

# Financial Statements

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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 33 to 74 are properly drawn up in accordance with the provisions of the Government Technology Agency Act (No. 23 of 2016) (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 2018, 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) 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; and
- (c) 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.

On behalf of Government Technology Agency and its subsidiaries



**Ng Chee Khern**  
Chairman



**Kok Ping Soon**  
Chief Executive

Singapore  
29 June 2018

## Independent Auditor's Report

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 2018, 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 33 to 74.

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 Government Technology Agency Act (No. 23 of 2016) (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 2018 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.

#### Other Matters

The consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of GovTech for the financial period for 1 October 2016 to 31 March 2017 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements on 17 August 2017.

#### 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 29, but does not include the financial statements and our auditor's report thereon.

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

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

# Independent Auditor's Report

Members of the Board of  
Government Technology Agency

## 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.

## 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

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; 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.

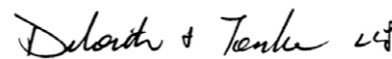
### Responsibilities of Management for Compliance with Legal and Regulatory Requirements

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. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

### 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.

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

29 June 2018

## Government Technology Agency and its subsidiaries

## Statements of Financial Position

31 March 2018

	Note	Group		GovTech	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	676,651	749,364	669,513	740,250
Trade receivables	7	176,451	106,140	175,647	104,254
Due from subsidiaries (non-trade)		-	-	548	442
Other receivables	8	61,732	60,350	59,549	58,606
Grants receivables	9	58,940	26,582	58,940	26,582
Total current assets		973,774	942,436	964,197	930,134
<b>Non-current assets</b>					
Property, plant and equipment	10	137,052	93,426	136,940	93,394
Intangible assets	11	27,560	20,263	27,560	20,263
Subsidiaries	12	-	-	*	*
Deferred expenditure	13	978	1,178	978	1,178
Investments held at fair value through profit or loss	14	151,978	-	151,978	-
Total non-current assets		317,568	114,867	317,456	114,835
<b>Total assets</b>		<b>1,291,342</b>	<b>1,057,303</b>	<b>1,281,653</b>	<b>1,044,969</b>

\* Amount less than \$1,000.

## Government Technology Agency and its subsidiaries

## Statements of Financial Position (continued)

31 March 2018

	Note	Group		GovTech	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Trade payables		58,740	66,589	58,287	65,419
Other payables, advances and deposits	15	148,051	248,486	145,621	245,953
Deferred income	16	51,437	7,113	51,192	6,983
Provision for restoration	17	437	-	437	-
Grants received in advance	9	2,429	43,283	2,429	43,283
Contribution payable to consolidated fund	26	31,376	22,436	31,376	22,436
Total current liabilities		292,470	387,907	289,342	384,074
<b>Non-current liabilities</b>					
Deferred income	16	244,425	139,171	244,425	139,171
Provision for restoration	17	4,553	3,725	4,553	3,725
Deferred capital grants		96,319	25,001	96,319	25,001
Total non-current liabilities		345,297	167,897	345,297	167,897
<b>Capital and reserves</b>					
Share capital	18	36,940	36,112	36,940	36,112
Capital account					
- General funds	18	160,866	160,866	152,014	152,014
- Restricted funds	18,19	253,081	253,081	253,081	253,081
Accumulated surpluses - general funds		34,760	9,500	37,051	9,851
Accumulated surpluses - restricted funds	19	167,928	41,940	167,928	41,940
Total equity		653,575	501,499	647,014	492,998
<b>Total liabilities and equity</b>		<b>1,291,342</b>	<b>1,057,303</b>	<b>1,281,653</b>	<b>1,044,969</b>
<b>Net assets of trust and agency funds</b>	20	638	257	638	257

## Government Technology Agency and its subsidiaries Statements of Comprehensive Income

Year ended 31 March 2018

	Group						GovTech					
	General funds		Restricted funds		Total		General funds		Restricted funds		Total	
	1/4/2017	1/10/2016	1/4/2017	1/10/2016	1/4/2017	1/10/2016	1/4/2017	1/10/2016	1/4/2017	1/10/2016	1/4/2017	1/10/2016
	to	to	to	to	to	to	to	to	to	to	to	to
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income</b>												
Service fees	15,603	18,071	513,534	216,391	529,137	234,462	2,527	11,939	513,534	216,391	516,061	228,330
Standard ICT service fees	-	-	52,028	24,173	52,028	24,173	-	-	52,028	24,173	52,028	24,173
Interest income	6,928	3,840	67	22	6,995	3,862	6,775	3,675	67	22	6,842	3,697
Other income	3,129	1,332	22,714	9,798	25,843	11,130	4,282	2,177	22,714	9,798	26,996	11,975
Fair value gains	1,978	-	-	-	1,978	-	1,978	-	-	-	1,978	-
<b>Total income before development project income</b>	27,638	23,243	588,343	250,384	615,981	273,627	15,562	17,791	588,343	250,384	603,905	268,175
Development project income	-	-	-	1,302	-	1,302	-	-	-	1,302	-	1,302
<b>Total income</b>	27,638	23,243	588,343	251,686	615,981	274,929	15,562	17,791	588,343	251,686	603,905	269,477

Note 31/3/2018 31/3/2017 31/3/2018 31/3/2017 31/3/2018 31/3/2017 31/3/2018 31/3/2017 31/3/2018 31/3/2017 31/3/2018 31/3/2017 31/3/2018 31/3/2017

	Group						GovTech					
	General funds		Restricted funds		Total		General funds		Restricted funds		Total	
	1/4/2017	1/10/2016	1/4/2017	1/10/2016	1/4/2017	1/10/2016	1/4/2017	1/10/2016	1/4/2017	1/10/2016	1/4/2017	1/10/2016
	to	to	to	to	to	to	to	to	to	to	to	to
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expenditure</b>												
Salaries, CPF and other contributions	34,369	27,577	265,704	112,731	300,073	140,308	28,104	26,438	265,704	112,731	293,808	139,169
Professional services	19,411	19,594	69,210	24,821	88,621	44,415	11,770	12,068	69,210	24,821	80,980	36,889
Regulatory and promotion expenses	918	1,431	184	285	1,102	1,716	278	300	184	285	462	585
Standard ICT charges	298	-	44,884	20,786	45,182	20,786	298	-	44,884	20,786	45,182	20,786
Rental expenses	8,220	3,382	60,431	32,418	68,651	35,800	8,110	3,330	60,431	32,418	68,541	35,748
Staff welfare and allowance	1,696	1,070	3,276	1,439	4,972	2,509	1,687	1,057	3,276	1,439	4,963	2,496
Repairs and maintenance	2,178	2,948	9,522	9,030	11,700	11,978	2,187	2,956	9,522	9,030	11,709	11,986
Overseas mission and meetings	517	348	915	381	1,432	729	517	348	915	381	1,432	729
Supplies and services	1,628	375	1,684	1,633	3,312	2,008	1,628	375	1,684	1,633	3,312	2,008
Staff training	1,439	638	4,722	1,588	6,161	2,226	1,382	631	4,722	1,588	6,104	2,219
Depreciation of property, plant and equipment	10	17,855	13,635	20,345	3,828	38,200	17,463	13,624	20,345	3,828	38,170	17,452
Balance carried forward	88,529	70,998	480,877	208,940	569,406	279,938	73,786	61,127	480,877	208,940	554,663	270,067

See accompanying notes to financial statements.

## Government Technology Agency and its subsidiaries Statements of Comprehensive Income

Year ended 31 March 2018

	Group						GovTech					
	General funds		Restricted funds		Total		General funds		Restricted funds		Total	
	1/4/2017	1/10/2016	1/4/2017	1/10/2016	1/4/2017	1/10/2016	1/4/2017	1/10/2016	1/4/2017	1/10/2016	1/4/2017	1/10/2016
	to	to	to	to	to	to	to	to	to	to	to	to
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance bought forward	88,529	70,998	480,877	208,940	569,406	279,938	73,786	61,127	480,877	208,940	554,663	270,067
Amortisation of intangible assets	4,348	3,555	5,791	953	10,139	4,508	4,348	3,555	5,791	953	10,139	4,508
Property, plant and equipment expensed off	5,335	140	2,104	4,472	7,439	4,612	309	140	2,104	4,472	2,413	4,612
Board members' allowance	281	140	-	-	281	140	244	122	-	-	244	122
Other expenses	6,574	2,278	42,434	15,571	49,008	17,849	8,294	3,965	42,434	15,571	50,728	19,536
Net foreign currency exchange gain	(5)	(1)	(310)	(198)	(315)	(199)	(6)	(1)	(310)	(198)	(316)	(199)
Impairment on property, plant and equipment	-	1,671	-	-	-	1,671	-	-	-	-	-	-
Bad debts written off	-	-	3	-	3	-	-	-	3	-	3	-
Loss on disposal of property, plant and equipment	5	-	-	14	5	14	5	-	-	14	5	14
Loss on disposal of available-for-sale investments-net	-	3,905	-	-	-	3,905	-	3,905	-	-	-	3,905
Impairment loss of investment in a subsidiary	-	-	-	-	-	-	4,070	4,070	-	-	4,070	4,070
Interest expense	103	180	150	11	253	191	104	180	150	11	254	191
<b>Total expenses before development project expenses</b>	105,170	82,866	531,049	229,763	636,219	312,629	91,154	77,063	531,049	229,763	622,203	306,826
Development project expenses	5,057	2,996	3,257	4,956	8,314	7,952	5,057	2,996	3,257	4,956	8,314	7,952
<b>Total expenditure (Deficit)/Surplus before government grants</b>	110,227	85,862	534,306	234,719	644,533	320,581	96,211	80,059	534,306	234,719	630,517	314,778
	(82,589)	(62,619)	54,037	16,967	(28,552)	(45,652)	(80,649)	(62,268)	54,037	16,967	(26,612)	(45,301)

See accompanying notes to financial statements.

Government Technology Agency and its subsidiaries  
**Statements of Comprehensive Income** (continued)

Year ended 31 March 2018

	Group						GovTech					
	General funds		Restricted funds		Total		General funds		Restricted funds		Total	
	1/4/2017 to 31/3/2017	1/10/2016 to 31/3/2017	1/4/2017 to 31/3/2017	1/10/2016 to 31/3/2017	1/4/2017 to 31/3/2017	1/10/2016 to 31/3/2017	1/4/2017 to 31/3/2017	1/10/2016 to 31/3/2017	1/4/2017 to 31/3/2017	1/10/2016 to 31/3/2017	1/4/2017 to 31/3/2017	1/10/2016 to 31/3/2017
Government grants	60,948	36,289	92,664	28,203	153,612	64,492	60,948	36,289	92,664	28,203	153,612	64,492
Operating grants	8,528	5,255	11,472	19,934	20,000	25,189	8,528	5,255	11,472	19,934	20,000	25,189
Development grants	69,476	41,544	104,136	48,137	173,612	89,681	69,476	41,544	104,136	48,137	173,612	89,681
Deferred capital grants amortised	18,440	15,628	19,124	2,391	37,564	18,019	18,440	15,628	19,124	2,391	37,564	18,019
	87,916	57,172	123,260	50,528	211,176	107,700	87,916	57,172	123,260	50,528	211,176	107,700
Surplus/(Deficit) before contribution to consolidated fund and income tax	5,327	(5,447)	177,297	67,495	182,624	62,048	7,267	(5,096)	177,297	67,495	184,564	62,399
Contribution to consolidated fund	26	5,270	26,106	8,590	31,376	10,608	5,270	2,018	26,106	8,590	31,376	10,608
Income tax expense	27	-	-	-	-	-	-	-	-	-	-	-
Transfers	25,203	16,965	(25,203)	(16,965)	-	-	25,203	16,965	(25,203)	(16,965)	-	-
Net surplus for the year, representing total comprehensive income for the year/period	25,260	9,500	125,988	41,940	151,248	51,440	27,200	9,851	125,988	41,940	153,188	51,791

See accompanying notes to financial statements.

Government Technology Agency and its subsidiaries  
**Statements of Changes In Equity**

Year ended 31 March 2018

	Group						GovTech					
	Share capital		Accumulated surplus - general funds		Accumulated surplus - restricted funds		Share capital		Accumulated surplus - general funds		Accumulated surplus - restricted funds	
	1 October 2016 (Note 1)	31,409	413,947	-	-	445,356	31,409	405,095	-	-	436,504	
Transfer from IDA at 1 October 2016 (Note 1)	31,409	413,947	-	-	445,356	31,409	405,095	-	-	436,504		
Total surplus for the period, representing total comprehensive income for the period	-	-	9,500	41,940	51,440	-	-	9,851	41,940	51,791		
Issue of share capital, representing transactions with owners, recognised directly in equity	18	4,703	-	-	4,703	4,703	-	-	-	4,703		
Balance as at 31 March 2017	36,112	413,947	9,500	41,940	501,499	36,112	405,095	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	18	828	-	-	828	828	-	-	-	828		
Balance as at 31 March 2018	36,940	413,947	34,760	167,928	653,575	36,940	405,095	37,051	167,928	647,014		

See accompanying notes to financial statements.



## Government Technology Agency and its subsidiaries

## Consolidated Statement of Cash Flows

Year ended 31 March 2018

	Note	Group	
		1/4/2017 to 31/3/2018 \$'000	1/10/2016 to 31/3/2017 \$'000
<b>Operating activities</b>			
Deficit before government grants		(28,552)	(45,652)
Adjustments for:			
Depreciation of property, plant and equipment	10	38,200	17,463
Impairment loss on property, plant and equipment	10	-	1,671
Amortisation of intangible assets	11	10,139	4,508
Amortisation of deferred expenditure	13	548	229
Interest income		(6,995)	(3,755)
Interest expense		253	(107)
Fair value changes on investments held at fair value through profit or loss (net)		(1,978)	-
Loss on disposal of property, plant and equipment		5	14
Amortisation of deferred income in the income and expenditure		(7,113)	(20,465)
Operating cash flows before movements in working capital		4,507	(46,094)
Trade and other receivables		(72,897)	(19,866)
Advances and deposits		34	(631)
Trade and other payables		(88,758)	72,416
Provision for restoration		1,143	317
Deferred income		156,691	36,236
Cash generated from operations		720	42,061
Deferred expenditure paid	13	(348)	-
Contribution to consolidated fund	26	(22,436)	(40,285)
Net cash (used in) from operating activities		(22,062)	1,776
<b>Investing activities</b>			
Interest income received		8,199	2,380
Proceeds on disposal of property, plant and equipment		20	111
Purchase of intangible assets		(17,436)	(3,479)
Purchase of property plant and equipment		(101,542)	(19,784)
Purchase of investments held at fair value through profit or loss		(150,000)	-
Net cash used in investing activities		(260,759)	(20,772)
<b>Financing activities</b>			
Operating and development grants received	9	210,110	62,025
Increases in cash set aside for specific purposes and restricted funds	Note A	(174,279)	(475,964)
Issue of share capital		828	4,703
Designation of grants received as share capital proceeds		(828)	(4,703)
Net cash from (used in) financing activities		35,831	(413,939)

See accompanying notes to financial statements.

## Government Technology Agency and its subsidiaries

## Consolidated Statement of Cash Flows (continued)

Year ended 31 March 2018

	Note	Group	
		1/4/2017 to 31/3/2018 \$'000	1/10/2016 to 31/3/2017 \$'000
Net decrease in cash and cash equivalents		(246,992)	(432,935)
Cash and cash equivalents transferred from IDA at 1 October 2016	1	-	706,335
Cash and cash equivalents at beginning of year/period		273,400	-
<b>Cash and cash equivalents at end of year/period</b>		<b>26,408</b>	<b>273,400</b>
<b>Note A</b>			
Cash with Accountant-General Department ("AGD")		676,641	749,340
Cash at bank		10	24
Total cash and cash balances		676,651	749,364
Less: Cash set aside for restricted funds	6	(650,243)	(475,964)
		26,408	273,400

See accompanying notes to financial statements.

## Government Technology Agency and its subsidiaries

# Notes to Financial Statements

31 March 2018

## 1 GENERAL

Government Technology Agency ("GovTech") is established on 1 October 2016 under the Government Technology Agency Act (No. 23 of 2016) (the "Act") with its registered office at 10 Pasir Panjang Road, #10-01, Mapletree Business City, Singapore 117438. On that date, all undertakings, assets, liabilities and equity of the Info-communications Development Authority ("IDA") were transferred to either GovTech or Info-communications Media Development Authority of Singapore ("IMDA").

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

31 March 2018

## 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 share-based payment transactions that are within the scope of SB-FRS 102 *Share-based Payment*, 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 2017, the Group adopted all the new and revised SB-FRSs, INT SB-FRS and SB-FRS Guidance Notes 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 do not result in changes to the Group's and GovTech's accounting policies and has no material effect on the amounts reported for the current or prior years.



## Government Technology Agency and its subsidiaries

# Notes to Financial Statements

31 March 2018

At the date of authorisation of these financial statements, the following SB-FRS that are relevant to the Group were issued but not effective:

### **SB-FRS 115 Revenue from Contracts with Customers**

*(Applies to annual periods beginning on or after 1 January 2018, with early application permitted.)*

In November 2014, SB-FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. SB-FRS 115 will supersede the current revenue recognition guidance including SB-FRS 18 *Revenue*, SB-FRS 11 *Construction Contracts* and the related interpretations when it becomes effective. Further clarifications to SB-FRS 115 were also issued in February 2017.

The core principle of SB-FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under SB-FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in SB-FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by SB-FRS 115.

Management has performed a preliminary analysis of the requirements of the initial application of SB-FRS 115 and anticipates that the adoption of the new SB-FRS 115 may have an impact on the financial statements of the Group’s and GovTech’s in the period of their initial adoption. As management is currently still assessing the potential impact, it is not practicable to provide a reasonable estimate of the financial effect until the management completes the review. Management does not plan to early adopt the new SB-FRS 115.

### **SB-FRS 116 Leases**

*(Applies to annual periods beginning on or after 1 January 2019, with early application permitted if SB-FRS 115 is adopted.)*

SB-FRS 116 was issued in February 2017 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 recognised in respect of all leases (subject to limited exceptions 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 and GovTech has non-cancellable operating lease arrangements as disclosed in Note 28. A preliminary assessment indicates that these arrangements will meet the definition of a lease under SB-FRS 116, and hence the Group and GovTech will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon application of SB-FRS 116. For arrangements where the Group or GovTech serve as an intermediate lessor. The accounting and classification of sub-leases will be referenced to the remaining right-of-use asset rather than the underlying asset. Management does not plan to early adopt SB-FRS 116.

## Government Technology Agency and its subsidiaries

# Notes to Financial Statements

31 March 2018

Consequential amendments were also made to various standards as a result of these new/revised standards.

Other than as disclosed above, management anticipates that the adoption of the above SB-FRSs and INT SB-FRSs and amendments to SB-FRSs that were issued as at the date of authorisation of these financial statements but effective only in future periods will not have a material impact on the financial statements of the Group and GovTech in the period of their initial adoption.

### **2.3 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.

## Government Technology Agency and its subsidiaries

# Notes to Financial Statements

31 March 2018

### 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 39 *Financial Instruments: Recognition and Measurement*, when applicable, the cost on initial recognition of an investment in 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.

### 2.4 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 instrument.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expenses are recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

### 2.5 Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

## Government Technology Agency and its subsidiaries

# Notes to Financial Statements

31 March 2018

### Financial assets, at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- On initial recognition, it is part of an identified portfolio of financial instruments that has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's or GovTech's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and SB-FRS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in "Positive fair value changes on investments at FVTPL" line in the statement of comprehensive income. Fair value is determined in the manner described in Note 4.

### Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables (including cash and cash equivalents, trade receivables, deposits, interest receivables and amount due from subsidiaries (non-trade)) are measured at amortised cost using the effective interest method less impairment. 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.

### Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

## Government Technology Agency and its subsidiaries

# Notes to Financial Statements

31 March 2018

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to income or expenditure. Changes in the carrying amount of the allowance account are recognised in income or expenditure.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through income or expenditure to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its 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.

## 2.6 Financial liabilities and equity instruments

### Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into 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 the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of significant 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

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

## Government Technology Agency and its subsidiaries

# Notes to Financial Statements

31 March 2018

## 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

31 March 2018

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
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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

31 March 2018

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.

## 2.14 Deferred income

When the Group receives a deferred income for provision of services, the Group recognises the deferred income in income or expenditure in the period when the service is rendered.

Government Technology Agency and its subsidiaries

# Notes to Financial Statements

31 March 2018

## 2.15 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

### Service fees

Service fees are recognised in the period when the services are rendered to customers, net of goods and service tax.

### Development project income

Development project income is recognised when the services are rendered.

### 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.

## 2.16 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.

## 2.17 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.

## 2.18 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.

## 2.19 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 19 of the financial statements.

Government Technology Agency and its subsidiaries

# Notes to Financial Statements

31 March 2018

## 2.20 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.

## 2.21 Income tax

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

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.

## 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

31 March 2018

**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 RISK MANAGEMENT****(a) Categories of financial instruments**

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

	Group		GovTech	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	676,651	749,364	669,513	740,250
Trade receivables	176,451	106,140	175,647	104,254
Other receivables	20,128	19,511	18,043	17,916
Grants receivables	58,940	26,582	58,940	26,582
Investments held at fair value through profit or loss	151,978	-	151,978	-
Due from subsidiaries	-	-	548	442
	<u>1,084,148</u>	<u>901,597</u>	<u>1,074,669</u>	<u>889,444</u>
<b>Financial liabilities</b>				
Trade payables	58,740	66,589	58,287	65,419
Other payables, advances and deposits	135,934	237,762	133,732	235,331
At amortised cost	<u>194,674</u>	<u>304,351</u>	<u>192,019</u>	<u>300,750</u>

## Government Technology Agency and its subsidiaries

## Notes to Financial Statements

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**(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 mitigate credit risk exposure through regular monitoring of the recoverability of the financial assets.

**(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.



## Government Technology Agency and its subsidiaries

## Notes to Financial Statements

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**(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 manages 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 consists 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	
	1/4/2017 to 31/3/2018 \$'000	1/10/2016 to 31/3/2017 \$'000
Professional service fees	84	108
Other income	1,271	914
	<u>1,355</u>	<u>1,022</u>
Professional service	(5,043)	-
Other expenses	(1,897)	(1,961)
Rental expenses	(466)	-
	<u>(7,406)</u>	<u>(1,961)</u>

## Government Technology Agency and its subsidiaries

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**(b) Transactions with Ministries and Statutory Boards**

	Group		GovTech	
	1/4/2017 to 31/3/2018 \$'000	1/10/2016 to 31/3/2017 \$'000	1/4/2017 to 31/3/2018 \$'000	1/10/2016 to 31/3/2017 \$'000
Professional service fees	515,977	232,064	515,977	228,330
Standard ICT service fees	52,028	24,173	52,028	24,173
Grants received	210,110	62,025	210,110	62,025
	<u>778,115</u>	<u>318,262</u>	<u>778,115</u>	<u>314,528</u>

No expense has been recognised in the year for bad or doubtful debts 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	
	1/4/2017 to 31/3/2018 \$'000	1/10/2016 to 31/3/2017 \$'000	1/4/2017 to 31/3/2018 \$'000	1/10/2016 to 31/3/2017 \$'000
Short term benefits	7,363	2,695	6,655	2,424
CPF contributions	294	173	263	162
	<u>7,657</u>	<u>2,868</u>	<u>6,918</u>	<u>2,586</u>

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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash with the AGD	676,641	749,340	669,513	740,250
Bank and cash balances	10	24	-	-
	<u>676,651</u>	<u>749,364</u>	<u>669,513</u>	<u>740,250</u>

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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 1.23% (2017: 1.37%).

Cash and bank balances of the Group and GovTech include an amount of approximately \$650.2 million (2017: \$476.0 million) set aside for restricted funds.

## 7 TRADE RECEIVABLES

	Group		GovTech	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Third parties	71,480	47,847	70,676	45,961
Ministries and statutory boards	104,971	58,293	104,971	58,293
	176,451	106,140	175,647	104,254

The average credit period on sales of services is 30 days. No interest is charged on the overdue trade receivables.

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

	Group		GovTech	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Not past due and not impaired	149,460	98,261	148,861	96,375
Past due but not impaired	26,991	7,879	26,786	7,879
	176,451	106,140	175,647	104,254

Trade receivable balances which are past due at the end of the reporting period are not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

There is a concentration risk at both the Group and GovTech levels for receivables due from Singapore Government Organisations ("GO"). However, the credit risks of these balances are assessed to be low.

Included in the Group's trade receivables balance are debtors with a carrying amount of \$27.0 million (2017: \$7.9 million) which are past due as at 31 March 2018 for which no allowance for possible doubtful debts has been provided. The Group believes that the unimpaired amounts that are past due are still collectible in full, based on historic payment behaviour. The amounts are unsecured, interest-free and repayable on demand unless otherwise stated. No guarantees have been provided or received in respect of these balances. The average age of these receivables is 70 days (2017: 74 days).

Trade receivables that are neither past due nor impaired are substantially from parties with good collection track records.

## Government Technology Agency and its subsidiaries

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## 8 OTHER RECEIVABLES

	Group		GovTech	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Deposits	940	1,263	769	1,116
Interest receivable	3,868	5,072	3,781	4,971
Prepayments	41,604	40,839	41,506	40,690
Other debtors	15,320	13,176	13,493	11,829
	61,732	60,350	59,549	58,606

Other receivables amounts are not past due and not impaired.

## 9 GRANTS (RECEIVABLES)/RECEIVED IN ADVANCE

	Group and GovTech	
	2018 \$'000	2017 \$'000
Balance at beginning of year/period	16,701	-
Transferred from IDA at 1 October 2016 (Note 1)	-	61,901
Operating grants - Government	131,384	32,495
Development grants - Government	78,726	29,530
Net grants received during the year/period	210,110	62,025
Transferred to deferred capital grants	(108,882)	(12,841)
Transferred to share capital account	(828)	(4,703)
Grants recognised in income and expenditure	(173,612)	(89,681)
Balance at end of year/period	(56,511)	16,701

	Group and GovTech	
	2018 \$'000	2017 \$'000
Classified as		

- Grants received in advance	2,429	43,283
- Grants receivables	(58,940)	(26,582)
	(56,511)	16,701

## Notes to Financial Statements

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## 10 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold, improvement, furniture and fittings					Plant and machinery	Building	Infrastructure	work-in-progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000					
<b>Cost</b>										
Transferred from IDA at 1 October 2016 (Note 1)	19,754	78,022	848	213	848	213	8,671	34,581	142,089	
Additions	99	1,561	166	-	166	-	1,602	45,016	48,444	
Disposals	-	(353)	-	-	(353)	-	-	-	(353)	
Reclassification	1,765	20,158	-	-	-	-	-	(21,923)	-	
At 31 March 2017	21,618	99,388	1,014	213	1,014	213	10,273	57,674	190,180	
Additions	1,742	9,764	207	-	207	-	-	70,138	81,851	
Disposals	-	(1,039)	(220)	-	(220)	-	-	-	(1,259)	
Reclassification	1,615	92,023	-	-	-	-	-	(93,638)	-	
At 31 March 2018	24,975	200,136	1,001	213	1,001	213	10,273	34,174	270,772	

**Accumulated depreciation and impairment losses**

Transferred from IDA at 1 October 2016 (Note 1)	14,750	53,857	433	206	433	206	8,602	-	77,848	
Depreciation for the period	1,225	16,177	58	3	58	3	-	-	17,463	
Impairment for the period	-	-	-	-	-	-	1,671	-	1,671	
Disposals	-	(228)	-	-	-	-	-	-	(228)	
At 31 March 2017	15,975	69,806	491	209	491	209	10,273	-	96,754	
Depreciation for the year	2,391	35,657	148	4	148	4	-	-	38,200	
Disposals	-	(1,035)	(199)	-	(199)	-	-	-	(1,234)	
At 31 March 2018	18,366	104,428	440	213	440	213	10,273	-	133,720	

**Carrying amounts**

At 31 March 2017	5,643	29,582	523	4	523	4	-	57,674	93,426	
At 31 March 2018	6,609	95,708	561	-	561	-	-	34,174	137,052	

## Government Technology Agency and its subsidiaries

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GovTech	Leasehold, improvement, furniture and fittings					Plant and machinery	Building	work-in-progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000				
<b>Cost</b>									
Transferred from IDA at 1 October 2016 (Note 1)	19,727	77,955	848	213	848	213	213	34,581	133,324
Additions	99	1,560	166	-	166	-	-	45,016	46,841
Disposals	-	(353)	-	-	(353)	-	-	-	(353)
Reclassification	1,765	20,158	-	-	-	-	-	(21,923)	-
At 31 March 2017	21,591	99,320	1,014	213	1,014	213	213	57,674	179,812
Additions	1,657	9,739	207	-	207	-	-	70,138	81,741
Disposals	-	(1,039)	(220)	-	(220)	-	-	-	(1,259)
Reclassification	1,615	92,023	-	-	-	-	-	(93,638)	-
At 31 March 2018	24,863	200,043	1,001	213	1,001	213	213	34,174	260,294

**Accumulated depreciation and impairment losses**

Transferred from IDA at 1 October 2016 (Note 1)	14,723	53,832	433	206	433	206	206	-	69,194
Depreciation for the period	1,225	16,166	58	3	58	3	3	-	17,452
Disposals	-	(228)	-	-	-	-	-	-	(228)
At 31 March 2017	15,948	69,770	491	209	491	209	209	-	86,418
Depreciation for the year	2,384	35,634	148	4	148	4	4	-	38,170
Disposals	-	(1,035)	(199)	-	(199)	-	-	-	(1,234)
At 31 March 2018	18,332	104,369	440	213	440	213	213	-	123,354

**Carrying amounts**

At 31 March 2017	5,643	29,550	523	4	523	4	57,674	93,394	
At 31 March 2018	6,531	95,674	561	-	561	-	34,174	136,940	

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



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## 11 INTANGIBLE ASSETS

	Software \$'000	Software under development \$'000	Total \$'000
<b>Group</b>			
<b>Cost</b>			
Transferred from IDA at 1 October 2016 (Note 1)	29,897	11,226	41,123
Additions	120	3,359	3,479
Disposals	(282)	-	(282)
Reclassification	2,659	(2,659)	-
At 31 March 2017	32,394	11,926	44,320
Additions	5,781	11,655	17,436
Disposals	(679)	-	(679)
Reclassification	16,356	(16,356)	-
At 31 March 2018	53,852	7,225	61,077
<b>Accumulated depreciation</b>			
Transferred from IDA at 1 October 2016 (Note 1)	19,831	-	19,831
Amortisation for the period	4,508	-	4,508
Disposals	(282)	-	(282)
At 31 March 2017	24,057	-	24,057
Amortisation for the year	10,139	-	10,139
Disposals	(679)	-	(679)
At 31 March 2018	33,517	-	33,517
<b>Carrying amounts</b>			
At 31 March 2017	8,337	11,926	20,263
At 31 March 2018	20,335	7,225	27,560

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	Software \$'000	Software under development \$'000	Total \$'000
<b>GovTech</b>			
<b>Cost</b>			
Transferred from IDA at 1 October 2016 (Note 1)	29,874	11,226	41,100
Additions	120	3,359	3,479
Disposals	(282)	-	(282)
Reclassification	2,659	(2,659)	-
At 31 March 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
<b>Accumulated depreciation</b>			
Transferred from IDA at 1 October 2016 (Note 1)	19,808	-	19,808
Amortisation for the period	4,508	-	4,508
Disposals	(282)	-	(282)
At 31 March 2017	24,034	-	24,034
Amortisation for the year	10,139	-	10,139
Disposals	(679)	-	(679)
At 31 March 2018	33,494	-	33,494
<b>Carrying amounts</b>			
At 31 March 2017	8,337	11,926	20,263
At 31 March 2018	20,335	7,225	27,560

## Government Technology Agency and its subsidiaries

## Notes to Financial Statements

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## 12 SUBSIDIARIES

	GovTech	
	2018 \$'000	2017 \$'000
Unquoted shares, at cost	70,140	66,070
Less: Impairment loss	(70,140)	(66,070)
	*	*

Management recorded impairment loss of \$70.1 million (2017: \$66.1 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		Cost of investments	
		2018 %	2017 %	2018 \$'000	2017 \$'000
<b>Held by GovTech</b>					
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	100	100	70,140	66,070

\* The cost of investment in the subsidiary as at 31 March 2018 is \$100. Amount less than \$1,000.

## Government Technology Agency and its subsidiaries

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## 13 DEFERRED EXPENDITURE

	Group and GovTech	
	2018 \$'000	2017 \$'000
<b>Cost</b>		
Transferred from IDA at 1 October 2016 (Note 1)	8,317	8,317
Additions	348	-
At 31 March	8,665	8,317
<b>Accumulated amortisation</b>		
Transferred from IDA at 1 October 2016 (Note 1)	7,139	6,910
Amortisation for the year/period	548	229
At 31 March	7,687	7,139
<b>Carrying amount</b>		
At 31 March	978	1,178

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.

## Government Technology Agency and its subsidiaries

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## 14 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and GovTech	
	2018	2017
	\$'000	\$'000
Investments held at fair value through profit or loss	151,978	-

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

	Group and GovTech	
	2018	2017
	\$'000	\$'000
Balance at beginning of the year/period	-	-
Additions during the year/period	150,000	-
Fair value changes during the year/period	1,978	-
Balance at end of the year/period	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.

## 15 OTHER PAYABLES, ADVANCES AND DEPOSITS

	Group		GovTech	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Accrual for expenses under development funds	-	3,565	-	3,565
Accrual for payroll related expenses	78,959	71,226	77,717	70,780
Accrual for operating and other expenses	44,044	57,893	43,084	55,908
Accrual for purchase of fixed assets	12,727	32,418	12,727	32,418
Amount due to IMDA <sup>(i)</sup>	204	72,660	204	72,660
	135,934	237,762	133,732	235,331
Advances and deposits	47	13	47	13
Provision for unutilised leave	12,070	10,711	11,842	10,609
	148,051	248,486	145,621	245,953

## Government Technology Agency and its subsidiaries

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<sup>(i)</sup> 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 DEFERRED INCOME

Deferred income mainly comprises of infrastructure fees in relation to Whole of Government's central infrastructure future technology refresh, enhancement and related fees collected in advance that will be recognised in income and expenditure in the period when services is rendered.

## 17 PROVISION FOR RESTORATION

	Group and GovTech	
	2018	2017
	\$'000	\$'000
Transferred from IDA at 1 October 2016 (Note 1)	3,725	3,515
Provisions made	1,143	317
Unwind of discount on restoration costs	122	(107)
Balance as at 31 March	4,990	3,725
Provision due:		
Within 1 year	437	-
After 1 year but within 5 years	3,303	3,254
After 5 years	1,250	471
	4,990	3,725

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.

## Government Technology Agency and its subsidiaries

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## 18 SHARE CAPITAL

	Group and GovTech			
	2018	2017	2018	2017
	Number of ordinary shares		\$'000	\$'000
<b>Issued and fully paid up:</b>				
At beginning of year/period	36,111,291	31,408,500	36,112	31,409
Issuance of shares	828,500	4,702,791	828	4,703
At end of year/period	36,939,791	36,111,291	36,940	36,112

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.

## 19 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.

## Government Technology Agency and its subsidiaries

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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:

	Group and GovTech	
	2018	2017
	\$'000	\$'000
<b>Non-current assets</b>		
Property, plant and equipment	104,507	51,810
Intangible assets	24,882	12,173
	129,389	63,983
<b>Current assets</b>		
Trade receivables	168,558	80,992
Due from subsidiaries (non-trade)	80	104
Other receivables	49,971	51,758
Cash and bank balances	650,243	475,964
	868,852	608,818
<b>Current liabilities</b>		
Deferred income	51,192	6,983
Trade payables	56,304	57,031
Other payables, advances and deposits	118,131	108,090
Grants received in advance	13,814	39,078
Contribution payable to consolidated fund	26,106	18,505
	265,547	229,687
<b>Non-current liabilities</b>		
Provision for restoration	-	471
Deferred capital grants - government	67,260	-
Deferred income	244,425	147,622
	311,685	148,093
<b>Equity</b>		
Capital account	253,081	253,081
Accumulated surpluses - restricted funds	167,928	41,940
	421,009	295,021



## Government Technology Agency and its subsidiaries

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## 20 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 and GovTech	
	2018 \$'000	2017 \$'000
Receipts	14,286	12,649
Expenditures	(13,905)	(9,446)
Net deficit for the period	381	3,203
Accumulated surplus at 31 March	257	(2,946)
	638	257
Represented by:		
Fixed deposits	(940)	487
Trade and other payables	-	(230)
Trade and other receivables	1,578	-
Net assets	638	257

## 21 INTEREST INCOME

	Group		GovTech	
	1/4/2017 to 31/3/2018 \$'000	1/10/2016 to 31/3/2017 \$'000	1/4/2017 to 31/3/2018 \$'000	1/10/2016 to 31/3/2017 \$'000
Interest income from loans and receivables	6,863	3,862	6,709	3,697
Others	132	-	133	-
	6,995	3,862	6,842	3,697

## Government Technology Agency and its subsidiaries

## Notes to Financial Statements

31 March 2018

## 22 OTHER INCOME

	Group		GovTech	
	1/4/2017 to 31/3/2018 \$'000	1/10/2016 to 31/3/2017 \$'000	1/4/2017 to 31/3/2018 \$'000	1/10/2016 to 31/3/2017 \$'000
Other service income	24,238	11,046	25,988	11,867
Others	1,605	84	1,008	108
	25,843	11,130	26,996	11,975

## 23 SALARIES, CPF AND OTHER CONTRIBUTIONS

	Group		GovTech	
	1/4/2017 to 31/3/2018 \$'000	1/10/2016 to 31/3/2017 \$'000	1/4/2017 to 31/3/2018 \$'000	1/10/2016 to 31/3/2017 \$'000
Wages and salaries	267,216	125,530	261,532	124,499
Employer's contribution to Central Provident Fund	32,857	14,778	32,276	14,670
	300,073	140,308	293,808	139,169

## 24 OTHER EXPENSES

	Group		GovTech	
	1/4/2017 to 31/3/2018 \$'000	1/10/2016 to 31/3/2017 \$'000	1/4/2017 to 31/3/2018 \$'000	1/10/2016 to 31/3/2017 \$'000
IT promotion and sponsorship	52	43	52	43
Utilities	5,295	1,994	5,295	1,994
Publicity expense	1,963	1,266	1,963	1,266
Professional and communication services	30,975	10,525	32,964	12,361
Irrecoverable GST	7,643	2,185	7,643	2,185
General and administrative expense	1,471	1,100	1,237	958
Local travelling	1,061	507	1,026	500
Amortisation of deferred expenditure	548	229	548	229
	49,008	17,849	50,728	19,536

## Government Technology Agency and its subsidiaries

## Notes to Financial Statements

31 March 2018

## 25 DEVELOPMENT PROJECT EXPENSES

	Group and GovTech	
	1/4/2017 to 31/3/2018 \$'000	1/10/2016 to 31/3/2017 \$'000
Development project expenses:		
iN2015 Masterplan <sup>(i)</sup>	8,099	8,061
ICM2025 <sup>(ii)</sup>	199	88
Others	16	(197)
	<u>8,314</u>	<u>7,952</u>

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

<sup>(i)</sup> **iN2015 Masterplan**

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.

<sup>(ii)</sup> **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.

## 26 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.

## Government Technology Agency and its subsidiaries

## Notes to Financial Statements

31 March 2018

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

	GovTech	
	1/4/2017 to 31/3/2018 \$'000	1/10/2016 to 31/3/2017 \$'000
Surplus of GovTech before contribution to consolidated fund	184,564	62,399
Contribution at 17%	<u>31,376</u>	<u>10,608</u>

## 27 INCOME TAX EXPENSE

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.

There is no income tax expense payable by the subsidiaries of GovTech as they do not have taxable income.

As of 31 March 2018, subject to the agreement by the tax authorities, certain subsidiaries of the Group have unutilised tax losses amounting to approximately \$49.5 million (2017: \$48.5 million) and unrecognised capital allowances of approximately \$10.6 million (2017: \$10.4 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.

## Government Technology Agency and its subsidiaries

## Notes to Financial Statements

31 March 2018

## 28 COMMITMENTS

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

	Group		GovTech	
	1/4/2017 to 31/3/2018 \$'000	1/10/2016 to 31/3/2017 \$'000	1/4/2017 to 31/3/2018 \$'000	1/10/2016 to 31/3/2017 \$'000
Capital expenditure	30,304	69,563	30,304	69,563
Operation and maintenance expenditure	10,383	4,228	-	-
	40,687	73,791	30,304	69,563

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	
	1/4/2017 to 31/3/2018 \$'000	1/10/2016 to 31/3/2017 \$'000	1/4/2017 to 31/3/2018 \$'000	1/10/2016 to 31/3/2017 \$'000
Not later than one year	70,148	50,779	69,978	50,199
Later than one year but not later than five years	222,126	175,396	222,126	175,228
Later than five years	88,554	33,219	88,554	33,219
	380,828	259,394	380,658	258,646

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.

## Government Technology Agency and its subsidiaries

## Notes to Financial Statements

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

As at 31 March 2018, the development project expenses (to develop Singapore info-communications industry) committed amounted to approximately \$13.1 million (2017: \$34.4 million).

## Grant Commitment

On 19 April 2018, a grant of \$58.8 million was approved for a subsidiary to (i) implement and operate the National Certification Authority for the National Digital Identity Programme from financial years ending 31 March 2018 to 2021; and (ii) transit out of the existing NAF operations in financial years ending 31 March 2018 and 2019.

## 29 COMPARATIVES

The financial statements for 2018 cover the financial year from 1 April 2017 to 31 March 2018.

The financial statements for 2017 cover the financial period from 1 October 2016 (date of incorporation) to 31 March 2017.



**Head Office**

10 Pasir Panjang Road #10-01  
Mapletree Business City  
Singapore 117438  
T +65 6211 0888 | F +65 6211 2222  
E info@tech.gov.sg

[www.tech.gov.sg](http://www.tech.gov.sg)

