FINANCIAL STATEMENTS

Government Technology Agency and its subsidiaries

Statement by Government Technology Agency

In our opinion,

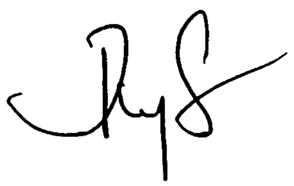
(a) the accompanying financial statements of Government Technology Agency ("GovTech") and its subsidiaries (the "Group"), set out on pages 6 to 45 are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018, Act 5 of 2018 (the "Act") and Statutory Board Financial Reporting Standards ("SB-FRS") so as to present fairly, in all material respects, the financial position of the Group and GovTech as at 31 March 2019, and the financial performance, changes in equity of the Group and GovTech, and cash flows of the Group for the financial year ended on that date;

(b) the receipt, expenditure, investments of moneys and the acquisition and disposal of assets by GovTech during the financial year have been in accordance with the provisions of the Act, the Government Technology Act (No. 23 of 2016) and the requirements of any other written law applicable to moneys of or managed by GovTech; and

(c) proper accounting and other records have been kept, including records of all assets of GovTech and of those subsidiaries incorporated in Singapore whether purchased, donated or otherwise.

On behalf of Government Technology Agency and its subsidiaries

Ng Chee Khern
Chairman



Kok Ping Soon
Chief Executive

Independent Auditor's Report

To The Members Of The Board Of
Government Technology Agency

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Government Technology Agency ("GovTech") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of GovTech as at 31 March 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of comprehensive income and statement of changes in equity of GovTech for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 45.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of GovTech are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018, Act 5 of 2018 (the "Act") and Statutory Board Financial Reporting Standards ("SB-FRS") so as to present fairly, in all material respects, the financial positon of the Group and GovTech as at 31 March 2019 and financial performance and changes in equity of the Group and GovTech and cash flows of the Group 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 Group 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.

Information Other than Financial Statements and Auditor's Report Thereon

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and SB-FRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

A statutory board is constituted based on its Act and its dissolution requires Parliament's approval.
In preparing the financial statements, management is responsible for assessing the Group'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 there is intention to wind up the Group or for the Group to cease operations.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report

To The Members Of The Board Of
Government Technology Agency

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 skepticism throughout the audit. We also:

(a) 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.

(b) 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 Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 Group to cease to continue as a going concern.

(e) 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.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 controls that we identify during our audit.

Independent Auditor's Report

To The Members Of The Board Of
Government Technology Agency

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

(a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by GovTech during the year are, in all material respects, in accordance with the provisions of the Act, the Government Technology Act (No. 23 of 2016) (the "GovTech Act") and the requirements of any other written law applicable to moneys of or managed by GovTech; and

(b) proper accounting and other records have been kept, including records of all assets of GovTech and of those subsidiaries which we are the auditors, incorporated in Singapore whether purchased, donated or otherwise.

Basis for Opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Compliance Audit section of our report. We are independent of the Group in accordance with the 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 on management's compliance.

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act, the GovTech Act and the requirements of any other written law applicable to moneys of or managed by GovTech. This responsibility includes monitoring related compliance requirements relevant to GovTech, and implementing internal controls as management determines are necessary to enable compliance with the requirements.

Auditor's Responsibility for the Compliance Audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act, the GovTech Act and the requirements of any other written law applicable to moneys of or managed by GovTech.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

Public Accountants and
Chartered Accountants
Singapore

28 June 2019

Government Technology Agency

Statements of Financial Position

31 March 2019

	Note	Group 2019 $'000	Group 2018 $'000	GovTech 2019 $'000	GovTech 2018 $'000
ASSETS					
Current assets					
Cash and cash equivalents	6	816,309	676,651	800,081	669,513
Trade receivables	7	202,617	176,451	202,314	175,647
Due from subsidiaries (non-trade)		-	-	717	548
Other receivables	8	34,817	61,732	30,514	59,549
Grants receivables	9	77,148	58,940	77,148	58,940
Total current assets		1,130,891	973,774	1,110,774	964,197
Non-current assets					
Property, plant and equipment	10	98,285	137,052	98,122	136,940
Intangible assets	11	39,519	27,560	39,519	27,560
Subsidiaries	12	-	-	*	*
Deferred expenditure	13	1,077	978	1,077	978
Investments held at fair value through profit or loss	14	356,971	151,978	356,971	151,978
Total non-current assets		495,852	317,568	495,689	317,456
Total assets		1,626,743	1,291,342	1,606,463	1,281,653

** Amount less than $1,000.*
See accompanying notes to financial statements.

Government Technology Agency

Statements of Financial Position (continued)

31 March 2019

	Note	Group 2019 $'000	Group 2018 $'000	GovTech 2019 $'000	GovTech 2018 $'000
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables		43,960	58,740	43,424	58,287
Other payables	15	169,756	148,051	166,596	145,621
Contract liabilities	16	72,246	51,437	72,036	51,192
Provision for restoration	17	-	437	-	437
Grants received in advance	9	20,228	2,429	15,468	2,429
Contribution payable to consolidated fund	27	36,547	31,376	36,547	31,376
Total current liabilities		342,737	292,470	334,071	289,342
Non-current liabilities					
Contract liabilities	16	359,084	244,425	359,084	244,425
Provision for restoration	17	5,071	4,553	4,958	4,553
Deferred capital grants	18	82,944	96,319	82,944	96,319
Total non-current liabilities		447,099	345,297	446,986	345,297
Capital and reserves					
Share capital	19	36,889	36,940	36,889	36,940
Capital account:					
- General funds	19	169,081	160,866	160,229	152,014
- Restricted funds	19, 20	244,866	253,081	244,866	253,081
Accumulated surpluses - general funds		125,844	34,760	123,195	37,051
Accumulated surpluses - restricted funds	20	260,227	167,928	260,227	167,928
Total equity		836,907	653,575	825,406	647,014
Total liabilities and equity		1,626,743	1,291,342	1,606,463	1,281,653
Net (liabilities) assets of trust and agency funds	21	(458)	638	(458)	638

** Amount less than $1,000.*
See accompanying notes to financial statements.

Government Technology Agency

Statements of Comprehensive Income

Year ended 31 March 2019

		Group						GovTech					
		General Funds		Restricted Funds		Total		General Funds		Restricted Funds		Total	
	Note	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Income													
Service fees	22	302,411	15,603	359,995	565,562	662,406	581,165	292,437	2,527	359,995	565,562	652,432	568,089
Interest income	22	11,403	6,928	1,842	67	13,245	6,995	11,127	6,775	1,842	67	12,969	6,842
Other income	23	4,729	3,129	28,467	22,714	33,196	25,843	6,494	4,282	28,467	22,714	34,961	26,996
Fair value gains		4,993	1,978	-	-	4,993	1,978	4,993	1,978	-	-	4,993	1,978
Total income		323,536	27,638	390,304	588,343	713,840	615,981	315,051	15,562	390,304	588,343	705,355	603,905
Expenditure													
Salaries, CPF and other contributions	24	349,178	34,369	64	265,704	349,242	300,073	341,933	28,104	64	265,704	341,997	293,808
Professional services		51,493	19,411	79,800	69,210	131,293	88,621	60,666	11,770	79,800	69,210	140,466	80,980
Regulatory and promotion expenses		1,519	918	105	184	1,624	1,102	1,145	278	105	184	1,250	462
Standard ICT charges		1,891	298	46,632	44,884	48,523	45,182	1,891	298	46,632	44,884	48,523	45,182
Rental expenses		13,026	8,220	67,619	60,431	80,645	68,651	12,897	8,110	67,619	60,431	80,516	68,541
Staff welfare and allowance		5,561	1,696	-	3,276	5,561	4,972	5,543	1,687	-	3,276	5,543	4,963
Repairs and maintenance		7,914	2,178	18,693	9,522	26,607	11,700	7,921	2,187	18,693	9,522	26,614	11,709
Overseas mission and meetings		1,590	517	255	915	1,845	1,432	1,590	517	255	915	1,845	1,432
Supplies and services		6,191	1,628	3,200	1,684	9,391	3,312	6,191	1,628	3,200	1,684	9,391	3,312
Staff training		5,275	1,439	-	4,722	5,275	6,161	5,158	1,382	-	4,722	5,158	6,104
Depreciation of property, plant and equipment	10	28,610	17,855	37,014	20,345	65,624	38,200	28,521	17,825	37,014	20,345	65,535	38,170
Balance carried forward		472,248	88,529	253,382	480,877	725,630	569,406	473,456	73,786	253,382	480,877	726,838	554,663

Government Technology Agency

Statements of Comprehensive Income

Year ended 31 March 2019

		Group						GovTech					
		General Funds		Restricted Funds		Total		General Funds		Restricted Funds		Total	
	Note	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance brought forward		472,248	88,529	253,382	480,877	725,630	569,406	473,456	73,786	253,382	480,877	726,838	554,663
Amortisation of intangible assets	11	5,845	4,348	8,907	5,791	14,752	10,139	5,845	4,348	8,907	5,791	14,752	10,139
Property, plant and equipment expensed off		2,819	5,335	373	2,104	3,192	7,439	953	309	373	2,104	1,326	2,413
Board members' allowance		302	281	-	-	302	281	264	244	-	-	264	244
Other expenses	25	15,812	6,574	30,619	42,434	46,431	49,008	17,729	8,294	30,619	42,434	48,348	50,728
Net foreign currency exchange gain		10	(5)	(59)	(310)	(49)	(315)	10	(6)	(59)	(310)	(49)	(316)
Bad debts written off		-	-	-	3	-	3	-	-	-	3	-	3
Loss allowance for receivables		53	-	298	-	351	-	53	-	298	-	351	-
Loss on disposal of property, plant and equipment		5	5	-	-	5	5	5	5	-	-	5	5
Impairment loss of investment in a subsidiary		-	-	-	-	-	-	-	4,070	-	-	-	4,070
Interest expense		95	103	278	150	373	253	95	104	278	150	373	254
Total expenses before development expenses		497,189	105,170	293,798	531,049	790,987	636,219	498,410	91,154	293,798	531,049	792,208	622,203
Development project expenses	26	9,907	5,057	-	3,257	9,907	8,314	9,907	5,057	-	3,257	9,907	8,314
Total expenditure		507,096	110,227	293,798	534,306	800,894	644,533	508,317	96,211	293,798	534,306	802,115	630,517
Deficit before government grants		(183,560)	(82,589)	96,506	54,037	(87,054)	(28,552)	(193,266)	(80,649)	96,506	54,037	(96,760)	(26,612)

Government Technology Agency

Statements of Comprehensive Income

Year ended 31 March 2019

	Note	Group General Funds 2019 $'000	Group General Funds 2018 $'000	Group Restricted Funds 2019 $'000	Group Restricted Funds 2018 $'000	Group Total 2019 $'000	Group Total 2018 $'000	GovTech General Funds 2019 $'000	GovTech General Funds 2018 $'000	GovTech Restricted Funds 2019 $'000	GovTech Restricted Funds 2018 $'000	GovTech Total 2019 $'000	GovTech Total 2018 $'000
Government grants													
Operating grants		172,481	60,948	44,814	92,664	217,295	153,612	172,481	60,948	44,814	92,664	217,295	153,612
Development grants		22,285	8,528	4,601	11,472	26,886	20,000	27,045	8,528	4,601	11,472	31,646	20,000
		194,766	69,476	49,415	104,136	244,181	173,612	199,526	69,476	49,415	104,136	248,941	173,612
Deferred capital grants amortised		30,804	18,440	32,005	19,124	62,809	37,564	30,804	18,440	32,005	19,124	62,809	37,564
		225,570	87,916	81,420	123,260	306,990	211,176	230,330	87,916	81,420	123,260	311,750	211,176
Surplus before contribution to consolidated fund and income tax		42,010	5,327	177,926	177,297	219,936	182,624	37,064	7,267	177,926	177,297	214,990	184,564
Contribution to consolidated fund	27	11,019	5,270	25,528	26,106	36,547	31,376	11,019	5,270	25,528	26,106	36,547	31,376
Income tax expense	28	6	-	-	-	6	-	-	-	-	-	-	-
Transfers		27,566	25,203	(27,566)	(25,203)	-	-	27,566	25,203	(27,566)	(25,203)	-	-
Net surplus for the year, representing total comprehensive income for the year		58,551	25,260	124,832	125,988	183,383	151,248	53,611	27,200	124,832	125,988	178,443	153,188

See accompanying notes to financial statements.

Government Technology Agency

Statement of Changes in Equity

Year ended 31 March 2019

	Note	Group Share capital $'000	Group Capital account - general funds $'000	Group Capital account - restricted funds $'000	Group Accumulated surplus - general funds $'000	Group Accumulated surplus - restricted funds $'000	Group Total $'000	GovTech Share capital $'000	GovTech Capital account - general funds $'000	GovTech Capital account - restricted funds $'000	GovTech Accumulated surplus - general funds $'000	GovTech Accumulated surplus - restricted funds $'000	GovTech Total $'000
Balance as at 1 April 2017		36,112	160,866	253,081	9,500	41,940	501,499	36,112	152,014	253,081	9,851	41,940	492,998
Total surplus for the year, representing total comprehensive income for the year		-	-	-	25,260	125,988	151,248	-	-	-	27,200	125,988	153,188
Issue of share capital, representing transactions with owners, recognised directly in equity	19	828	-	-	-	-	828	828	-	-	-	-	828
Balance as at 31 March 2018		36,940	160,866	253,081	34,760	167,928	653,575	36,940	152,014	253,081	37,051	167,928	647,014
Transfer of reserves		-	8,215	(8,215)	32,533	(32,533)	-	-	8,215	(8,215)	32,533	(32,533)	-
Total surplus for the year, representing total comprehensive income for the year		-	-	-	58,551	124,832	183,383	-	-	-	53,611	124,832	178,443
Reduction of share capital, representing, transactions with owners recognised directly in equity		(51)	-	-	-	-	(51)	(51)	-	-	-	-	(51)
Balance as at 31 March 2019		36,889	169,081	244,866	125,844	260,227	836,907	36,889	160,229	244,866	123,195	260,227	825,406

See accompanying notes to financial statements.

Government Technology Agency and Its Subsidiaries

Consolidated Statement of Cash Flows

Year ended 31 March 2019

	Note	Group 2019 $'000	Group 2018 $'000
Operating activities			
Deficit before government grants		(87,054)	(28,552)
Adjustments for:			
Depreciation of property, plant and equipment	10	65,624	38,200
Amortisation of intangible assets	11	14,752	10,139
Amortisation of deferred expenditure	13	384	548
Interest income		(13,245)	(6,995)
Interest expense		373	253
Fair value changes on investments held at fair value through profit or loss (net)		(4,993)	(1,978)
Loss allowance for receivables		351	-
Loss on disposal of property, plant and equipment		5	5
Amortisation of contract liabilities in the income and expenditure		(51,437)	(7,113)
Operating cash flows before movements in working capital		(75,240)	4,507
Trade and other receivables		5,255	(72,897)
Trade and other payables		12,795	(88,724)
Provision for restoration		(757)	1,143
Contract liabilities		186,905	156,691
Cash generated from operations		128,958	720
Interest paid		(248)	-
Deferred expenditure paid	13	(483)	(348)
Tax paid		(6)	-
Contribution to consolidated fund		(31,376)	(22,436)
Net cash from (used in) operating activities		96,845	(22,064)

Government Technology Agency and Its Subsidiaries

Consolidated Statement of Cash Flows (continued)

Year ended 31 March 2019

	Note	Group 2019 $'000	Group 2018 $'000
Investing activities			
Interest income received		8,388	8,199
Proceeds on disposal of property, plant and equipment		980	20
Purchase of intangible assets		(26,711)	(17,436)
Purchase of property plant and equipment		(32,999)	(101,542)
Purchase of investments held at fair value through profit or loss		(200,000)	(150,000)
Net cash used in investing activities		(250,342)	(260,759)
Financing activities			
Operating and development grants received	9	293,206	210,110
Increase (Decrease) in cash arising from reduction (increment) in amounts set aside for specific purposes/restricted funds (Note A)		68,523	(174,279)
Reduction of share capital		(51)	-
Issue of share capital		-	828
Designation of grants received as share capital proceeds		-	(828)
Net cash from financing activities		361,678	35,831
Net increase (decrease) in cash and cash equivalents		208,181	(246,992)
Cash and cash equivalents at beginning of year		26,408	273,400
Cash and cash equivalents at end of year		234,589	26,408

Note A

	Note	2019	2018
Cash with Accountant-General Department ("AGD")		813,512	651,470
Cash at bank		2,797	25,181
Total cash and cash balances		816,309	676,651
Less: Cash set aside for restricted funds	6	(581,720)	(650,243)
		234,589	26,408

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements

31 March 2019

1 GENERAL

Government Technology Agency ("GovTech") is established on 1 October 2016 under the Government Technology Agency Act (No. 23 of 2016) (the "GovTech Act") with its registered office at 10 Pasir Panjang Road, #10-01, Mapletree Business City, Singapore 117438.

As a statutory board, GovTech as the implementing agency of the Smart Nation and Digital Government Group is subjected to the control of its supervisory ministry, Prime Minister's Office ("PMO"), and is required to follow the policies and instructions issued from time to time by PMO and other government ministries and departments such as the Ministry of Finance ("MOF").

The objective of GovTech are:

(a) harness and deploy info-communications technology and related engineering for services that benefit Singapore; and

(b) develop the necessary capabilities to support the delivery of such services.

The principal activities of GovTech are:

(a) to advise and make recommendations to the Government on national needs and policies in respect of info-communications technology and related engineering matters;

(b) to provide, develop, implement or operate, or direct or facilitate the provision, development, implementation or operation, of info-communications technology and related engineering systems and services in the public sector;

(c) to ensure the security and reliability of info-communications technology and related engineering systems services in the public sector;

(d) to provide to the public sector consultancy, project management and other services, manpower and facilities for info-communications technology and related engineering systems and services;

(e) to undertake the procurement of info-communications technology and related engineering goods (including equipment and systems) and services for:

(i) the public sector; and

(ii) such other organisation as the Minister may, by written notice to the Agency and with the agreement of the organisation, designates; and

(f) to promote and develop competencies and professional standards in the public sector in relation to info-communications technology and related engineering matters.

There have been no significant changes in the nature of these activities during the financial year.

The principal activities of the subsidiaries are set out in Note 12.

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements (continued)

31 March 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements are prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Act, and Statutory Board Financial Reporting Standards ("SB-FRS"), including Interpretations of SB-FRS ("INT SB-FRS") and SB-FRS Guidance Notes.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of SB-FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SB-FRS 2 *Inventories* or value in use in SB-FRS 36 *Impairment of Assets.*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are presented in Singapore Dollars ($) and all values in the tables are rounded to the nearest thousand ("$'000"), except when otherwise indicated.

2.2 Adoption of New and Revised Standards

On 1 April 2018, the Group and GovTech adopted all the new and revised SB-FRSs and interpretations of SB-FRS ("INT SB-FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised SB-FRSs, INT SB-FRSs and SB-FRS Guidance Notes does not result in changes to the Group and GovTech's accounting policies and has no material effect on the amounts reported for the current or prior year except as disclosed below.

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements (continued)

31 March 2019

SB-FRS 109 *Financial Instruments*

SB-FRS 109 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment of financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the financial statements are described below.

The Group applied SB-FRS 109 with an initial application date of 1 April 2018. The Group and GovTech have not restated the comparative information, which continues to be reported under SB-FRS 39. There is no material impact on the adoption of SB-FRS 109.

(a) Classification and measurement of financial assets and financial liabilities
The Group has applied the requirements of SB-FRS 109 to instruments that have not been derecognised as at 1 April 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The classification of financial assets is based on two criteria: the Group's business model for managing the assets and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. There are no changes in classification and measurement of the Group's financial assets and financial liabilities. Details of the classification of financial assets and financial liabilities are described in Note 2.5.

(b) Impairment of financial assets
SB-FRS 109 requires an expected credit loss model as opposed to an incurred credit loss model under SB-FRS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

SB-FRS 115 *Revenue from Contracts with Customers*

SB-FRS 115 supersedes SB-FRS 11 *Construction Contracts*, SB-FRS 18 *Revenue* and the related interpretations. SB-FRS 115 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in SB-FRS 115 to deal with specific scenarios.

SB-FRS 115 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue'. The Standard, however, does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has adopted the terminology used in SB-FRS 115 to describe such balances.

Apart from providing more extensive disclosures on the Group's revenue transactions, there is no material impact on the Group's financial statements on the adoption of SB-FRS 115.

The Group's significant accounting policies for the revenue streams are disclosed in Note 2.14.

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements (continued)

31 March 2019

2.3 Standards Issued But Not Yet Effective

At the date of authorisation of these financial statements, the following SB-FRS that is relevant to the Group and GovTech was issued but not effective and is expected to have an impact to the Group and GovTech in the period of its initial adoption:

SB-FRS 116 *Leases*

(Effective for annual periods beginning on or after 1 April 2019)

SB-FRS 116 was issued in June 2016 and will supersede SB-FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities are recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor SB-FRS 17.

Management anticipates that the initial application of SB-FRS 116 will result in the changes as the Group has non-cancellable operating lease arrangements as disclosed in Note 29. A preliminary assessment on the Group's non-cancellable operating lease arrangements indicates that these arrangements will meet the definition of a lease under SB-FRS 116, resulting in the recognition of right-of-use assets and corresponding liabilities in respect of all these leases unless the leases qualify for low value or short-term leases upon application of SB-FRS 116.

2.4 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of GovTech and entities controlled by GovTech (its subsidiary). Control is achieved when GovTech:

- Has power over the investee;

- Is exposed, or has rights, to variable returns from its involvement with the investee; and

- Has the ability to use its power to affect its returns.

GovTech reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When GovTech has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. GovTech considers all relevant facts and circumstances in assessing whether or not GovTech's voting rights in an investee are sufficient to give it power, including:

- The size of GovTech's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- Potential voting rights held by GovTech, other vote holders or other parties;

- Rights arising from other contractual arrangements; and

- Any additional facts and circumstances that indicate that GovTech has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when GovTech obtains control over the subsidiary and ceases when GovTech loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date GovTech gains control until the date when GovTech ceases to control the subsidiary.

Income or expenditure and each component of other comprehensive income are attributed to the owners of GovTech and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of GovTech and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries
Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of GovTech.

When the Group loses control of a subsidiary, a gain or loss is recognised in income or expenditure and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to income or expenditure or transferred to another category of equity as specified/permitted by applicable SB-FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SB-FRS 109, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In GovTech's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in income or expenditure.

Government Technology Agency and Its Subsidiaries
Notes to Financial Statements (continued)
31 March 2019

2.5 Financial Instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value and subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets and financial liabilities. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in income or expenses.

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

Classification of financial assets
Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost.

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements (continued)

31 March 2019

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL. Specifically,

- Investments in equity instruments are classified as at FVTPL; and

- Debt instruments that do not meet the amortised cost criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in income and expenses to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in income or expenses includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments on trade and other receivables and debt instruments that are measured at amortised cost or at FVTPL. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group applied the simplified approach permitted by SB-FRS 109 and recognise lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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Notes to Financial Statements (continued)

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Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group recognises the retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in income and expenses.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Pursuant to the Finance Circular Minute ("FCM") No. 26/2008 on Capital Management Framework ("CMF"), equity injection from the Government is recorded as share capital.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in income and expenses.

2.6 Offsetting Arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements (continued)

31 March 2019

2.7 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to income or expenditure, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to income or expense on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.8 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset during that period.

The Group adopts the component approach to depreciation whereby the amount initially recognised in respect of an item of property, plant and equipment is allocated to its significant parts. Each significant part is depreciated separately if those parts have different useful lives.

Capital work-in-progress are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Leasehold improvements, furniture and fittings	- over the remaining lease term ranging from 3 to 10 years
Equipment	- 1.5 to 5 years
Plant and machinery	- 5 to 7 years
Buildings	- 50 years
Infrastructure	- 3 years

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements (continued)

31 March 2019

The residual values, estimated useful lives and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate. The effects of any revision of the residual values and useful lives are included in income or expenditure when the changes arise.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in income or expenditure when incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in income or expenditure in the year the asset is derecognised.

Assets below $2,000 are expensed off in the period of purchase.

2.9 Intangible Assets

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses.

Intangible assets with finite lives are amortised over their estimated useful lives, using the straight-line method on the following bases:

Application software - 3 years

Software under development included in intangible assets comprise of software implementation that are not depreciated as these assets are not available for use.

The estimated useful lives, residual values and amortisation method of intangible assets are reviewed at the end of each reporting period with the effect of any changes in estimates accounted for on a prospective basis.

An item of intangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income or expense in the year the asset is derecognised.

Application software below $10,000 is expensed off in the period of purchase.

2.10 Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements (continued)

31 March 2019

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately as an expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as income.

2.11 Deferred Expenditure

Expenditure incurred in providing scholarships is capitalised and stated at cost less accumulated amortisation. Amortisation is calculated on a straight-line basis to write off the cost over the period of the scholarship bond from 1 to 6 years commencing from the period that the scholars commence employment with the Group.

2.12 Government Grants and Contribution Received

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred capital grant in the statement of financial position and transferred to income or expenditure on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in income or expenses in the period in which they become receivable.

2.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements (continued)

31 March 2019

2.14 Revenue Recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

The Group recognises revenue from the following major sources:

(a) Rendering of services

Professional services

Professional consultancy services are provided to government agencies by assisting them with the necessary information and communication technology, knowledge and advisory services.

The performance obligation of certain professional services is satisfied over time because the customer simultaneously receives and consumes the benefits. Revenue is recognised over time, based on the actual hours incurred to date.

The performance obligation of certain professional services is recognised based on the stage of completion of the service contract. Management has assessed that the stage of completion determined as the proportion of the total contracted period that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of the performance obligation under SB-FRS 115.

A contract asset is recognised when a group entity has unconditional rights to the consideration for those works performed under the contract but has yet to bill the customer.

A contract liability is recognised when a group entity has yet to perform its performance obligations under the contract but have received advance payments from the customer.

Subscription services

Provision of information technology and network subscription and maintenance services.

The performance obligation is satisfied over time as the customer simultaneously receives and consumes the benefits.

The performance obligation of subscription services is satisfied over time because the customer simultaneously receives and consumes the benefits. Revenue is recognised over time, based on the actual costs incurred to date as a proportion to the total expected costs.

(b) Interest income

Interest income generated from loans and deposits is recognised as it accrues in the statement of comprehensive income, using the effective interest method.

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Notes to Financial Statements (continued)

31 March 2019

2.15 Retirement Benefit Obligations

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2.16 Employee Leave Entitlements

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

2.17 Trust and Agency Funds

Trust and agency funds are set up to account for funds held in trust where GovTech is not the owner and beneficiary of the funds received from the Government and other organisations. The receipts and expenditure in respect of agency funds are taken directly to the funds accounts and the net assets relating to the funds are shown as a separate line item in the statement of financial position. Trust funds are accounted for on an accrual basis.

2.18 Restricted Funds

These are funds earmarked for specific purposes and for which separate disclosure is necessary as these funds are material. There are legal and other restrictions on the ability of GovTech to distribute or otherwise apply its funds. The treatment is in accordance with Guidance Note 1 issued by the Accountant-General Department ("AGD"). Restricted funds are accounted for on an accrual basis.

They are accounted for separately in the Statements of Comprehensive Income and the assets and liabilities are disclosed separately in Note 20 of the financial statements.

2.19 Contribution to Consolidated Fund

GovTech is required to make contributions to the Consolidation Fund in accordance with the Statutory Corporation (Contributions to Consolidated Fund) Act (Cap 319A, 2004 Revised Edition) and in accordance with the Finance Circular Minute No. M5/2005 with effect from 2004/2005. The contribution is based on a percentage, as decided by Ministry of Finance, of the net surplus of GovTech (before donations) for the financial period. Contribution to consolidated fund is provided for on an accrual basis.

2.20 Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax of the subsidiaries of the Group.

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements (continued)

31 March 2019

The tax currently payable is based on taxable profit of the subsidiaries for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised as an expense or income in the income or expenditure, except when they relate to items credited or debited outside income or expenditure (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside income or expenditure (either in other comprehensive income or directly in equity respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.21 Cash and Cash Equivalents

Cash and cash equivalents comprise cash maintained centrally with the Accountant General's Department ("AGD") as a consolidated pool, cash balances and short-term deposits with maturities of three months or less that are subject to an insignificant risk of changes in their fair value. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements (continued)

31 March 2019

Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies which are described in Note 2 above, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Management is of the opinion that there are no key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		GovTech	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
FINANCIAL ASSETS				
At amortised cost:	816,309	676,651	800,081	669,513
Cash and cash equivalents	202,617	176,451	202,314	175,647
Trade receivables	31,400	20,128	27,584	18,043
Other receivables	77,148	58,940	77,148	58,940
Grants receivables	-	-	717	548
Due from subsidiaries	1,127,474	932,170	1,107,844	922,691
At FVTPL:				
Investments held at fair value through profit or loss	356,971	151,978	356,971	151,978
	1,484,445	1,084,148	1,464,815	1,074,669
FINANCIAL LIABILITIES AT AMORTISED COST				
Trade payables	43,960	58,740	43,424	58,287
Other payables	156,227	135,981	155,301	133,799
	200,187	194,721	198,725	192,086

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements (continued)

31 March 2019

(b) Financial risk management policies and objectives

The Group is exposed to financial risk arising from its operations which include market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Group's overall financial risk management seeks to minimise potential adverse effects on its financial performance. In addition, the Finance and Investment Committee of the Group is also involved in formulating investment policies and guidelines, reviewing investment strategy and performance of the fund managers and monitoring the results of the investments. The Board provides written principles for overall financial risk management, which covers specifically on foreign exchange risk, interest rate risk, credit risk and liquidity risk.

The Group monitors its risk exposure regularly. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

(i) Foreign exchange risk management

The Group's operations are not exposed to significant foreign currency risk as its transactions, monetary assets and liabilities are predominantly denominated in Singapore dollars.

Foreign currency sensitivity analysis has not been presented as management do not expect any reasonable possible changes in foreign currency exchange rates to have a significant impact on the Group's operations and cash flows.

(ii) Interest rate risk management

The Group have cash balances placed with reputable banks and financial institutions and deposits held with AGD and has limited exposure to interest rate risk as variable interest-bearing assets are mainly of a short-term nature (Note 6).

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In managing credit risk exposure, credit review and approval processes as well as monitoring mechanisms are applied.

The Group's major classes of financial assets are cash with AGD, cash and bank balances, trade receivables, other receivables and financial assets at fair value through profit or loss. The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments as presented on the statement of financial position.

GovTech has financial assets invested through AGD Demand Aggregation Scheme which consists of funds placements with two fund managers under the AGD panel of approved fund managers. The underlying financial assets are of these funds include fixed income instruments, equities and commodities which are of high credit ratings as determined by recognised rating agencies.

The Group mitigates its credit risk exposure through regular monitoring of the recoverability of the financial assets.

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements (continued)

31 March 2019

(iv) Liquidity risk management

The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance its activities.

Liquidity risk is managed by matching the payment and receipt cycle. The Group has sufficient cash from operations and government grants to fund its capital investments and working capital requirements.

(v) Fair value of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities as reported on the statement of financial position approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes.

The Group classifies fair value measurements using a fair value hierarchy as detailed in Note 2 which reflects the significance of the inputs used in making the measurements.

(c) Capital risk management policies and objectives

The Group and GovTech manage its capital to ensure that it will be able to continue as a going concern while fulfilling its objective as a statutory board.

The capital structure of the Group and GovTech consist of accumulated surplus and share capital. The Group and GovTech are not subject to regulatory capital requirement.

The Group and GovTech reviews its capital structure periodically. The overall strategy of the Group remains unchanged from the previous financial year.

5 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. These balances are unsecured and non-interest bearing.

The following significant transactions took place between the Group and related parties during the financial year:

(a) Transactions with subsidiaries

	GovTech	
	2019	**2018**
	$'000	**$'000**
Professional service fees	54	84
Other income	313	1,271
	367	1,355
Professional service	(22,494)	(5,043)
Other expenses	(1,646)	(1,897)
Rental expenses	(370)	(466)
	(24,510)	(7,406)

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements (continued)

31 March 2019

(b) Transactions with Ministries and Statutory Boards

	Group		GovTech	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Professional service fees	287,381	251,127	287,381	251,127
Standard ICT service fees	366,095	324,958	364,997	316,878
Grants received	293,206	210,110	293,206	210,110

No loss allowance has been recognised in the year in respect of the amounts due from related parties.

Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

	Group		GovTech	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Short term benefits	9,416	7,363	8,604	6,655
CPF contributions	342	294	312	263
	9,758	7,657	8,916	6,918

The Group adopts guidelines set by Public Service Division ("PSD") and takes into consideration the reporting officers' assessment of individual officers in determining the remuneration of key management.

6 CASH AND CASH EQUIVALENTS

	Group		GovTech	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Cash with the AGD	813,512	651,470	797,303	644,342
Bank and cash balances	2,797	25,181	2,778	25,171
	816,309	676,651	800,081	669,513

Cash with the Accountant-General's Department ("AGD") refers to cash that are managed by AGD under the Centralised Liquidity Management Scheme ("CLM") as set out in the Accountant-General's Circular No.4/2009. AGD pays interest on the Group's cash balances participating in AGD's CLM with an effective rate of 1.76% (2018 : 1.23%).

Cash and bank balances of the Group and GovTech include an amount of approximately $581.7 million (2018 : $650.2 million) set aside for restricted funds.

7 TRADE RECEIVABLES

	Group		GovTech	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Third parties	80,304	71,480	80,001	70,676
Ministries and statutory boards	122,664	104,971	122,664	104,971
Allowance for expected credit loss:				
Balance at beginning of year	-	-	-	-
Allowance for the year	(351)	-	(351)	-
Balance at end of year	(351)	-	(351)	-
	202,617	176,451	202,314	175,647

The table below is an analysis of trade receivables as at 31 March:

	Group		GovTech	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Not past due and not impaired	189,927	149,460	189,624	148,861
Past due but not impaired	12,690	26,991	12,690	26,786
	202,617	176,451	202,314	175,647

The average credit period on sale of services and sale of goods are 30 days and 81 days respectively (2018 : 30 days and 70 days). Loss allowance has been measured at an amount equal to expected credit losses. The ECL on trade receivables are estimated using a provisional matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors which are specific to the debtor and the general economic conditions of the industry in which the debtor operates.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for trade receivables.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

There is a concentration risk at both the Group and GovTech levels for receivables due from Singapore Government Organisations ("GO"). However, management determines the receivables due from GO are subject to immaterial credit loss.

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Notes to Financial Statements (continued)
31 March 2019

8 OTHER RECEIVABLES

	Group		GovTech	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Deposits	1,049	940	870	769
Interest receivable	8,725	3,868	8,539	3,781
Prepayments	3,417	41,604	2,930	41,506
Other debtors	21,626	15,320	18,175	13,493
	34,817	61,732	30,514	59,549

For purpose of impairment assessment, the other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses. The Group has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate.

9 GRANTS (RECEIVABLES)/RECEIVED IN ADVANCE

	Group		GovTech	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Balance at beginning of year	(56,511)	16,701	(56,511)	16,701
Operating grants - Government	197,882	131,384	197,882	131,384
Development grants - Government	95,324	78,726	95,324	78,726
Net grants received during the year	293,206	210,110	293,206	210,110
Transferred to deferred capital grants	(49,434)	(108,882)	(49,434)	(108,882)
Transferred to share capital account	-	(828)	-	(828)
Grants recognised in income and expenditure	(244,181)	(173,612)	(248,941)	(173,612)
Balance at end of year	(56,920)	(56,511)	(61,680)	(56,511)

	Group		GovTech	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Classified as:	20,228	2,429	15,468	2,429
- Grants received in advance	(77,148)	(58,940)	(77,148)	(58,940)
- Grants receivables	(56,920)	(56,511)	(61,680)	(56,511)

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements (continued)

31 March 2019

10 PROPERTY, PLANT AND EQUIPMENT

GROUP	Leasehold, improvement, furniture and fittings $'000	Equipment $'000	Plant and machinery $'000	Building $'000	Infrastructure $'000	Capital work-in-progress $'000	Total $'000
Cost:							
At 1 April 2017	21,618	99,388	1,014	213	10,273	57,674	190,180
Additions	1,742	9,764	207	-	-	70,138	81,851
Disposals	-	(1,039)	(220)	-	-	-	(1,259)
Reclassification	1,615	92,023	-	-	-	(93,638)	-
At 31 March 2018	24,975	200,136	1,001	213	10,273	34,174	270,772
Additions	2,915	3,665	104	30	-	21,128	27,842
Disposals	(2,683)	(7,174)	(47)	-	-	-	(9,904)
Reclassification	4,938	37,379	345	-	-	(42,662)	-
At 31 March 2019	30,145	234,006	1,403	243	10,273	12,640	288,710
Accumulated depreciation and impairment losses:							
At 1 April 2017	15,975	69,806	491	209	10,273	-	96,754
Depreciation for the year	2,391	35,657	148	4	-	-	38,200
Disposals	-	(1,035)	(199)	-	-	-	(1,234)
At 31 March 2018	18,366	104,428	440	213	10,273	-	133,720
Depreciation for the year	3,762	61,633	225	4	-	-	65,624
Disposals	(1,730)	(7,172)	(17)	-	-	-	(8,919)
At 31 March 2019	20,398	158,889	648	217	10,273	-	190,425
Carrying amounts:							
At 31 March 2018	6,609	95,708	561	-	-	34,174	137,052
At 31 March 2019	9,747	75,117	755	26	-	12,640	98,285

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Notes to Financial Statements (continued)

31 March 2019

GOVTECH	Leasehold, improvement, furniture and fittings $'000	Equipment $'000	Plant and machinery $'000	Building $'000	Capital work-in-progress $'000	Total $'000
Cost:						
At 1 April 2017	21,591	99,320	1,014	213	57,674	179,812
Additions	1,657	9,739	207	-	70,138	81,741
Disposals	-	(1,039)	(220)	-	-	(1,259)
Reclassification	1,615	92,023	-	-	(93,638)	-
At 31 March 2018	24,863	200,043	1,001	213	34,174	260,294
Additions	2,796	3,642	104	30	21,128	27,700
Disposals	(2,683)	(7,156)	(47)	-	-	(9,886)
Reclassification	4,938	37,379	345	-	(42,662)	-
At 31 March 2019	29,914	233,908	1,403	243	12,640	278,108
Accumulated depreciation and impairment losses:						
At 1 April 2017	15,948	69,770	491	209	-	86,418
Depreciation for the year	2,384	35,634	148	4	-	38,170
Disposals	-	(1,035)	(199)	-	-	(1,234)
At 31 March 2018	18,332	104,369	440	213	-	123,354
Depreciation for the year	3,698	61,608	225	4	-	65,535
Disposals	(1,730)	(7,156)	(17)	-	-	(8,903)
At 31 March 2019	20,300	158,821	648	217	-	179,986
Carrying amounts:						
At 31 March 2018	6,531	95,674	561	-	34,174	136,940
At 31 March 2019	9,614	75,087	755	26	12,640	98,122

Capital work-in-progress represents installation of equipment, furniture and fittings in progress, which upon completion, will be reclassified to the relevant asset categories.

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements (continued)

31 March 2019

11 INTANGIBLE ASSETS

GROUP AND GOVTECH	Software $'000	Software under development $'000	Total $'000
Cost:			
At 1 April 2017	32,371	11,926	44,297
Additions	5,781	11,655	17,436
Disposals	(679)	-	(679)
Reclassification	16,356	(16,356)	-
At 31 March 2018	53,829	7,225	61,054
Additions	6,449	20,262	26,711
Disposals	(7,204)	-	(7,204)
Reclassification	14,870	(14,870)	-
At 31 March 2019	67,944	12,617	80,561
Accumulated depreciation:			
At 1 April 2017	24,034	-	24,034
Amortisation for the year	10,139	-	10,139
Disposals	(679)	-	(679)
At 31 March 2018	33,494	-	33,494
Amortisation for the year	14,752	-	14,752
Disposals	(7,204)	-	(7,204)
At 31 March 2019	41,042	-	41,042
Carrying amounts:			
At 31 March 2018	20,335	7,225	27,560
At 31 March 2019	26,902	12,617	39,519

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements (continued)

31 March 2019

12 SUBSIDIARIES

	GovTech 2019 $'000	GovTech 2018 $'000
Unquoted shares, at cost	70,140	70,140
Less: Impairment loss	(70,140)	(70,140)
	*	*

** Amount less than $1,000.*
Management recorded impairment loss of $70.1 million (2018 : $70.1 million) during the year which represents the shortfall between the recoverable amount and carrying amount.

Details of GovTech's subsidiaries as at the end of the reporting period are as follows:

Name of subsidiaries	Principal activities	Proportion of ownership interest and voting power held 2019 %	Proportion of ownership interest and voting power held 2018 %	Cost of investments 2019 $'000	Cost of investments 2018 $'000
HELD BY GOVTECH					
IDA International Pte Ltd	The company has wound down their operations subsequent to 31 March 2015 and transferred all their business activities to other government agencies on 3 December 2015	100	100	*	*
Assurity Trusted Solutions Pte Ltd	Provide information security services including second factor authorisation services and certification services	100	100	70,140	70,140

** The cost of investment in the subsidiary as at 31 March 2019 is $100. Amount less than $1,000.*

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements (continued)

31 March 2019

13 DEFERRED EXPENDITURE

	Group & GovTech	
	2019	2018
	$'000	$'000
Cost:		
Balance at beginning of the year	8,665	8,317
Additions	483	348
Balance at end of the year	9,148	8,665
Accumulated amortisation:		
Balance at beginning of the year	7,687	7,139
Amortisation for the year	384	548
Balance at end of the year	8,071	7,687
Carrying amounts:	1,077	978

Expenditure incurred in providing scholarships is capitalised and stated at cost less accumulated amortisation. Amortisation is calculated on a straight line basis to write off the cost over the period of the scholarship bond from 1 to 6 years commencing from the year that the scholars commence employment with the Group.

14 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group & GovTech	
	2019	2018
	$'000	$'000
Investments held at fair value through profit or loss	356,971	151,978

Movement in investments held at fair value through profit or loss:

	Group & GovTech	
	2019	2018
	$'000	$'000
Balance at beginning of the year	151,978	-
Additions during the year	200,000	150,000
Fair value changes during the year	4,993	1,978
Balance at end of the year	356,971	151,978

The investments offer the Group the opportunity for returns through fair value gains. The fair value of the funds is based on closing quoted market prices on the last market day of the financial year provided by the fund managers. The investments are measured based on Level 2 of the fair value hierarchy.

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements (continued)

31 March 2019

15 OTHER PAYABLES

	Group		GovTech	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Accrual for payroll related expenses	90,762	78,959	89,429	77,717
Accrual for operating and other expenses	58,608	44,091	57,015	43,131
Accrual for purchase of fixed assets	6,857	12,727	6,857	12,727
Amount due to IMDA (i)	-	204	-	204
	156,227	135,981	153,301	133,779
Provision for unutilised leave	13,529	12,070	13,295	11,842
	169,756	148,051	166,596	145,621

(i) Amounts due to IMDA represents the difference in allocated and the actual cash and bank balances, interest receivables, accrual for custodian fees and investments at fair value through profit or loss transferred to IMDA as at 30 September 2016. The transfer of these balances arose from the restructure of IDA and MDA to form GovTech and IMDA. Following the formation of the GovTech and the IMDA on 1 October 2016, all undertakings, assets, liabilities and equity of IDA were transferred to either the GovTech or IMDA.

16 CONTRACT LIABILITIES

	Group		GovTech	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Current	72,246	51,437	72,036	51,192
Non-current	359,084	244,425	359,084	244,425
	431,330	295,862	431,120	295,617

This relates to consideration received to render infrastructure future technology refresh, enhancement and related services in future periods.

These services are paid upfront as part of the initial transaction whereas revenue is recognised over the period when services are provided to the customer. A contract liability is recognised for revenue relating to these services at the time of the initial sales transaction and is released over the service period.

There were no significant changes in the contract liability balances during the reporting period. The amount of revenue recognised in the current reporting period which relates to brought-forward contract liabilities is $56.9 million for the Group and $56.7 million for GovTech.

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements (continued)

31 March 2019

17 PROVISION FOR RESTORATION

	Group		GovTech	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Balance at beginning of the year	4,990	3,725	4,990	3,725
Provisions made	713	1,143	600	1,143
Reversals made	(757)	-	(757)	-
Unwind of discount on restoration costs	125	122	125	122
Balance at end of the year	5,071	4,990	4,958	4,990
Provision due:				
Within 1 year	-	437	-	437
After 1 year but within 5 years	4,932	3,303	4,819	3,303
After 5 years	139	1,250	139	1,250
	5,071	4,990	4,958	4,990

Provision or restoration relate to the expected cost of dismantling and removing assets and restoring the premises to its original condition as stipulated in the operating lease agreements, upon termination of the leases.

18 DEFERRED CAPITAL GRANTS

	Group & GovTech	
	2019	2018
	$'000	$'000
Balance at beginning of the year	96,319	25,001
Amounts transferred from government grants (Note 9)	49,434	108,882
Amortisation of deferred capital grants	(62,809)	(37,564)
Balance at end of the year	82,944	96,319

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements (continued)

31 March 2019

19 SHARE CAPITAL

	Group & GovTech			
	2019	2018	2019	2018
	Number of ordinary shares		$'000	$'000
Issued And Fully Paid Up:				
At beginning of year	36,939,791	36,111,291	36,940	36,112
Issuance of shares	-	828,500	-	828
Capital reduction	(50,574)	-	(51)	-
At end of year	36,889,217	36,939,791	36,889	36,940

Injection of capital is part of the Capital Management Framework for Statutory Boards under Finance Circular Minute M26/2008. The shares have been fully paid and are held by the Minister for Finance, a body incorporated by the Minister for Finance (Incorporation) Act (Chapter 183).

The holders of these shares are entitled to receive dividends as and when declared by GovTech. The shares carry no voting rights nor have a par value.

Capital account

This represents amount transferred from IDA to GovTech, upon its formation, arising from the restructuring of IDA and Media Development Authority of Singapore ("MDA") on 1 October 2016.

20 CAPITAL ACCOUNT AND ACCUMULATED SURPLUSES - RESTRICTED FUNDS

The professional services and IT project funds are restricted funds which are not distinctly different in underlying nature and must be used for the purposes of provision of professional services or specified IT projects such as ongoing operations, security, resiliency enhancements and the recurrent costs of hardware and/or during technology refresh.

The funds are sourced from the collection of monies through the provision of services mainly to the whole of government.

The funds are subject to restrictions on the ability of GovTech to distribute or otherwise apply the fund. The basis of accounting in relation to the fund is stipulated in Note 2.

The breakdown of the income and expenditure of the funds are detailed in the statements of comprehensive income and the assets and liabilities of the fund for the Group and GovTech are as follows:

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements (continued)

31 March 2019

	Group & GovTech	
	2019	2018
	$'000	$'000
Non-current assets		
Property, plant and equipment	73,450	104,507
Intangible assets	28,745	24,882
Investment at fair value through profit or loss	200,000	-
	302,195	129,389
Current assets		
Trade receivables	165,503	168,558
Other receivables	11,152	50,051
Grant receivables	161	-
Cash and bank balances	581,720	650,243
	758,536	868,852
Current liabilities		
Contract liabilities	72,033	51,192
Trade payables	12,630	56,304
Other payables, advances and deposits	30,918	118,131
Grants received in advance	-	13,814
Contribution payable to consolidated fund	25,561	26,106
	141,142	265,547
Non-current liabilities		
Deferred capital grants - government	55,412	67,260
Contract liabilities	359,084	244,425
	414,496	311,685
Equity		
Capital account	244,866	253,081
Accumulated surpluses - restricted funds	260,227	167,928
	505,093	421,009

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements (continued)

31 March 2019

21 NET ASSETS OF TRUST AND AGENCY FUNDS

Trust and agency funds comprise the funds, which represent contributions received from SNDGO and other government agencies for the purpose of provision of professional services or specific IT projects.

Details of the trust and agency funds are set out below and have been prepared from the records of those funds and reflect only transactions handled by the Group and GovTech.

	Group & GovTech	
	2019	2018
	$'000	$'000
Receipts	10,561	14,286
Expenditures	(11,657)	(13,905)
Net deficit for the year	(1,096)	381
Accumulated surplus at 31 March	638	257
	(458)	638
Represented by:		
Amounts due to general funds	(2,035)	(940)
Trade and other payables	(79)	-
Trade and other receivables	1,656	1,578
Net (liabilities) assets	(458)	638

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements (continued)

31 March 2019

22 REVENUE

A disaggregation of the Group's revenue for the year is as follows:

	Group		GovTech	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
TIMING OF REVENUE RECOGNITION				
At a point in time:				
Interest income from loans and receivables	12,995	6,863	12,719	6,709
Others	250	132	250	133
	13,245	6,995	12,969	6,842
Over time:				
Professional services rendered	287,435	251,211	287,435	251,211
Subscription services rendered	374,971	329,954	364,997	316,878
	662,406	581,165	652,432	568,089
	675,651	588,160	665,401	574,931

The Group and GovTech have applied the practical expedient allowed under SB-FRS 115 paragraph 121 and has not disclosed information about performance obligations that are unsatisfied (or partially satisfied) as at the end of the reporting period for performance obligations are part of contracts that have original expected duration of one year or less.

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period for the Group and GovTech are described in Note 16.

23 OTHER INCOME

	Group		GovTech	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Other service income	28,727	24,238	30,547	25,988
Others	4,469	1,605	4,414	1,008
	33,196	25,843	34,961	26,996

Government Technology Agency and Its Subsidiaries

Notes to Financial Statements (continued)

31 March 2019

24 SALARIES, CPF AND OTHER CONTRIBUTIONS

	Group		GovTech	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Wages and salaries	315,271	267,216	309,033	261,532
Employer's contribution to Central Provident Fund	33,971	32,857	32,964	32,276
	349,242	300,073	341,997	293,808

25 OTHER EXPENSES

	Group		GovTech	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
IT promotion and sponsorship	321	52	321	52
Utilities	7,529	5,295	7,529	5,295
Publicity expense	2,309	1,963	2,309	1,963
Professional and communication services	22,341	30,975	24,292	32,964
Irrecoverable GST	7,932	7,643	7,932	7,643
General and administrative expense	4,301	1,471	4,267	1,237
Local travelling	1,314	1,061	1,314	1,026
Amortisation of deferred expenditure	384	548	384	548
	46,431	49,008	48,348	50,728

26 DEVELOPMENT PROJECT EXPENSES

	Group & GovTech	
	2019	2018
	$'000	$'000
Development project expenses:		
iN2015 Masterplan (i)	8,257	8,099
ICM2025 (ii)	1,650	199
Others	-	16
	9,907	8,314

The development activities relate to expenses to develop Singapore info-communications industry.

(i) iN2015 Master plan
The Intelligent Nation 2015 ("iN2015") Masterplan is Singapore's long-term strategic info-communications master plan to further enhance quality of life and create new national competitive advantage through info-communications. The plan seeks to enrich the lives of the people, enhance Singapore's economic competitiveness and increase the growth of the info-communications industry.

(ii) ICM2025
The goal of Infocomm Media Masterplan 2025 ("ICM2025") is to establish Singapore as a Smart Nation with globally competitive ICM ecosystem and to Ignite the World's love for Singapore's content. Singapore aims to be at the forefront in tapping the potential of Infocomm and Media and nurturing Innovative Talent and Enterprises. In this way, the infocomm and media sectors can contribute to Economic Growth and Social Cohesion, and Better living for Our People.

27 CONTRIBUTION TO CONSOLIDATED FUND

GovTech is required to make contributions to the Consolidation Fund in accordance with the Statutory Corporation (Contributions to Consolidated Fund) Act (Cap 319A, 2004 Revised Edition) and in accordance with the Finance Circular Minute No. M5/2005 with effect from 2004/2005. The contribution is based on a percentage, as decided by Ministry of Finance, of the net surplus of GovTech (before donations) for the financial period. Contribution to consolidated fund is provided for on an accrual basis.

The total contribution for the period can be reconciled to the net surplus as follows:

	GovTech	
	2019	**2018**
	$'000	**$'000**
Surplus of GovTech before contribution to consolidated fund	214,990	184,564
Contribution at 17%	36,547	31,376

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28 INCOME TAX EXPENSE

Domestic income tax of the Group is calculated at 17% (2018 : 17%) of the estimated assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The charge for the year can be reconciled to the accounting surplus as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Surplus before contribution to Consolidated Fund and taxation	219,936	182,624
Less: Surplus of the Corporation before contribution to Consolidated Fund and taxation not subjected to tax	(214,990)	(184,564)
	4,946	(1,940)
Income tax expense (benefit) at statutory tax rate of 17% (2018 : 17%)	841	(330)
Deferred tax assets not recognised	21	160
Income not subject to tax	(21)	-
Utilisation of tax losses	(851)	-
Expenses not deductible for tax purposes	10	170
Underprovision of income tax in prior year	6	-
	6	-

GovTech is a tax exempted institution under the provision of the Income Tax Act (Cap.134, 2004 Revised Edition). The subsidiaries of GovTech are subject to tax under Singapore income tax legislation.

As of 31 March 2019, subject to the agreement by the tax authorities, certain subsidiaries of the Group have unutilised tax losses amounting to approximately $44.5 million (2018 : $49.5 million) and unrecognised capital allowances of approximately $10.6 million (2018 : $10.6 million) available for offset against future profits. No deferred tax arising from unutilised tax losses has been recognised due to the unpredictability of future profit streams.

Utilisation of such losses is subject to the retention of majority shareholders and agreement of the Inland Revenue Authority of Singapore. These subsidiaries have not recognised any deferred tax benefits in respect of such tax losses which may be available for offsetting against profits due to the unpredictability of future profit streams.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Differences between the actual results and management's estimates would affect the results of the period in which such differences are determined.

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29 COMMITMENTS

As at the end of the financial year, the commitments not provided for in the financial statements are as follows:

	Group		GovTech	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Capital expenditure	37,645	30,304	37,645	30,304
Operation and maintenance expenditure	5,191	10,383	-	-
	42,836	40,687	37,645	30,304

Included in the operation and maintenance expenditure are commitments in relation to the implementation (design, build, operate and maintain) of the National Authentication Framework ("NAF") Systems and Services. The Group has contracted the management and maintenance of the authentication system for 5 years, which gave rise to an annual charge of $2.2 million following the commissioning of the NAF systems and services in December 2011. The contract was further extended from 12 December 2017 to 31 March 2020 at an adjusted annual charge of $5.2 million. The pro-rated commitment of 24 months amounts to $10.4 million.

Operating lease arrangements

As at the end of the reporting period, the non-cancellable lease rentals are payable as follows:

	Group		GovTech	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Not later than one year	78,550	70,148	78,550	69,978
Later than one year but not later than five years	246,092	222,126	245,447	222,126
Later than five years	113,735	88,554	111,803	88,554
	438,377	380,828	435,800	380,658

Operating lease payment represent rental payable by the Group for certain of its office properties and office equipment. Leases are recognised for an average terms of 1 to 10 years and rentals are fixed for the duration of the lease except for lease payments of data centre facilities which are based on the actual number of units used.

Development project expense (to develop Singapore info-communications industry) commitments.

As at 31 March 2019, the development project expenses (to develop Singapore info-communications industry) committed amounted to approximately $10.7 million (2018 : $13.1 million).

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