

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

**Statement by Board of Trustees and
Financial Statements**
Financial Year Ended 31 March 2023

KLP LLP
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Board of Trustees

Chairperson

Ms. Lim Wan Yong, Permanent Secretary (Education Development)

Treasurer

Ms. Goh Poh Gek, Chief Financial Officer

Members

Ms. Liew Wei Li, Director-General of Education
Mr. Lim Boon Wee, Deputy Secretary (Services)
Mr. Leong Chee Gin Eugene, Deputy Secretary (Policy)
Ms. Khoo Ming, Melissa, Deputy Secretary (Higher Education and Skills)
Mr. Tang Kok Heng Clarence, Divisional Director, Finance and Procurement

Auditor

KLP LLP

Principal Bankers

DBS Bank
Standard Chartered Bank
United Overseas Bank
Oversea-Chinese Banking Corporation Limited

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Ministry of Education - Education Fund
Statement by Board of Trustees
For the financial year ended 31 March 2023

In our opinion, the accompanying financial statements of Ministry of Education - Education Fund (the "Fund") are drawn up in accordance with the provisions of the Trustees Act 1967 (the "Trustees Act"), the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Fund as at 31 March 2023 and of the financial performance, changes in funds and reserve and cash flows of the Fund for the financial year then ended.

On behalf of the Board of Trustees,



Ms. Lim Wan Yong
Chairperson



Ms. Goh Poh Gek
Treasurer

Singapore, 14 September 2023

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 2023 (FY 2022), 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 are properly drawn up in accordance with the provisions of the Trustees Act 1967 (the "Trustees Act"), the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Fund as at 31 March 2023 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.

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

In preparing the financial statements, 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 Trustees Act and Charities Act and Regulations have been properly kept in accordance with the provisions of the Trustees Act and Charities Act 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, 14 September 2023

Ministry of Education - Education Fund
Statement of Financial Position
As at 31 March 2023

	<u>Note</u>	<u>FY2022</u> <u>S\$</u>	<u>FY2021</u> <u>S\$</u>
Assets			
Non-current assets			
Loan and advances	4	549,625	826,631
Financial assets at amortised cost	5	71,292,500	58,279,542
		<u>71,842,125</u>	<u>59,106,173</u>
Current assets			
Loan and advances	4	702,364	551,253
Financial assets at amortised cost	5	2,000,000	-
Financial assets at FVOCI	6	154,306,956	167,010,285
Fixed deposits	7	18,043,394	-
Cash and cash equivalents	8	19,422,631	22,290,663
		<u>194,475,345</u>	<u>189,852,201</u>
Total assets		<u>266,317,470</u>	<u>248,958,374</u>
Current liability			
Other payables		<u>9,900</u>	<u>9,900</u>
Net assets		<u>266,307,570</u>	<u>248,948,474</u>
Funds			
General fund		193,846,233	192,324,967
Specific fund		57,314,235	35,849,447
		<u>251,160,468</u>	<u>228,174,414</u>
Fair value reserve	9	<u>15,147,102</u>	<u>20,774,060</u>
Total funds and reserve		<u>266,307,570</u>	<u>248,948,474</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 2023

	<u>Note</u>	<u>FY2022</u> <u>S\$</u>	<u>FY2021</u> <u>S\$</u>
<u>Incoming resources</u>			
Donations, interest and investment income to specific fund		22,355,449	1,714,086
Interest and investment income	10	1,636,241	1,584,948
Other income		78,250	86,525
Total incoming resources		<u>24,069,940</u>	<u>3,385,559</u>
<u>Resources expended</u>			
Payments from specific fund		1,732,311	6,280,900
Project grants for school and other organisations		140,718	82,933
Amortisation of deferred interest		28,079	42,103
Other expenditure		24,428	23,236
Total resources expended		<u>1,925,536</u>	<u>6,429,172</u>
Net income/(loss) for the year		<u>22,144,404</u>	<u>(3,043,613)</u>
<u>Other comprehensive loss</u>			
<i>Items that will not be reclassified to profit or loss:</i>			
Net fair value loss on financial assets at fair value through other comprehensive income	9	(4,785,308)	(1,695,564)
Total other comprehensive loss		<u>(4,785,308)</u>	<u>(1,695,564)</u>
Total comprehensive income/(loss) for the year		<u>17,359,096</u>	<u>(4,739,177)</u>
<u>Net income/(loss) for the year is attributable as follows:</u>			
General fund		1,521,266	1,523,201
Specific fund		20,623,138	(4,566,814)
		<u>22,144,404</u>	<u>(3,043,613)</u>

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

Ministry of Education - Education Fund
Statement of Changes in Funds and Reserve
For the financial year ended 31 March 2023

	General fund	Specific fund	Total funds	Fair value reserve	Total funds and reserve
	S\$	S\$	S\$	S\$	S\$
Balance as at					
1 April 2021	189,157,126	40,416,261	229,573,387	24,114,264	253,687,651
Net income/ (loss) for the year	1,523,201	(4,566,814)	(3,043,613)	-	(3,043,613)
Fair value loss on financial assets at FVOCI (Note 9)	-	-	-	(1,695,564)	(1,695,564)
Total comprehensive income/ (loss) for the year	1,523,201	(4,566,814)	(3,043,613)	(1,695,564)	(4,739,177)
<u>Others</u>					
Reclassification of cumulative fair value changes upon disposal (Note 9)	1,644,640	-	1,644,640	(1,644,640)	-
Balance as at					
31 March 2022	192,324,967	35,849,447	228,174,414	20,774,060	248,948,474
Net income for the year	1,521,266	20,623,138	22,144,404	-	22,144,404
Fair value loss on financial assets at FVOCI (Note 9)	-	-	-	(4,785,308)	(4,785,308)
Total comprehensive income for the year	1,521,266	20,623,138	22,144,404	(4,785,308)	17,359,096
<u>Others</u>					
Reclassification of cumulative fair value changes upon disposal (Note 9)	-	841,650	841,650	(841,650)	-
Balance as at					
31 March 2023	<u>193,846,233</u>	<u>57,314,235</u>	<u>251,160,468</u>	<u>15,147,102</u>	<u>266,307,570</u>

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 2023

	FY2022	FY2021
	S\$	S\$
Cash flows from operating activities		
Net income/(loss) for the year	22,144,404	(3,043,613)
<i>Adjustments for:</i>		
Interest and investment income to specific fund	(872,521)	(612,686)
Interest and investment income	(1,612,612)	(1,560,057)
Amortisation of deferred interest	28,079	42,103
Operating cash flows before working capital changes	19,687,350	(5,174,253)
<i>Changes in working capital:</i>		
Loan and advances	(566,011)	633,361
Cash generated from/(used in) operations	19,121,339	(4,540,892)
Interest received	-	-
Net cash generated from/(used in) operating activities	19,121,339	(4,540,892)
Cash flows from investing activities		
Interest and investment income received	3,193,433	2,121,524
Purchase of financial asset at amortised cost	(18,057,431)	(13,500,000)
Purchase of financial asset at FVOCI	(23,629)	(37,117,115)
Proceeds from disposal of financial asset at amortised cost	3,000,000	13,750,000
Proceeds from disposal of financial asset at FVOCI	7,941,650	17,498,557
(Placement)/Redemption of fixed deposits	(18,043,394)	6,212,298
Net cash used in investing activities	(21,989,371)	(11,034,736)
Net decrease in cash and cash equivalents	(2,868,032)	(15,575,628)
Cash and cash equivalents at the beginning of financial year	22,290,663	37,866,291
Cash and cash equivalents at the end of financial year		
(Note 8)	19,422,631	22,290,663

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

Ministry of Education - Education Fund
Notes to the Financial Statements
For the financial year ended 31 March 2023

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

1. General

The Fund is an exempt charity and has been granted the status of an Institutions of Public Character under the Charities Act 1994 for the period from 2 December 2006 to 1 December 2026.

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 1967, the Charities Act 1994 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 Dollars (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 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Fund.

2.3 Standards issued but not yet effective

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

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 1 <i>Presentation of Financial Statements</i> : Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to FRS 1 <i>Presentation of Financial Statements</i> and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 8: <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> : Definition of Accounting Estimates	1 January 2023

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 Fund 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 comprised of cash at banks, cash with Accountant-General's Department (AGD) and fixed deposits with less than 3 months maturity period, which are subject to an insignificant risk of changes in value.

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 1994, the Fund is exempt from income tax under Section 13(1)(zm) of the Income Tax Act 1947.

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. Significant accounting judgements and estimates (continued)

3.2 Key sources of estimation of uncertainty

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

Provision for expected credit losses of loan and advances and financial assets at amortised cost

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 is 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 amounts of the Fund's loan and advances and financial assets at amortised cost as at 31 March 2023 were S\$1,251,989 and S\$73,292,500 (FY2021: S\$1,377,884 and S\$58,279,542), respectively.

4. Loan and advances

	FY2022 S\$	FY2021 S\$
Non-current:		
Within 2-5 years		
- Loan to government-funded educational institutions ⁽ⁱ⁾	341,715	576,191
- Study loans to teachers ⁽ⁱⁱ⁾	90,762	119,589
- Deferred interest income ⁽ⁱⁱⁱ⁾	17,148	30,851
	<u>449,625</u>	<u>726,631</u>
More than 5 years		
- Loan to government-funded educational institutions ⁽ⁱ⁾	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
	<u>549,625</u>	<u>826,631</u>
Current:		
- Loan to government-funded educational institutions ⁽ⁱ⁾	237,275	223,943
- Study loans to teachers ⁽ⁱⁱ⁾	143,869	261,158
- Deferred interest income ⁽ⁱⁱⁱ⁾	20,456	31,094
- Interest receivable ^(iv)	300,764	35,058
	<u>702,364</u>	<u>551,253</u>
Total loan and advances	<u><u>1,251,989</u></u>	<u><u>1,377,884</u></u>

- (i) Loans to other government-funded educational institutions are given to support educational purposes in accordance with the objective of the Education Fund. As at 31 March 2023, there were 3 outstanding loans (FY2021: 3 outstanding loans). The loans are unsecured, interest free and are repayable from 1 April 2022 to 31 December 2033. The loans amounting to S\$578,990 (FY2021: S\$800,134) were discounted using the interest rate of 2% (FY2021: 2%) per annum.

4. Loan and advances (continued)

- (ii) Study loans to teachers are interest free and repayable on agreed repayment schedule. The loans were discounted using the interest rate of 5% (FY2021: 5%) per annum.
- (iii) Deferred interest income relates to the loan to government-funded educational institutions and study loans to teachers amounting to S\$19,010 (FY2021: S\$33,866) and S\$18,594 (FY2021: S\$28,079) respectively.
- (iv) Interest receivable relates to interest receivables from financial assets at amortised cost, fixed deposits and cash and cash equivalents.

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 Dollars.

5. Financial assets at amortised cost

	FY2022 S\$	FY2021 S\$
Non-current:		
- SGD corporate bonds (quoted)		
Within 2-5 years	28,953,330	11,500,000
More than 5 years	42,339,170	46,779,542
	<u>71,292,500</u>	<u>58,279,542</u>
Current:		
- SGD corporate bonds (quoted)	2,000,000	-
	<u>73,292,500</u>	<u>58,279,542</u>

The interest rates of the Fund's financial assets at amortised cost ranges from 2.035% to 4.125% per annum (FY2021: 2.48% to 4.11% per annum), which will mature from 25 October 2023 to 17 August 2071 (FY2021: 25 October 2023 to 17 August 2071).

Financial assets at amortised cost are denominated in Singapore Dollars.

6. Financial assets at FVOCI

	FY2022 S\$	FY2021 S\$
At fair value through other comprehensive income		
- Investment with Fund Managers (quoted)		
Beginning of financial year	167,010,285	149,087,291
Addition during the year	23,629	37,117,115
Fair value loss recognised in other comprehensive income (Note 9)	(4,785,308)	(1,695,564)
Disposal during the year	(7,941,650)	(17,498,557)
End of financial year	<u>154,306,956</u>	<u>167,010,285</u>

6. Financial assets at FVOCI (continued)

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.

The financial assets at FVOCI are denominated in Singapore Dollars.

7. Fixed deposits

Fixed deposits have maturity of more than three months from the placement date and bears interest ranging from 2.60% to 3.69% (FY2021: Nil%) per annum.

Fixed deposits are denominated in Singapore Dollars.

8. Cash and cash equivalents

	FY2022	FY2021
	S\$	S\$
Cash at banks	7,373,157	16,088,602
Cash with AGD	3,266,096	1,477,182
Fixed deposits	8,783,378	4,724,879
	<u>19,422,631</u>	<u>22,290,663</u>

Fixed deposits have maturity of less than three months from the placement date and bears interest ranging from 3.0% to 3.5% (FY2021: 0.10% to 0.15%) per annum.

Cash and cash equivalents are denominated in Singapore Dollars.

9. Fair value reserve

	FY2022	FY2021
	S\$	S\$
Balance as at 1 April	20,774,060	24,114,264
Reclassification of cumulative fair value changes upon disposal	(841,650)	(1,644,640)
Fair value loss on financial assets at fair value through other comprehensive income	(4,785,308)	(1,695,564)
Balance as at 31 March	<u>15,147,102</u>	<u>20,774,060</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

	FY2022	FY2021
	S\$	S\$
Dividend income from financial assets at FVOCI	-	92,224
Fee rebate from fund managers	23,629	24,891
Interest from corporate bonds	1,540,362	1,405,061
Interest income from cash and cash equivalents	10,055	5,296
Interest income from discounting of loans to teachers	28,080	42,103
Interest income from fixed deposits	34,115	15,373
	1,636,241	1,584,948

11. Income tax

As an exempt charity under the Charities Act 1994, the Fund is exempt from income tax under Section 13(1)(zm) of the Income Tax Act 1947.

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\$18,242,987 (FY2021: S\$216,804) 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 2022 to 31 December 2022, tax exempt receipts amounting to S\$6,771,341 (FY2021: 1 January 2021 to 31 December 2021: S\$11,209,912) 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.

14. Fair value of assets and liabilities (continued)

(a) Fair value hierarchy (continued)

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.

(b) Assets and liabilities not measured at fair value

Loans 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 and financial assets at amortised cost. For other financial assets (including 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.

15. Financial risk management (continued)

Credit risk (continued)

Loan and advances and financial assets at amortised cost

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.

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.

	Carrying amount S\$	Contractual cash flows S\$	One year or less S\$	Two to five years S\$	More than five years S\$
FY2022					
Financial assets:					
Loan and advances	1,251,989	1,251,989	702,364	449,625	100,000
Financial assets at amortised cost	73,292,500	88,879,116	2,377,699	38,384,784	48,116,633
Financial assets at FVOCI	154,306,956	154,306,956	154,306,956	-	-
Fixed deposits	18,043,394	18,234,605	18,234,605	-	-
Cash and cash equivalents	19,422,631	19,426,150	19,426,150	-	-
Total undiscounted financial assets	266,317,470	282,098,816	195,047,774	38,834,409	48,216,633
Financial liability:					
Other payables	9,900	9,900	9,900	-	-
Total undiscounted financial liability	9,900	9,900	9,900	-	-
Net undiscounted financial assets	266,307,570	282,088,916	195,037,874	38,834,409	48,216,633

15. Financial risk management (continued)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	Carrying amount	Contractual cash flows	One year or less	Two to five years	More than five years
	S\$	S\$	S\$	S\$	S\$
FY2021					
Financial assets:					
Loan and advances	1,377,884	1,377,884	551,253	726,631	100,000
Financial assets at amortised cost	58,279,542	74,052,106	1,887,875	18,446,884	53,717,347
Financial assets at FVOCI	167,010,285	167,010,285	167,010,285	-	-
Cash and cash equivalents	22,290,663	22,291,390	22,291,390	-	-
Total undiscounted financial assets	248,958,374	264,731,665	191,740,803	19,173,515	53,817,347
Financial liability:					
Other payables	9,900	9,900	9,900	-	-
Total undiscounted financial liability	9,900	9,900	9,900	-	-
Net undiscounted financial assets	248,948,474	264,721,765	191,730,903	19,173,515	53,817,347

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 Notes 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 cash and cash equivalent.

The Fund has fixed rate instruments which were financial assets at amortised cost and fixed deposits and variable rate instrument which was cash and cash equivalent. At the reporting date, for the variable rate instruments, if the interest rates had been 50 (FY2021: 50) basis points higher/lower with all other variables held constant, the Fund's net income for the year would have been S\$97,113 (FY2021: S\$111,453) higher/lower, arising mainly as a result of higher/lower interest income on floating rate on the variable rate instrument.

16. Financial instruments by category

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

	FY2022	FY2021
	S\$	S\$
Financial assets measured at FVOCI		
Financial assets at FVOCI (Note 6)	<u>154,306,956</u>	<u>167,010,285</u>
Financial assets measured at amortised cost		
Loan and advances (Note 4)	1,251,989	1,377,884
Financial assets at amortised cost (Note 5)	73,292,500	58,279,542
Fixed deposits (Note 7)	18,043,394	-
Cash and cash equivalents (Note 8)	<u>19,422,631</u>	<u>22,290,663</u>
Total financial assets measured at amortised cost	<u>112,010,514</u>	<u>81,948,089</u>
Financial liability measured at amortised cost		
Other payables	<u>9,900</u>	<u>9,900</u>
Total financial liability 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 2023 were authorised for issue by the Board of Trustees on the date of the Statement by Board of Trustees.