5	1,490	3.1	26	0.1	3,925	7.7
Total	7,511	15.5	1,706	3.6	244	0.5	9,461	19.6

EDUSAVE MERIT BURSARIES

- 1 The Edusave Merit Bursary (EMB) Scheme aims to give Singapore Citizen students from modest home background in all the Government and Government-aided schools, junior colleges and centralised institute; independent schools and institutions; specialised schools and Institute of Technical Education an incentive to perform well.
- 2 The EMB Scheme is school-based. All Singapore Citizen students who are in the top 25% within each level and stream and meet the gross household income criterion are eligible for EMB unless they are recipients of Edusave scholarships or other Ministry of Education scholarship awards. In 2012, the gross household income limit was revised to \$5,000, and a per capita income criterion of \$1,250 introduced to benefit students from bigger households. School principals select eligible students from all streams in each level based on academic performance and subject to good conduct, and invite them to apply for the award if they meet the income criterion. Table-4 shows the breakdown of the bursary value by level:

Table-4: Value of Edusave Merit Bursaries by Level

Level	\$
Primary 1 to 3	200
Primary 4 to 6	250
Secondary	350
Pre-University	400
Institute of Technical Education	500

- 3 In 2013, 27,225 students were awarded the EMB at a total value of \$8.8 million. Table-5 shows the breakdown of awardees by level:

Table-5: Breakdown of Edusave Merit Bursary Awardees by Level

Level	No.	\$m
Primary	10,574	2.4
Secondary	11,642	4.1
Pre-University	1,781	0.7
Institute of Technical Education	3,228	1.6
Total	27,225	8.8

COMMUNITY EDUCATION AWARD SCHEME

- 4 Singapore Citizen students in Government and Government-aided schools, junior colleges and centralised institute; independent schools and institutions; and specialised schools who do not qualify for any Edusave scholarship, bursary or other awards and are in need of financial assistance for their education may apply for Constituency Bursaries established by the Citizens' Consultative Committees under the Community Education Award Scheme. Under this Scheme, the Edusave Endowment Fund co-funds 85% of the Constituency Bursaries paid to the students, subject to a cap of 15% of the total value of the EMB disbursed in the previous year.
- 5 During the financial year, an amount of \$0.3 million was disbursed through the People's Association to the Citizens' Consultative Committees as co-funding for the Constituency Bursaries.

GOOD PROGRESS AWARDS

- 1 The Good Progress Awards (GPA) are given to Singapore Citizen students in the Government and Government-aided primary (except those in primary one) and secondary schools, junior colleges and centralised institute; independent schools and institutions; specialised schools and Institute of Technical Education who have made significant improvement in their academic performance. Students who are recipients of Edusave scholarships or bursaries or other Ministry of Education scholarships or bursaries are not eligible for this award. The GPA is co-funded by the People's Association which bears 10% of the amount paid.
- 2 The school-based awards are given to a maximum of 10% of students from all streams in each level. Selection is by comparing the year-end school examination results against those of the previous year. Table-6 shows the breakdown of award value by level:

Table-6: Value of Good Progress Awards by Level

Level	\$
Primary 2 to 3	100
Primary 4 to 6	150
Secondary	200
Pre-University	250
Institute of Technical Education	400

- 3 In 2013, 32,019 students were awarded the GPA at a total value of \$5.7 million. Of this, \$0.6 million was recovered from the People's Association. Table-7 shows the breakdown of awardees by level:

Table-7: Breakdown of Good Progress Awardees by Level

Level	No.	\$m
Primary	15,082	2.0
Secondary	13,002	2.5
Pre-University	2,045	0.5
Institute of Technical Education	1,890	0.7
Total	32,019	5.7

EDUSAVE AWARDS FOR ACHIEVEMENT, GOOD LEADERSHIP AND SERVICE

- 1 The Edusave Awards for Achievement, Good Leadership and Service (EAGLES) are given to Singapore Citizen students in the Government and Government-aided schools, junior colleges and centralised institute; independent schools and institutions; specialised schools and Institute of Technical Education to encourage them to excel in non-academic areas. The awards recognise students' leadership quality, service to community and schools, and excellence in non-academic activities.
- 2 In 2012, the number of the school-based awards was increased from 5% to a maximum of 10% of the Singapore Citizen students from primary four to six in each primary school, and at all levels in the other schools and institutions. The award value was also increased in line with the Ministry's emphasis on holistic education and non-academic achievements. Students who are recipients of Edusave scholarships or bursaries or other Ministry of Education scholarships or bursaries are also eligible for this award. Table-8 shows the value of the awards by level.

**Table-8: Value of Edusave Awards for Achievement,
Good Leadership And Service by Level**

Level	\$
Primary 4 to 6	250
Secondary	350
Pre-University	400
Institute of Technical Education	500

- 3 In 2013, 30,822 students were awarded the EAGLES at a total value of \$10.2 million. Table-9 shows the breakdown of awardees by level.

**Table-9: Breakdown of Edusave Awardees for Achievement,
Good Leadership And Service by Level**

Level	No.	\$m
Primary	9,953	2.5
Secondary	16,337	5.7
Pre-University	2,695	1.1
Institute of Technical Education	1,837	0.9
Total	30,822	10.2

EDUSAVE CHARACTER AWARDS

- 1 The Edusave Character Award (ECHA) was introduced in 2012 in line with the Ministry's emphasis on values-driven education. The awards are given to Singapore Citizen students in the Government and Government-aided schools, junior colleges and centralised institute; independent schools and institutions; specialised schools and Institute of Technical Education to recognise students who demonstrate exemplary values and civic responsibility through their behaviour and actions.
- 2 The school-based awards are given to a maximum of 2% of the Singapore Citizen students from all streams in each level. Table-10 shows the value of the awards by level.

Table-10: Value of Edusave Character Awards by Level

Level	\$
Primary 1 to 3	200
Primary 4 to 6	350
Secondary	500
Pre-University	500
Institute of Technical Education	500

- 3 In 2013, 8,209 students were awarded the ECHA at a total value of \$3.3 million. Table-11 shows the breakdown of awardees by level.

Table-11: Breakdown of Edusave Character Awardees by Level

Level	No.	\$m
Primary	3,968	1.2
Secondary	3,243	1.6
Pre-University	498	0.2
Institute of Technical Education	500	0.3
Total	8,209	3.3

ACHIEVEMENT AWARDS FOR SPECIAL EDUCATION STUDENTS

- 1 The Achievement Award for Special Education Students (AASPEDS) was implemented in 2010 to recognise the achievements and progress of Singapore Citizen students in the Government-supported special education schools and to motivate them to excel. An annual lump sum grant is given to each special education school based on \$100 per Singapore Citizen student to be used to disburse school-based AASPEDS each year.
- 2 The AASPEDS are given to Singapore Citizen students who meet the school-based criteria for the awards. The school-based criteria would help schools to select students who best meet their school and student profiles. For example, schools for the hearing impaired could focus on the students' speech development whilst other schools focus on the students' development of vocational skills. Schools could also give awards based on their students' contribution to the school community, in areas such as leadership, exemplary behaviour, achievements in co-curricular activities or national events for persons with disabilities.
- 3 In 2013, 1,682 students were awarded AASPEDS at a total value of \$0.4m.



POST-SECONDARY EDUCATION FUND

- 1 The Post-Secondary Education (PSE) Fund was established in January 2008 to help parents save for their Singapore Citizen children's post-secondary education by maintaining a PSE account for each eligible child. Prior to 2012, the PSE Fund received the balances transferred from the Child Development Accounts (CDA) of those who attained the age of 7 years. From January 2013, the transfer was deferred till age 13 years to better support the development needs of children. For the transitional cohorts of children who were born between 2006 and 2012, the trustees may request to effect the transfer any time in the years when the children are between 7 and 12 years old. Children eligible for co-savings arrangements under the Child Development Co-Savings Act can continue to contribute to their PSE accounts and receive matching grants from the Government until the prescribed contribution cap is reached, or when the children turn 18 years, whichever is earlier. The PSE Fund also receives the balances transferred from the Edusave accounts of members who attain the age of 16 years and are not studying in a prescribed school. The PSE Fund may also receive other grants from the Government.
- 2 The PSE Scheme is administered by the Ministry of Education and the PSE Fund is invested by the Central Provident Fund Board. The PSE Fund earns an interest rate pegged to the Central Provident Fund Ordinary Account rate, and interest earned is used to pay members at the same rate. The interest rate was 2.5% for financial year 2013. During the financial year, the PSE Fund earned an interest income of \$32.2 million which was just sufficient to pay members at the same rate.
- 3 During the financial year, the PSE Fund received \$0.5 million transferred from the CDA of 59 children, and another \$0.2 million contributed by eligible members with matching grants from the Government. It also received \$27.0 million transferred from the Edusave accounts of 48,197 members. Under the National Service Recognition Award (NSRA) scheme announced by the Government in August 2010, the first tranche of the NSRA payout would be paid to the PSE accounts of national servicemen. During the financial year, \$76.3 million was paid to the PSE accounts of 24,191 eligible national servicemen.

- 4 The PSE Fund may be used by the account holders or their siblings for approved courses in the publicly-funded universities, polytechnics, diploma and degree programmes in LaSalle-SIA and Nanyang Academy of Fine Arts which are subsidised by the Ministry of Education, and approved degree programmes of institutions conferring local degrees. Students in Institute of Technical Education may also use their PSE Fund or those of their siblings for approved fees and charges. The PSE Fund may also be used for approved courses conducted by training agencies accredited by the Workforce Development Agency. During the financial year, \$88.2 million was withdrawn by 216,165 members for fees and charges at approved institutions, and \$0.1 million transferred to the Central Provident Fund Ordinary Accounts of 32 members.
- 5 As at 31 March 2014, the balance in the PSE Fund was \$1.3 billion.

EDUSAVE ENDOWMENT FUND

(A Fund established under the Education Endowment and Savings Schemes Act, Chapter 87A)

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014



EDUSAVE ENDOWMENT FUND

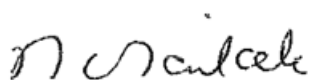
(A Fund established under the Education Endowment and Savings Schemes Act, Chapter 87A)

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STATEMENT BY MANAGEMENT

In the opinion of Management, the accompanying financial statements as set out on pages 31 to 42 are drawn up in accordance with the provisions of the Education Endowment and Savings Schemes Act, Chapter 87A so as to give a true and fair view of the state of affairs of the Edusave Endowment Fund as at 31 March 2014 and the income and expenditure for the financial year ended 31 March 2014.

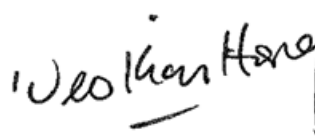


MRS WONG-HO SAI KEK

Deputy Director/Financial Systems & Operations

MINISTRY OF EDUCATION

DATE: 20 May 2014



MR NEO KIAN HONG

Permanent Secretary/Education Development

MINISTRY OF EDUCATION

DATE: 20 May 2014

INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT OF EDUSAVE ENDOWMENT FUND FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

Report on the Financial Statements

We have audited the accompanying financial statements of the Edusave Endowment Fund (the “Fund”), which comprise the balance sheet of the Fund as at 31 March 2014, and the income and expenditure statement for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 31 to 42.

Management's Responsibility 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 Education Endowment and Savings Scheme Act, Chapter 87A (the “Act”), 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 income and expenditure statements and balance sheets and to maintain accountability of assets.

The Edusave Endowment Fund's policy is to prepare the financial statements on the cash receipts and disbursement basis. On this basis, revenue is recognised when received rather than when earned and expenses are recognised when paid rather than when incurred.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor



considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act so as to give a true and fair view of the state of affairs of the Fund as at 31 March 2014 and the results of the Fund for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept, including records of all assets by the Fund have been properly kept in accordance with the provisions of the Act; and the receipts, expenditure and investment of monies and the acquisition and disposal of assets on account of the Fund during the financial year have been in accordance with the provisions of the Act.



AUDIT ALLIANCE LLP
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS
SINGAPORE

Date: 20 May 2014

BALANCE SHEET AS AT 31 MARCH 2014

	NOTE	31 March 2014 S\$	31 March 2013 S\$
Capital fund	4	5,500,000,000	5,200,000,000
Accumulated surplus		901,428,667	813,516,432
Total Fund and Surplus		6,401,428,667	6,013,516,432
Represented By:			
Balance held by Accountant-General	5	6,401,428,667	6,013,516,432
Total Assets		6,401,428,667	6,013,516,432

INCOME AND EXPENDITURE STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	NOTE	FY 2013 <u>S\$</u>	FY 2012 <u>S\$</u>
INCOME			
Interest income	6	251,554,356	204,774,332
Grant from Government	7	72,000,000	-
Recovery of unspent Opportunity Fund balances	8	65,078	6,343,274
Recovery of Edusave Grant Reserves	9	2,567,477	3,019,357
		326,186,911	214,136,963
EXPENDITURE			
Contribution to Edusave Accounts	10	82,692,990	84,214,898
Edusave Scholarships	11	29,170,267	28,914,801
Edusave Merit Bursaries	12	9,079,679	9,169,532
Good Progress Awards	13	5,122,505	4,635,675
Edusave Awards for Achievement, Good Leadership and Service	14	10,165,450	10,621,900
Edusave Character Awards	15	3,292,150	3,248,950
Achievement Awards for Special Education Students	16	435,428	434,260
Edusave Grants	17	35,916,255	36,840,035
Opportunity Fund Grants	18	61,187,109	7,927,270
Development expenditure	19	186,477	480,081
Operating expenditure	19	1,026,366	668,639
		238,274,676	187,156,041
Surplus for the year		87,912,235	26,980,922
Accumulated surplus brought forward		813,516,432	786,535,510
Accumulated surplus carried forward		901,428,667	813,516,432

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

1. Principal Activities

The Edusave Endowment Fund was established on 1 January 1993 under the Education Endowment and Savings Schemes Act, Chapter 87A. The income generated by the Fund is to be used for the following purposes:

- (i) the provision of contributions and additional income to the Edusave Pupils Fund;
- (ii) the provision of Edusave grants to Government, Government-aided schools, junior colleges and centralised institute; independent schools and institutions; specialised schools; Government-supported special education schools and Institute of Technical Education;
- (iii) the provision of Edusave scholarships, bursaries and awards to full-time students in Government, Government-aided schools, junior colleges and centralised institute; independent schools and institutions; specialised schools; Government-supported special education schools and Institute of Technical Education; and
- (iv) such other purposes authorised under the Act.

2. Basis of Preparation

The financial statements, expressed in Singapore dollars, are prepared on a cash basis. On this basis, revenue is recognised when received rather than when earned and expenses are recognised when paid rather than when incurred.

3. Financial Year

FY 2013 relates to the financial year from 1 April 2013 to 31 March 2014. Correspondingly, FY 2012 relates to the financial year from 1 April 2012 to 31 March 2013.

4. Capital Fund

Capital Fund represents the contributions from the Consolidated Revenue Account of the Singapore Government. In FY 2013, the Government contributed another \$300 million (FY 2012: S\$200 million) to the Capital Fund.

5. Balance Held by Accountant-General

Monies for the Edusave Endowment Fund are placed with the Accountant-General in an interest bearing account until disbursed in accordance with the Education Endowment and Savings Schemes Act.

6. Interest Income

This represents interest income earned and received from the balance placed with the Accountant-General. Interest for FY 2013 was 4% (FY 2012 – 3.43%) per annum.

7. Grant from Government

During the financial year, the Government provided a S\$72 million grant to the Income Account to be used to defray the Opportunity Fund Grants for Government and Government-aided schools, junior colleges and centralised institute, independent schools and institutions, specialised schools, Government-supported special education schools, Institute of Technical Education and polytechnics to level up enrichment opportunities for Singapore Citizen students from lower income households. The Opportunity Fund was set up in 2006 as part of Government's PROGRESS (Providing Opportunities through Growth, Remaking Singapore for Success) Package for Singapore Citizens.

8. Recovery of Unspent Opportunity Fund balances

In January 2010, Opportunity Fund grants were disbursed to all eligible schools to be used up to December 2012, and unused balances were recovered in FY 2012. Arising from audit adjustments, \$65,077 was recovered in FY 2013 from schools as follows:

	FY 2013	FY 2012
	<u>S\$</u>	<u>S\$</u>
Primary Schools	40,751	2,586,405
Special Education Schools	4,384	75,842
Secondary Schools	19,943	3,111,490
Independent and Specialised Schools	-	181,374
Junior Colleges/Centralised Institute	-	69,455
Independent Junior Colleges/Institution	-	51,483
Institute of Technical Education	-	267,225
Total amount recovered	65,078	6,343,274

9. Recovery of Edusave Grant Reserves

To encourage schools to use the annual Edusave Grant allocation to benefit the current cohort of students, a cap is imposed on the Edusave Grant reserves to be rolled over from 2012. In the initial year, the amount was capped at 12 months' allocation. It was reduced to 6 months' allocation from 2013. In FY 2013, \$2,567,477 excess Edusave Grant reserves were recovered from schools as follows:

	FY 2013	FY 2012
	<u>S\$</u>	<u>S\$</u>
Primary Schools	1,088,537	1,323,861
Special Education Schools	144,155	-
Secondary Schools	877,421	1,319,842
Independent and Specialised Schools	209,877	-
Junior Colleges/ Centralised Institute	25,179	375,654
Institute of Technical Education	222,308	-
Total amount recovered	2,567,477	3,019,357

10. Contribution to Edusave Accounts

The contribution to Edusave accounts represents payments made to Singapore Citizen students from the age of six onwards studying at primary or secondary level in prescribed schools. The rate of contribution to each account for 2014 was \$200 (2013: \$200) for primary level students and \$240 (2013: \$240) for secondary level students. During the financial year, contributions were paid into the Edusave accounts of 380,827 students (FY 2012 - 387,022).

11. Edusave Scholarships

The scholarships are given to encourage Singapore Citizen students to excel in their studies and were disbursed as follows:

	FY 2013	FY 2012
	<u>S\$</u>	<u>S\$</u>
Primary Schools	2,383,500	2,644,250
Secondary Schools	7,224,000	7,400,500
Independent Schools	19,576,817	18,875,751
	<hr/>	<hr/>
	29,184,317	28,920,501
Less:		
Refund of unclaimed scholarships	(14,050)	(5,700)
Total	29,170,267	28,914,801

12. Edusave Merit Bursaries

These bursaries are given to Singapore Citizen students from lower and lower-middle income families to motivate them to excel and were disbursed as follows:

	FY 2013	FY 2012
	<u>S\$</u>	<u>S\$</u>
Primary Schools	2,377,600	2,539,250
Secondary Schools	4,073,050	4,012,750
Junior Colleges/ Centralised Institute	712,400	705,600
Institute of Technical Education	1,604,000	1,496,500
Community Education Award Scheme	303,129	397,182
Edusave Merit Bursaries [late cases]	17,550	26,500
	<hr/>	<hr/>
	9,087,729	9,177,782
Less:		
Refund of unclaimed bursaries	(8,050)	(8,250)
Total	9,079,679	9,169,532

13. Good Progress Awards

These awards are given to Singapore Citizen students who have made significant improvements in their academic performance and were disbursed as follows:

	FY 2013	FY 2012
	<u>S\$</u>	<u>S\$</u>
Primary Schools	1,955,600	2,065,300
Secondary Schools	2,552,650	2,620,850
Junior Colleges/ Centralised Institute	506,250	499,250
Institute of Technical Education	748,000	736,400
	<hr/>	<hr/>
	5,762,500	5,921,800
Less:		
Co-Funding by People's Association	(592,795)	(1,243,025)
Refund of unclaimed awards	(47,200)	(43,100)
Total	5,122,505	4,635,675

14. Edusave Awards for Achievement, Good Leadership and Service

These awards are given to Singapore Citizen students for their leadership quality, service to the community and schools, and achievements in non-academic areas and were disbursed as follows:

	FY 2013	FY 2012
	<u>S\$</u>	<u>S\$</u>
Primary Schools	2,487,500	2,735,750
Secondary Schools	5,716,200	5,655,650
Junior Colleges/ Centralised Institute	1,078,000	1,034,000
Institute of Technical Education	918,500	1,215,000
	<hr/>	<hr/>
	10,200,200	10,640,400
Less:		
Refund of unclaimed awards	(34,750)	(18,500)
Total	10,165,450	10,621,900

15. Edusave Character Awards

From 2012, these awards are given to Singapore Citizen students who demonstrate exemplary character and outstanding personal qualities through their behaviour and actions and were disbursed as follows:

	FY 2013	FY 2012
	S\$	S\$
Primary Schools	1,175,750	1,163,450
Secondary Schools	1,621,500	1,599,000
Junior Colleges/ Centralised Institute	249,000	242,500
Institute of Technical Education	250,000	244,000
	<hr/>	<hr/>
	3,296,250	3,248,950
Less:		
Refund of unclaimed awards	(4,100)	-
Total	3,292,150	3,248,950

16. Achievement Awards for Special Education Students

From 2010, grants were disbursed to Government-supported special education schools to fund awards for Singapore Citizen students to recognise their achievements and progress and to motivate them to excel. The grants for the awards were computed based on the total Singapore Citizen enrolment aged 6 and above for each special education school and unspent grants were recovered at the end of the year.

	FY 2013	FY 2012
	S\$	S\$
Grants disbursed	484,000	485,500
Less:		
Refund of unclaimed awards	(48,572)	(51,240)
Total	435,428	434,260

17. Edusave Grants

Edusave grants are given to Government, Government-aided schools, junior colleges and centralised institute, independent schools and institutions, specialised schools and Government-supported special education schools and Institute of Technical Education to be used to advance teaching and learning. They are disbursed to schools in January and July each year at rates based on the academic level of the schools. The amounts disbursed during the financial year were as follows:

	FY 2013	FY 2012
	<u>S\$</u>	<u>S\$</u>
Primary Schools		
- Payment in July	5,809,350	6,121,050
- Payment in January	6,065,500	6,297,200
Special Education Schools		
- Payment in July	147,350	140,985
- Payment in January	148,685	136,000
Secondary Schools		
- Payment in July	7,813,665	8,037,000
- Payment in January	8,031,600	8,280,765
Independent and Specialised Schools		
- Payment in July	781,775	773,290
- Payment in January	785,400	774,375
Junior Colleges/ Centralised Institute		
- Payment in July	1,525,260	1,488,120
- Payment in January	1,505,040	1,501,620
Independent Junior Colleges/ Institution		
- Payment in July	389,520	379,020
- Payment in January	389,160	388,560
Institute of Technical Education		
- Payment in July	1,291,000	1,217,050
- Payment in January	1,232,950	1,305,000
Total	35,916,255	36,840,035

18. Opportunity Fund Grants

Since 2006, Opportunity Fund grants have been given to Government and Government-aided schools, junior colleges and centralised institute, independent schools and institutions, specialised schools and Government-supported special education schools and Institute of Technical Education to be used to level up co-curricular development opportunities for Singapore Citizen students from low income households. In 2013, it was extended to polytechnics. To facilitate planning, a 3-year grant was disbursed to the schools, polytechnics and institutions based on their 2013 enrolment as follows:

	FY 2013 S\$	FY 2012 S\$
Primary Schools		
- Payment in July	14,881,665	295,545
- Payment in January	16,264	2,611,593
Special Education Schools		
- Payment in July	473,378	1,694
- Payment in January	-	66,866
Secondary Schools		
- Payment in July	21,115,112	405,032
- Payment in January	-	3,453,184
Independent and Specialised Schools		
- Payment in July	890,725	12,210
- Payment in January	8,000	166,730
Junior Colleges/ Centralised Institute		
- Payment in July	1,377,785	14,912
- Payment in January	-	244,996
Independent Junior Colleges/ Institution		
- Payment in July	297,660	3,718
- Payment in January	-	58,278
Institute of Technical Education		
- Payment / (Refund) in July	-	(7,968)
- Payment in January	5,388,960	600,480
Polytechnics		
- Payment in July	-	-
- Payment in January	16,737,560	-
Total	61,187,109	7,927,270

19. Development & Operating Expenditure

	FY 2013 S\$	FY 2012 S\$
a) Development Expenditure:		
- Edusave Awards Selection and Administration System	186,477	461,323
- Integrated Billing, Edusave and Collection System	-	18,758
Total development expenditure	186,477	480,081
b) Operating Expenditure:		
- System maintenance cost	254,102	102,141
- Edusave Pupils Fund agency charges	25,970	26,900
- Edusave Unit's manpower cost	314,568	293,860
- Printing and stationery	410,899	174,398
- Auditors' remuneration	11,071	33,170
- Training expenditure	-	28,890
- General expenses	9,756	9,280
Total operating expenditure	1,026,366	668,639
Total	1,212,843	1,148,720

The development expenditure for FY 2012 was higher due to the additional system enhancements required from a change of voucher printing vendor. The increase in operating expenditure for FY 2013 was due mainly to increased printing and stationery required for a 9% increase in the quantity of award voucher and system enhancements to routine maintenance jobs as compared to FY 2012.

EDUSAVE PUPILS FUND

(A Fund established under the Education Endowment and Savings Schemes Act, Chapter 87A)

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014



EDUSAVE PUPILS FUND

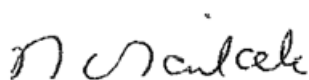
(A Fund established under the Education Endowment and Savings Schemes Act, Chapter 87A)

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STATEMENT BY MANAGEMENT

In the opinion of Management, the accompanying financial statements as set out on pages 48 to 53 are drawn up in accordance with the provisions of the Education Endowment and Savings Schemes Act, Chapter 87A so as to give a true and fair view of the state of affairs of the Edusave Pupils Fund as at 31 March 2014, and the income and expenditure and movement in members' accounts for the financial year ended 31 March 2014.

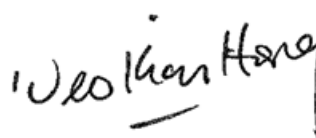


MRS WONG-HO SAI KEK

Deputy Director/Financial Systems & Operations

MINISTRY OF EDUCATION

DATE: 20 May 2014



MR NEO KIAN HONG

Permanent Secretary/Education Development

MINISTRY OF EDUCATION

DATE: 20 May 2014

INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT OF EDUSAVE PUPILS FUND FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

Report on the Financial Statements

We have audited the accompanying financial statements of Edusave Pupils Fund (the "Fund"), which comprise the balance sheet of the Fund as at 31 March 2014, and the income and expenditure statement and movement of members' accounts, for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 48 to 53.

Management's Responsibility 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 Education Endowment and Savings Scheme Act, Chapter 87A (the "Act"), 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 income and expenditure statements, movement of members' accounts and balance sheets and to maintain accountability of assets.

The Edusave Pupils Fund's policy is to prepare the financial statements on the cash receipts and disbursement basis. On this basis, revenue is recognised when received rather than when earned and expenses are recognised when paid rather than when incurred.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

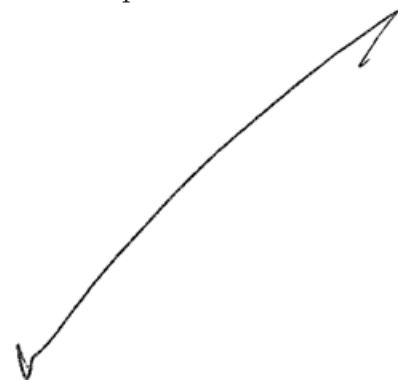
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act so as to give a true and fair view of the state of affairs of the Fund as at 31 March 2014 and the results of the Fund for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept including records of all assets by the Fund have been properly kept in accordance with the provisions of the Act; and the receipts, expenditure and investment of monies and the acquisition and disposal of assets on account of the Fund during the financial year have been in accordance with the provisions of the Act.



AUDIT ALLIANCE LLP
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS
SINGAPORE

Date: 20 May 2014

BALANCE SHEET AS AT 31 MARCH 2014

	31 March 2014 <u>S\$</u>	31 March 2013 <u>S\$</u>
Members' accounts	226,302,765	250,644,317
Accumulated surplus	13,475,369	12,857,781
Total Fund and Surplus	239,778,134	263,502,098
Represented By:		
Deposits placed with the Monetary Authority of Singapore	239,663,362	263,390,571
Cash at bank	114,772	111,527
Total Assets	239,778,134	263,502,098

INCOME AND EXPENDITURE STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	NOTE	FY 2013 S\$	FY 2012 S\$
INCOME			
Interest income:			
- Deposits placed with Monetary Authority of Singapore	4	5,498,026	6,165,225
- Cash at bank		51	94
		5,498,077	6,165,319
EXPENDITURE			
Interest credited to members' accounts	5	4,880,489	5,488,058
Surplus for the year		617,588	677,261
Accumulated surplus brought forward		12,857,781	12,180,520
Accumulated surplus carried forward		13,475,369	12,857,781

MOVEMENT OF MEMBERS' ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	NOTE	FY 2013 S\$	FY 2012 S\$
RECEIPTS			
Interest credited to members' accounts	5	4,880,489	5,488,058
Contribution from the Edusave Endowment Fund	6	82,692,990	84,214,898
		87,573,479	89,702,956
PAYMENTS			
Withdrawals of deceased members' balances		40,532	45,328
Withdrawals for approved fees and programme charges	7	84,832,375	87,914,394
Transfer to Post-Secondary Education Accounts	8	27,042,124	28,844,584
		111,915,031	116,804,306
Net decrease in members' accounts for the year		(24,341,552)	(27,101,350)
Members' Accounts at beginning of the year		250,644,317	277,745,667
Members' Accounts at end of the year		226,302,765	250,644,317

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

1. Principal Activities

The Edusave Pupils Fund was established on 1 January 1993 under the Education Endowment and Savings Schemes Act, Chapter 87A and is administered by the Central Provident Fund (“CPF”) Board in accordance with Section 7 of the Act.

In accordance with Section 8 of the Act, every child who is a citizen of Singapore and satisfies such other requirements as may be prescribed shall become a member of the Edusave Pupils Fund.

The Edusave Pupils Fund receives contributions from the Edusave Endowment Fund which are credited to the Edusave accounts of eligible Singapore Citizen students. The Edusave Pupils Fund earns an interest rate pegged to the Central Provident Fund Ordinary Account rate, and interest earned is used to pay members at the same rate. The monies can be withdrawn for use on enrichment programmes organised by schools, payment of second-tier miscellaneous fees, autonomous schools fees and other approved fees and such other purposes authorised under the Act.

2. Basis of Preparation

The financial statements, expressed in Singapore dollars, are prepared on a cash basis. On this basis revenue is recognised when received rather than when earned and expenses are recognised when paid rather than when incurred.

3. Financial Year

FY 2013 relates to the financial year from 1 April 2013 to 31 March 2014. Correspondingly, FY 2012 relates to the financial year from 1 April 2012 to 31 March 2013.

4. Interest Income

This represents interest income earned and received from the balance placed with the Monetary Authority of Singapore. Interest rate for FY 2013 was 2.5% (FY 2012 - 2.5%) per annum.

5. Interest Credited to Members' Accounts

This represents interest paid to members' accounts for unutilised credit balances calculated using CPF's Ordinary Account interest rate of 2.5% (FY 2012 - 2.5%) per annum.

6. Contribution from the Edusave Endowment Fund

The contribution to Edusave accounts represent monies received from the Edusave Endowment Fund for Singapore Citizen students from the age of six onwards studying at primary or secondary level in prescribed schools. The rate of contribution to each account for 2014 was \$200 (2013: \$200) for primary level students and \$240 (2013: \$240) for secondary level students. During the financial year, contributions were paid into the Edusave accounts of 380,827 students (FY 2012 - 387,022).

7. Withdrawals for Approved Fees and Programme Charges

	FY 2013 S\$	FY 2012 S\$
Enrichment programme charges	52,783,140	60,320,112
Approved fees	32,049,235	27,594,282
Net Total Withdrawals	84,832,375	87,914,394

8. Transfer to Post-Secondary Education Accounts

Under Section 16A of the Act, Edusave balances of members who have attained the age of 16 years and are not studying in a prescribed school would be transferred to their Post-Secondary Education Accounts. During the financial year, the Edusave balances of 48,197 (FY 2012 - 46,736) members were transferred to their Post-Secondary Education Accounts.

POST-SECONDARY EDUCATION FUND

(A Fund established under the Education Endowment and
Savings Schemes Act, Chapter 87A)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2014



POST-SECONDARY EDUCATION FUND

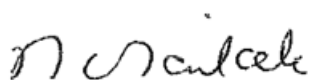
(A Fund established under the Education Endowment and Savings Schemes Act, Chapter 87A)

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STATEMENT BY MANAGEMENT

In the opinion of Management, the accompanying financial statements as set out on pages 59 to 64 are drawn up in accordance with the provisions of the Education Endowment and Savings Schemes Act, Chapter 87A so as to give a true and fair view of the state of affairs of the Post-Secondary Education Fund as at 31 March 2014, and the income and expenditure and movement in members' accounts for the financial year ended 31 March 2014.

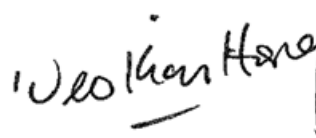


MRS WONG-HO SAI KEK

Deputy Director/Financial Systems & Operations

MINISTRY OF EDUCATION

DATE: 20 May 2014



MR NEO KIAN HONG

Permanent Secretary/Education Development

MINISTRY OF EDUCATION

DATE: 20 May 2014

INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT OF POST-SECONDARY EDUCATION FUND FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

Report on the Financial Statements

We have audited the accompanying financial statements of Post-Secondary Education Fund (the “Fund”), which comprise the balance sheet of the Fund as at 31 March 2014, and the income and expenditure statement and movement of members’ accounts, for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 59 to 64.

Management’s Responsibility 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 Education Endowment and Savings Schemes Act, Chapter 87A (the “Act”), 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 income and expenditure statements, movement of members’ accounts and balance sheets and to maintain accountability of assets.

The Post-Secondary Education Fund’s policy is to prepare the financial statements on the cash receipts and disbursements basis. On this basis, revenue is recognised when received rather than when earned and expenses are recognised when paid rather than when incurred.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

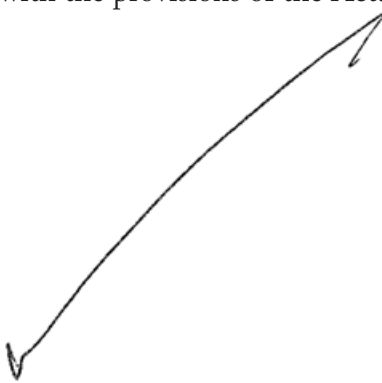
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act so as to give a true and fair view of the state of affairs of the Fund as at 31 March 2014 and the results of the Fund for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept including records of all assets by the Fund have been properly kept in accordance with the provisions of the Act; and the receipts, expenditure and investment of monies and the acquisition and disposal of assets on account of the Fund during the financial year have been in accordance with the provisions of the Act.



AUDIT ALLIANCE LLP
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS
SINGAPORE
Date: 20 May 2014

BALANCE SHEET AS AT 31 MARCH 2014

	31 March 2014 <u>S\$</u>	31 March 2013 <u>S\$</u>
Members' Accounts	1,332,650,363	1,284,890,352
Accumulated surplus	911,790	903,248
Total Fund and Surplus	1,333,562,153	1,285,793,600
Represented By:		
Deposits placed with the Central Provident Fund Board	1,314,799,167	1,270,612,998
Balance held by Accountant-General	18,762,986	15,180,602
Total Assets	1,333,562,153	1,285,793,600

INCOME AND EXPENDITURE STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	NOTE	FY 2013 <u>S\$</u>	FY 2012 <u>S\$</u>
INCOME			
Interest income	4	32,213,940	30,945,702
EXPENDITURE			
Interest credited to members' accounts	5	32,205,398	31,061,661
Surplus / (Deficit) for the year		8,542	(115,959)
Accumulated surplus brought forward		903,248	1,019,207
Accumulated surplus carried forward		911,790	903,248

MOVEMENT OF MEMBERS' ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

	NOTE	FY 2013 S\$	FY 2012 S\$
RECEIPTS			
Interest credited to members' accounts	5	32,205,398	31,061,662
Balances transferred from			
- Child Development Accounts	6	468,115	(1,492,491)
- Edusave Pupils Fund Accounts	7	27,042,124	28,844,584
Contributions from members		215,397	170,927
Matching contributions from Government		186,659	(41,044)
Grants from Government	8	(4,000)	(2,500)
National Service Recognition Award Grants	9	76,312,559	71,611,481
		136,426,252	130,152,619
PAYMENTS			
Withdrawals of deceased members' balances		405,792	353,488
Withdrawals for approved fees and programme charges	10	88,157,443	87,029,441
Transfer to Central Provident Fund Ordinary Accounts	11	103,006	16,383
		88,666,241	87,399,312
Net increase in members' accounts for the year		47,760,011	42,753,307
Members' Accounts at beginning of the year		1,284,890,352	1,242,137,045
Members' Accounts at end of the year		1,332,650,363	1,284,890,352

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

1. Principal Activities

The Post-Secondary Education (PSE) Fund was established on 1 January 2008 under the Education Endowment and Savings Schemes Act, Chapter 87A. In accordance with Section 16B of the Act, every child who is a citizen of Singapore and satisfies such other requirements as may be prescribed shall become a member of the PSE Fund. The PSE Fund receives monies from the following sources:

- Balance transferred from Child Development Accounts
- Contributions from eligible members
- Matching contributions from Government
- Balance transferred from Edusave Accounts
- Grants from Government
- National Service Recognition Awards
- Interest income earned by the PSE Fund

Interest is paid on the amount standing to the credit of members at interest rates prescribed by the Minister for Education. The monies can be withdrawn to pay for approved fees and charges in approved institutions and such other purposes authorised under the Act.

2. Basis of Preparation

The financial statements, expressed in Singapore dollars, are prepared on a cash basis. On this basis revenue is recognised when received rather than when earned and expenses are recognised when paid rather than when incurred.

3. Financial Year

FY 2013 relates to the financial year from 1 April 2013 to 31 March 2014. Correspondingly, FY 2012 relates to the financial year from 1 April 2012 to 31 March 2013.

4. Interest Income

This represents interest income earned from the balance placed with the Central Provident Fund Board. Interest rate for FY 2013 was 2.5% (FY 2012 - 2.5%) per annum.

5. Interest Credited to Members' Accounts

This represents interest credited to members' accounts for unutilized credit balances calculated using CPF's Ordinary Account interest rate of 2.5% (FY 2012 - 2.5%) per annum.

6. Transfer from Child Development Accounts (CDA)

Under Section 16A of the Act, the PSE Accounts will receive the balances transferred from the CDA when the CDA are closed. From 1 January 2013, the CDA balances of members would be transferred to their PSE Accounts in the year the children turn 13 years old. As a transitional arrangement, trustees of CDA children who were born between 2006 and 2012 may request for the CDA balances to be transferred to PSE Accounts anytime in the years when the members are between 7 and 12 years old. In FY 2013, the CDA balances of 59 (FY 2012 - 44) children were transferred to their PSE Accounts.

7. Transfer from Edusave Pupils Fund Accounts

Under Section 16A of the Act, the PSE accounts will receive the balances transferred from the Edusave Accounts when the Edusave Accounts are closed. The Edusave balances of members would be transferred to their PSE Accounts when they attained the age of 16 years and are not studying in a prescribed school. In FY 2013, the Edusave balances of 48,197 (FY 2012 - 46,736) members were transferred to their PSE Accounts.

8. Grants from Government

There were no top-up grants from Government in FY 2013 and FY 2012. However, there were appeals and reversals against the previous years' top-up. The value of the reversals exceeded that for top-up appeals in FY 2013 and FY 2012.

9. National Service Recognition Awards

The first tranche of the National Service Recognition Awards (NSRA) for Singapore Citizens is deposited into the PSE Accounts of eligible servicemen upon the completion of their full time National Service. In FY 2013, 24,191 (FY 2012 - 22,717) eligible servicemen received the NSRA in their PSE Accounts.

10. Withdrawals for Approved Fees and Programme Charges

	FY 2013 S\$	FY 2012 S\$
Fees:		
Tertiary Institutions	68,867,899	68,766,830
Institute of Technical Education	7,886,375	6,726,242
Special Education Schools	13,167	58,428
Workforce Skills Qualifications Continuing Education and Training Centres	2,387,559	1,832,253
	79,155,000	77,383,753
Enrichment Programmes Charges:		
Tertiary Institutions	10,256,865	10,786,066
Institute of Technical Education	2,862,029	2,934,967
Special Education Schools	85,632	108,655
	13,204,526	13,829,688
Gross Total Withdrawals	92,359,526	91,213,441
Less: Withdrawal Refunds	(4,202,083)	(4,184,000)
Net Total Withdrawals	88,157,443	87,029,441

11. Transfer to Central Provident Fund Ordinary Accounts

Under Section 16E of the Act, a PSE Account member's account balance will be automatically transferred to his CPF Ordinary Account when he attains the age of 30 years. A member can also apply to transfer his account balance to his CPF Ordinary Account when he attains the age of 21 years. In FY 2013, the balances of 32 (FY 2012 - 6) members were transferred to their CPF Ordinary Accounts.