REPORT AND FINANCIAL STATEMENTS

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 41 to 89 are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018, Act 5 of 2018 (Public Sector (Governance) Act) (the "PSG Act"), the Government Technology Agency Act (No. 23 of 2016) (the "GovTech Act") and Statutory Board Financial Reporting Standards ("SB-FRS") so as to present fairly, in all material respects, the state of affairs of the Group and GovTech as at 31 March 2020, and the results and changes in equity of the Group and GovTech, and cash flows of the Group for the financial year ended on that date;

(b) the receipt, expenditure, investments of moneys and the acquisition and disposal of assets by GovTech during the financial year have been in accordance with the provisions of the PSG Act, the GovTech Act and the requirements of any other written law applicable to moneys of or managed by GovTech; and

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

On behalf of Government Technology Agency and its subsidiaries

Ng Chee Khern
Chairman

Kok Ping Soon
Chief Executive

Singapore
27 July 2020

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 2020, 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 41 to 89.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of GovTech are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018, Act 5 of 2018 (Public Sector (Governance) Act) (the "PSG Act"), the Government Technology Agency Act (No. 23 of 2016) (the " GovTech Act") and Statutory Board Financial Reporting Standards ("SB-FRS") so as to present fairly, in all material respects, the state of affairs of the Group and GovTech as at 31 March 2020 and results and changes in equity of the Group and GovTech and cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Statement by Government Technology Agency set out on page 36, but does not include the financial statements and our auditor's report thereon.

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the PSG Act, the GovTech 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF
GOVERNMENT TECHNOLOGY AGENCY

(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.

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 PSG Act, the GovTech Act and the requirements of any other written law applicable to moneys of or managed by GovTech; and

(b) proper accounting and other records have been kept, including records of all assets of GovTech whether purchased, donated or otherwise.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF

GOVERNMENT TECHNOLOGY AGENCY

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 PSG Act, the GovTech Act and the requirements of any other written law applicable to moneys of or managed by GovTech. This responsibility includes monitoring related compliance requirements relevant to GovTech, and implementing internal controls as management determines are necessary to enable compliance with the requirements.

Auditor's Responsibility for the Compliance Audit

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

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

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

27 July 2020

GOVERNMENT TECHNOLOGY AGENCY AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

31 March 2020

	Note	Group 2020	Group 2019	GovTech 2020	GovTech 2019
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	997,404	816,309	974,519	800,081
Trade receivables	7	242,660	202,617	240,033	202,314
Due from subsidiaries (non-trade)		-	-	953	717
Other receivables	8	104,342	34,817	107,764	30,514
Grants receivables	9	128,535	77,148	123,674	77,148
Total current assets		1,472,941	1,130,891	1,446,943	1,110,774
Non-current assets					
Property, plant and equipment	10	109,781	98,285	109,757	98,122
Right-of-use assets	11	366,934	-	364,680	-
Intangible assets	12	72,110	39,519	72,110	39,519
Subsidiaries	13	-	-	*	*
Deferred expenditure	14	1,588	1,077	1,588	1,077
Investments held at fair value through profit or loss	15	363,561	356,971	363,561	356,971
Total non-current assets		913,974	495,852	911,696	495,689
Total assets		2,386,915	1,626,743	2,358,639	1,606,463
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables		109,077	43,960	108,631	43,424
Other payables	16	191,409	169,756	186,639	166,596
Contract liabilities	17	110,306	72,246	110,120	72,036
Lease liabilities	18	64,054	-	63,597	-
Provision for restoration	19	2,214	-	2,214	-
Grants received in advance	9	4,022	20,228	762	15,468
Contribution payable to consolidated fund	29	39,730	36,547	39,730	36,547
Total current liabilities		520,812	342,737	511,693	334,071
Non-current liabilities					
Contract liabilities	17	464,607	359,084	464,607	359,084
Lease liabilities	18	282,666	-	280,892	-
Provision for restoration	19	2,646	5,071	2,519	4,958
Deferred capital grants	20	79,553	82,944	79,553	82,944
Total non-current liabilities		829,472	447,099	827,571	446,986
Capital and reserves					
Share capital	21	36,889	36,889	36,889	36,889
Capital account:					
- General funds	21	169,081	169,081	160,229	160,229
- Restricted funds	21, 22	244,866	244,866	244,866	244,866
Accumulated surpluses - general funds		188,521	125,844	180,117	123,195
Accumulated surpluses - restricted funds	22	397,274	260,227	397,274	260,227
Total equity		1,036,631	836,907	1,019,375	825,406
Total liabilities and equity		2,386,915	1,626,743	2,358,639	1,606,463
Net liabilities of trust and agency funds	23	(347)	(458)	(347)	(458)

* Amount less than $1,000.

See accompanying notes to financial statements.

GOVERNMENT TECHNOLOGY AGENCY AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
Year ended 31 March 2020

		Group						GovTech					
		General funds		Restricted funds		Total		General funds		Restricted funds		Total	
	Note	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Income													
Service fees	24	366,652	302,411	420,046	359,995	786,698	662,406	357,486	292,437	420,046	359,995	777,532	652,432
Interest income	24	488	11,403	15,917	1,842	16,405	13,245	-	11,127	15,917	1,842	15,917	12,969
Other income	25	6,715	4,729	22,285	28,467	29,000	33,196	7,393	6,494	22,285	28,467	29,678	34,961
Fair value gains		6,590	4,993	-	-	6,590	4,993	6,590	4,993	-	-	6,590	4,993
Total income		380,445	323,536	458,248	390,304	838,693	713,840	371,469	315,051	458,248	390,304	829,717	705,355
Expenditure													
Salaries, CPF and other contributions	26	400,416	349,178	-	64	400,416	349,242	392,117	341,933	-	64	392,117	341,997
Professional services		116,387	51,493	87,276	79,800	203,663	131,293	116,670	60,666	87,276	79,800	203,946	140,466
Regulatory and promotion expenses		1,271	1,519	52	105	1,323	1,624	958	1,145	52	105	1,010	1,250
Standard ICT charges		3,285	1,891	73,737	46,632	77,022	48,523	3,285	1,891	73,737	46,632	77,022	48,523
Rental expenses		2,246	13,026	6,084	67,619	8,330	80,645	2,563	12,897	6,084	67,619	8,647	80,516
Leases of low value assets		1,445	-	840	-	2,285	-	1,445	-	840	-	2,285	-
Staff welfare and allowance		7,023	5,561	-	-	7,023	5,561	7,009	5,543	-	-	7,009	5,543
Repairs and maintenance		9,602	7,914	35,578	18,693	45,180	26,607	9,616	7,921	35,578	18,693	45,194	26,614
Overseas mission and meetings		2,020	1,590	242	255	2,262	1,845	2,020	1,590	242	255	2,262	1,845
Supplies and services		10,073	6,191	2,624	3,200	12,697	9,391	10,073	6,191	2,624	3,200	12,697	9,391
Staff training		8,628	5,275	-	-	8,628	5,275	8,575	5,158	-	-	8,575	5,158
Depreciation of property, plant and equipment	10	16,093	28,610	41,178	37,014	57,271	65,624	16,034	28,521	41,178	37,014	57,212	65,535
Depreciation of right-of-use assets	11	11,082	-	61,047	-	72,129	-	10,724	-	61,047	-	71,771	-
Balance carried forward		589,571	472,248	308,658	253,382	898,229	725,630	581,089	473,456	308,658	253,382	889,747	726,838

GOVERNMENT TECHNOLOGY AGENCY AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
Year ended 31 March 2020

		Group						GovTech					
		General funds		Restricted funds		Total		General funds		Restricted funds		Total	
	Note	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance brought forward		589,571	472,248	308,658	253,382	898,229	725,630	581,089	473,456	308,658	253,382	889,747	726,838
Amortisation of intangible assets	12	7,193	5,845	15,593	8,907	22,786	14,752	7,193	5,845	15,593	8,907	22,786	14,752
Property, plant and equipment expensed off		1,580	2,819	1,293	373	2,873	3,192	1,580	953	1,293	373	2,873	1,326
Board members' allowance		314	302	-	-	314	302	277	264	-	-	277	264
Other expenses	27	21,893	15,812	23,923	30,619	45,816	46,431	20,811	17,729	23,923	30,619	44,734	48,348
Net foreign currency exchange gain (loss)		59	10	815	(59)	874	(49)	59	10	815	(59)	874	(49)
(Reversal of) Loss allowance for receivables		(4)	53	(166)	298	(170)	351	(4)	53	(166)	298	(170)	351
Loss on disposal of property, plant and equipment		36	5	-	-	36	5	36	5	-	-	36	5
Interest expense	28	145	95	6,568	278	6,713	373	164	95	6,568	278	6,732	373
Total expenses before development expenses		620,787	497,189	356,684	293,798	977,471	790,987	611,205	498,410	356,684	293,798	967,889	792,208
Development project expenses	29	384	9,907	-	-	384	9,907	384	9,907	-	-	384	9,907
Total expenditure		621,171	507,096	356,684	293,798	977,855	800,894	611,589	508,317	356,684	293,798	968,273	802,115
(Deficit) Surplus before government grants		(240,726)	(183,560)	101,564	96,506	(139,162)	(87,054)	(240,120)	(193,266)	101,564	96,506	(138,556)	(96,760)

GOVERNMENT TECHNOLOGY AGENCY AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
Year ended 31 March 2020

		Group						GovTech					
		General funds		Restricted funds		Total		General funds		Restricted funds		Total	
	Note	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Government grants													
Operating grants		221,093	172,481	33,049	44,814	254,142	217,295	214,374	172,481	33,049	44,814	247,423	217,295
Development grants		45,494	22,285	673	4,601	46,167	26,886	45,852	27,045	673	4,601	46,525	31,646
		266,587	194,766	33,722	49,415	300,309	244,181	260,226	199,526	33,722	49,415	293,948	248,941
Deferred capital grants amortised		19,990	30,804	39,152	32,005	59,142	62,809	19,990	30,804	39,152	32,005	59,142	62,809
		286,577	225,570	72,874	81,420	359,451	306,990	280,216	230,330	72,874	81,420	353,090	311,750
Surplus before contribution to consolidated fund and income tax		45,851	42,010	174,438	177,926	220,289	219,936	40,096	37,064	174,438	177,926	214,534	214,990
Contribution to consolidated fund	30	12,022	11,019	24,449	25,528	36,471	36,547	12,022	11,019	24,449	25,528	36,471	36,547
Income tax expense	31	-	6	-	-	-	6	-	-	-	-	-	-
Transfers		30,274	27,566	(30,274)	(27,566)	-	-	30,274	27,566	(30,274)	(27,566)	-	-
Net surplus for the year, representing total comprehensive income for the year		64,103	58,551	119,715	124,832	183,818	183,383	58,348	53,611	119,715	124,832	178,063	178,443

See accompanying notes to financial statements.

GOVERNMENT TECHNOLOGY AGENCY AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
Year ended 31 March 2020

		Group						GovTech					
	Note	Share capital	Capital account - general funds	Capital account - restricted funds	Accumulated surplus - general funds	Accumulated surplus - restricted funds	Total	Share capital	Capital account - general funds	Capital account - restricted funds	Accumulated surplus - general funds	Accumulated surplus - restricted funds	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 April 2018		36,940	160,866	253,081	34,760	167,928	653,575	36,940	152,014	253,081	37,051	167,928	647,014
Transfer of reserves		-	8,215	(8,215)	32,533	(32,533)	-	-	8,215	(8,215)	32,533	(32,533)	-
Total surplus for the year, representing total comprehensive income for the year		-	-	-	58,551	124,832	183,383	-	-	-	53,611	124,832	178,443
Reduction of share capital, representing, transactions with owners recognised directly in equity	21	(51)	-	-	-	-	(51)	(51)	-	-	-	-	(51)
Balance as at 31 March 2019		36,889	169,081	244,866	125,844	260,227	836,907	36,889	160,229	244,866	123,195	260,227	825,406
Adoption of SB-FRS 116 *Leases*	2	-	-	-	(1,426)	17,332	15,906	-	-	-	(1,426)	17,332	15,906
Adjusted balance on 1 April 2019		36,889	169,081	244,866	124,418	277,559	852,813	36,889	160,229	244,866	121,769	277,559	841,312
Total surplus for the year, representing total comprehensive income for the year		-	-	-	64,103	119,715	183,818	-	-	-	58,348	119,715	178,063
Balance as at 31 March 2020		36,889	169,081	244,866	188,521	397,274	1,036,631	36,889	160,229	244,866	180,117	397,274	1,019,375

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 March 2020

	Note	Group 2020	Group 2019
		$'000	$'000
Operating activities			
Deficit before government grants		(139,162)	(87,054)
Adjustments for:			
Depreciation of property, plant and equipment	10	57,271	65,624
Depreciation expense of right-of-use assets	11	72,129	-
Amortisation of intangible assets	12	22,786	14,752
Amortisation of deferred expenditure	14	276	384
Interest income		(16,405)	(13,245)
Interest expense		6,713	373
Fair value changes on investments held at fair value through profit or loss (net)		(6,590)	(4,993)
(Reversal of) loss allowance for receivables		(170)	351
Loss on disposal of property, plant and equipment		36	5
Amortisation of contract liabilities in the income and expenditure		(72,246)	(51,437)
Operating cash flows before movements in working capital		(75,362)	(75,240)
Trade and other receivables		(116,477)	5,255
Trade and other payables		81,786	12,795
Provision for restoration		(1,017)	(757)
Contract liabilities		215,829	186,905
Cash generated from operations		104,759	128,958
Interest paid		-	(248)
Deferred expenditure paid	14	(868)	(483)
Tax paid		-	(6)
Contribution to consolidated fund		(36,546)	(31,376)
Net cash from operating activities		67,345	96,845
Investing activities			
Interest income received		14,538	8,388
Proceeds on disposal of property, plant and equipment		-	980
Purchase of intangible assets		(55,377)	(26,711)
Purchase of property plant and equipment		(71,560)	(32,999)
Purchase of investments held at fair value through profit or loss		-	(200,000)
Net cash used in investing activities		(112,399)	(250,342)

GOVERNMENT TECHNOLOGY AGENCY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 March 2020

	Note	Group 2020	Group 2019
		$'000	$'000
Financing activities			
Repayment of lease liabilities		(59,847)	-
Operating and development grants received	9	285,996	293,206
Increase in cash arising from reduction in amounts set aside for specific purposes/ restricted funds (Note A)		(166,150)	68,523
Reduction of share capital		-	(51)
Net cash from financing activities		59,999	361,678
Net increase in cash and cash equivalents		14,945	208,181
Cash and cash equivalents at beginning of year		234,589	26,408
Cash and cash equivalents at end of year		249,534	234,589

Note A

	Note	Group 2020	Group 2019
		$'000	$'000
Cash with Accountant-General Department ("AGD")		997,394	813,512
Cash at bank		10	2,797
Total cash and cash balances		997,404	816,309
Less: Cash set aside for restricted funds	6	(747,870)	(581,720)
		249,534	234,589

See accompanying notes to financial statements.

1 GENERAL

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

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

The objective of GovTech are:

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

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

The principal activities of GovTech are:

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

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

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

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

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

(i) the public sector; and

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

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

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

The principal activities of the subsidiaries are set out in Note 13.

GOVERNMENT TECHNOLOGY AGENCY AND ITS SUBSIDIARIES

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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 Public Sector (Governance) Act, the Act and Statutory Board Financial Reporting Standards ("SB-FRS"), including Interpretations of SB-FRS ("INT SB-FRS") and SB-FRS Guidance Notes.

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

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

Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of SB-FRS 116 *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 2019, the Group and GovTech adopted all the new and revised SB-FRSs and interpretations of SB-FRS ("INT SB-FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised SB-FRSs, INT SB-FRSs and SB-FRS Guidance Notes does not result in changes to the Group and GovTech's accounting policies and has no material effect on the amounts reported for the current or prior year except as disclosed below.

SB-FRS 116 *Leases*

SB-FRS 116 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of SB-FRS 116 on the Group's financial statements is described below. The date of initial application of SB-FRS 116 for the Group is 1 April 2019.

The Group has applied SB-FRS 116 using the cumulative catch-up approach which:

- requires the Group to recognise the cumulative effect of initially applying SB-FRS 116 as an adjustment to the opening balance of retained earnings at the date of initial application; and
- does not permit restatement of comparatives, which continue to be presented under SB-FRS 17 *Leases* and INT SB-FRS 104 *Determining whether an Arrangement Contains a Lease*.

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to SB-FRS 116 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with SB-FRS 17 and INT SB-FRS 104 will continue to be applied to those leases entered or changed before 1 April 2019.

The change in definition of a lease mainly relates to the concept of control. SB-FRS 116 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in SB-FRS 17 and INT SB-FRS 104.

The Group applies the definition of a lease and related guidance set out in SB-FRS 116 to all lease contracts entered into or modified on or after 1 April 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in SB-FRS 116 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

(b) Impact on lessee accounting

Former operating leases

SB-FRS 116 changes how the Group accounts for leases previously classified as operating leases under SB-FRS 17, which were off-balance-sheet. Applying SB-FRS 116, for all leases, the Group:

(a) Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with SB-FRS 116.C8(b)(ii).

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of comprehensive income; and

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SB-FRS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under SB-FRS 116, right-of-use assets are tested for impairment in accordance with SB-FRS 36 *Impairment of Assets*.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by SB-FRS 116. This expense is presented within "Leases of low value assets" in the statement of comprehensive income.

- The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying SB-FRS 17.
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.

Former finance leases

For leases that were classified as finance leases applying SB-FRS 17, the carrying amount of the leased assets and obligations under finance leases measured applying SB-FRS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Group has elected to apply the low-value lease recognition exemption.

The right-of-use assets and the lease liabilities are accounted for applying SB-FRS 116 from 1 April 2019.

(c) Financial impact of initial application of SB-FRS 116

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statements of financial position on 1 April 2019 is 2.17% and 2.18% for the Group and GovTech respectively.

The following table shows the operating lease commitments disclosed applying SB-FRS 17 at 31 March 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	Group	GovTech
	$'000	$'000
Operating lease commitments at 31 March 2019	438,377	435,800
Less: Short-term leases and leases of low value assets	(11,325)	(10,081)
Less: Leases commenced after 1 April 2019	(58,934)	(58,934)
Less: Effect of discounting the above amounts	(29,719)	(29,507)
Less: Present value of the variable lease payments that depend on a rate or index	(2,737)	(2,737)
Less: Non-lease components	(6,046)	(5,886)
Add: Options to extend lease term	35,549	34,003
Lease liabilities recognised as at 1 April 2019	365,165	362,658

Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. Consequently, the financial impact on the adoption are presented in the following table:

Group

	As previously reported under SB-FRS (31 March 2019)	Initial application of SB-FRS 116	As adjusted under new SB-FRS (1 April 2019)
	$'000	$'000	$'000
Property, plant and equipment	98,285	(2,618)	95,667
Other receivables	34,817	(9,027)	25,790
Other payables	169,756	5,123	174,879
Grants receivables	128,535	13,647	142,182
Deferred capital grants	82,944	16,118	99,062
Right-of-use assets	-	403,568	403,568
Lease liabilities	-	365,165	365,165
Contribution payable to consolidated fund	36,547	3,258	39,805
Accumulated surpluses - general funds	125,844	(1,426)	124,418
Accumulated surpluses - restricted funds	260,227	17,332	277,559

GovTech

	As previously reported under SB-FRS (31 March 2019)	Initial application of SB-FRS 116	As adjusted under new SB-FRS (1 April 2019)
	$'000	$'000	$'000
Property, plant and equipment	98,122	(2,527)	95,595
Other receivables	30,514	(9,027)	21,487
Other payables	166,596	5,123	171,719
Grants receivable	123,674	13,647	137,321
Deferred capital grants	82,944	16,118	99,062
Right-of-use assets	-	400,970	400,970
Lease liabilities	-	362,658	362,658
Contribution payable to consolidated fund	36,547	3,258	39,805
Accumulated surpluses - general funds	123,195	(1,426)	121,769
Accumulated surpluses - restricted funds	260,227	17,332	277,559

2.3 Standards issued but not yet effective

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

Effective for annual periods beginning on or after 1 April 2020

- Amendments to SB-FRS 1 *Presentation of Financial Statements* and SB-FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*
- Amendments to References to the Conceptual Framework in SB-FRS Standards

Management anticipates that the adoption of the above SB-FRSs, INT SB-FRSs and amendments to SB-FRS in future periods will not have a material impact on the financial statements in the period of their initial adoption.

2.4 Basis of consolidation

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

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

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

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

- The size of GovTech's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by GovTech, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that GovTech has, or does not have, the current ability is 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.

<u>Changes in the Group's ownership interests in existing subsidiaries</u>

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

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

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

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2.5 Financial instruments

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

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

<u>Financial assets</u>

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

<u>Classification of financial assets</u>

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

<u>Amortised cost and effective interest method</u>

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

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

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

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

Financial assets at FVTPL

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

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

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

Impairment of financial assets

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

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

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

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

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

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

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

Derecognition of financial liabilities

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

2.6 Offsetting arrangements

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

2.7 Leases

(Before 1 April 2019)

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.

(After 1 April 2019)

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

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Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SB-FRS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Depreciation on right-of-use assets are calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Office spaces	-	1 to 5 years
Data centre	-	4 to 15 years
Equipment	-	2 to 4 years

The right-of-use assets are presented as a separate line in the statement of financial position. The Group applies SB-FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line in the statement of profit or loss.

As a practical expedient, SB-FRS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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

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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 $6,000 are expensed off in the period of purchase.

2.9 Intangible assets

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

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

Application software	-	3 years

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

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

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

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

2.10 Impairment of tangible and intangible assets

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

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

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.

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2.14 Revenue recognition

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

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

The Group recognises revenue from the following major sources:

(a) Rendering of services

Professional services

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

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

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

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

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

Subscription services

Provision of information technology and network subscription and maintenance services.

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

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

(b) Interest income

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

2.15 Retirement benefit obligations

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

2.16 Employee leave entitlements

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

2.17 Trust and agency funds

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

2.18 Restricted funds

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

They are accounted for separately in the Statements of Comprehensive Income and the assets and liabilities are disclosed separately in Note 22 of the financial statements.

2.19 Contribution to Consolidated Fund

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

2.20 Income tax

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

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

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

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

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

2.21 Cash and cash equivalents

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

The 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, is discussed below.

Estimation of lease term

When estimating the lease term of the respective lease arrangement, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The carrying amounts of the right-of-use assets and lease liabilities are disclosed in Note 11 and 18 to the financial statements.

Potential future cash outflows of $219.9 million have not been included in the lease liability because it is not reasonably certain that the leases will be extended.

If a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee, the above assessment will be reviewed further. During the financial year ended 31 March 2020, the effect of exercising extension options was an increase in recognised lease liabilities and right-of-use assets of $23.4 million.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

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

	Group		GovTech	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Financial assets				
At amortised cost:				
Cash and cash equivalents	997,404	816,309	974,519	800,081
Trade receivables	242,660	202,617	240,033	202,314
Other receivables	12,979	13,424	11,927	9,608
Grants receivables	128,535	77,148	123,674	77,148
Due from subsidiaries	-	-	953	717
	1,381,578	1,109,498	1,351,106	1,089,868
At FVTPL:				
Investments held at fair value through profit or loss	363,561	356,971	363,561	356,971
	1,745,139	1,466,469	1,714,667	1,446,839
Financial liabilities				
At amortised cost:				
Trade payables	109,077	43,960	108,631	43,424
Other payables	174,478	156,227	169,999	155,301
	283,555	200,187	278,630	198,725
Lease liabilities	346,720	-	344,489	-
	630,275	200,187	623,119	198,725

(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 of these funds include fixed income instruments, equities and commodities which are of high credit ratings as determined by recognised rating agencies.

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

(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.

All financial assets and liabilities in 2019 and 2020 are repayable on demand or due within 1 year from the end of the reporting period, except for lease liabilities as disclosed in Note 18.

(v) *Fair value of financial assets and financial liabilities*

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

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

(c) Capital risk management policies and objectives

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

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

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

5 RELATED PARTY TRANSACTIONS

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

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

(a) Transactions with subsidiaries

	GovTech	
	2020	2019
	$'000	$'000
Professional service fees	41	54
Other income	211	313
	252	367
Professional service	(7,830)	(22,494)
Other expenses	(219)	(1,646)
Rental expenses	(317)	(370)
	(8,366)	(24,510)

(b) Transactions with Ministries and Statutory Boards

	Group		GovTech	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Professional services rendered	356,239	287,381	356,239	287,381
Subscription services rendered	422,189	366,095	421,293	364,997
Grants received	285,996	293,206	285,996	293,206

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

Compensation of key management personnel

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

	Group		GovTech	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Short term benefits	10,930	9,416	9,919	8,604
CPF contributions	430	342	393	312
	11,360	9,758	10,312	8,916

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	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Cash with the AGD	997,394	813,512	974,519	797,303
Bank and cash balances	10	2,797	-	2,778
	997,404	816,309	974,519	800,081

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 1.93% (2019 : 1.76%).

Cash and bank balances of the Group and GovTech include an amount of approximately $747.9 million (2019 : $581.7 million) set aside for restricted funds.

GOVERNMENT TECHNOLOGY AGENCY AND ITS SUBSIDIARIES

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7 TRADE RECEIVABLES

	Group		GovTech	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Third parties	103,825	80,304	101,237	80,001
Ministries and statutory boards	138,835	122,664	138,796	122,664
Allowance for expected credit loss:				
Balance at beginning of year	(351)	-	(351)	-
Amount recovered during the year	170	-	170	-
Amount written off during the year	181	-	181	-
Allowance for the year	-	(351)	-	(351)
Balance at end of year	-	(351)	-	(351)
	242,660	202,617	240,033	202,314

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

	Group		GovTech	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Not past due and not impaired	242,519	189,927	239,893	189,624
Past due but not impaired	141	12,690	140	12,690
	242,660	202,617	240,033	202,314

The average credit period on sale of services and sale of goods are 30 days and 82 days respectively (2019 : 30 days and 81 days). Loss allowance has been measured at an amount equal to expected credit losses. The ECL on trade receivables are estimated using a provisional matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors which are specific to the debtor and the general economic conditions of the industry in which the debtor operates.

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

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

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

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8 OTHER RECEIVABLES

	Group 2020	Group 2019	GovTech 2020	GovTech 2019
	$'000	$'000	$'000	$'000
Deposits	1,341	1,049	1,166	870
Interest receivable	10,592	8,725	10,285	8,539
Prepayments	91,363	21,393	95,837	20,906
Other debtors	1,046	3,650	476	199
	104,342	34,817	107,764	30,514

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

9 GRANTS (RECEIVABLES)/RECEIVED IN ADVANCE

	Group 2020	Group 2019	GovTech 2020	GovTech 2019
	$'000	$'000	$'000	$'000
Balance at beginning of year	(56,920)	(56,511)	(61,680)	(56,511)
Adoption of SB-FRS 116	(13,647)	-	(13,647)	-
Adjusted balance at beginning of year	(70,567)	(56,511)	(75,327)	(56,511)
Operating grants - Government	244,605	197,882	244,605	197,882
Development grants - Government	41,391	95,324	41,391	95,324
Net grants received during the year	285,996	293,206	285,996	293,206
Transferred to deferred capital grants	(39,633)	(49,434)	(39,633)	(49,434)
Grants recognised in income and expenditure	(300,309)	(244,181)	(293,948)	(248,941)
Balance at end of year	(124,513)	(56,920)	(122,912)	(61,680)

	Group 2020	Group 2019	GovTech 2020	GovTech 2019
	$'000	$'000	$'000	$'000
Classified as:				
- Grants received in advance	4,022	20,228	762	15,468
- Grants receivables	(128,535)	(77,148)	(123,674)	(77,148)
	(124,513)	(56,920)	(122,912)	(61,680)

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10 PROPERTY, PLANT AND EQUIPMENT

	Leasehold, improvement, furniture and fittings	Equipment	Plant and machinery	Building	Infrastructure	Capital work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Cost:							
At 1 April 2018	24,975	200,136	1,001	213	10,273	34,174	270,772
Additions	2,915	3,665	104	30	-	21,128	27,842
Disposals	(2,683)	(7,174)	(47)	-	-	-	(9,904)
Reclassification	4,938	37,379	345	-	-	(42,662)	-
At 31 March 2019	30,145	234,006	1,403	243	10,273	12,640	288,710
Adoption of SB-FRS 116	(4,709)	-	(133)	-	-	-	(4,842)
At 1 April 2019 (restated)	25,436	234,006	1,270	243	10,273	12,640	283,868
Additions	899	2,298	-	-	-	68,224	71,421
Disposals	(134)	(31,170)	(155)	-	-	-	(31,459)
Reclassification	4,265	26,571	-	-	-	(30,836)	-
At 31 March 2020	30,466	231,705	1,115	243	10,273	50,028	323,830
Accumulated depreciation and impairment losses:							
At 1 April 2018	18,366	104,428	440	213	10,273	-	133,720
Depreciation for the year	3,762	61,633	225	4	-	-	65,624
Disposals	(1,730)	(7,172)	(17)	-	-	-	(8,919)
At 31 March 2019	20,398	158,889	648	217	10,273	-	190,425
Adoption of SB-FRS 116	(2,224)	-	-	-	-	-	(2,224)
At 1 April 2019 (restated)	18,174	158,889	648	217	10,273	-	188,201
Depreciation for the year	4,514	52,538	209	10	-	-	57,271
Disposals	(231)	(31,133)	(59)	-	-	-	(31,423)
Reclassification	-	-	-	-	-	-	-
At 31 March 2020	22,457	180,294	798	227	10,273	-	214,049
Carrying amounts:							
At 31 March 2019	9,747	75,117	755	26	-	12,640	98,285
At 31 March 2020	8,009	51,411	317	16	-	50,028	109,781

GovTech

	Leasehold, improvement, furniture and fittings	Equipment	Plant and machinery	Building	Capital work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost:						
At 1 April 2018	24,863	200,043	1,001	213	34,174	260,294
Additions	2,796	3,642	104	30	21,128	27,700
Disposals	(2,683)	(7,156)	(47)	-	-	(9,886)
Reclassification	4,938	37,379	345	-	(42,662)	-
At 31 March 2019	29,914	233,908	1,403	243	12,640	278,108
Adoption of SB-FRS 116	(4,595)	-	(133)	-	-	(4,728)
At 1 April 2019 (restated)	25,319	233,908	1,270	243	12,640	273,380
Additions	900	2,286	-	-	68,224	71,410
Disposals	(107)	(31,130)	(155)	-	-	(31,392)
Reclassification	4,265	26,571	-	-	(30,836)	-
At 31 March 2020	30,377	231,635	1,115	243	50,028	313,398
Accumulated depreciation and impairment losses:						
At 1 April 2018	18,332	104,369	440	213	-	123,354
Depreciation for the year	3,698	61,608	225	4	-	65,535
Disposals	(1,730)	(7,156)	(17)	-	-	(8,903)
At 31 March 2019	20,300	158,821	648	217	-	179,986
Adoption of SB-FRS 116	(2,201)	-	-	-	-	(2,201)
At 1 April 2019 (restated)	18,099	158,821	648	217	-	177,785
Depreciation for the year	4,473	52,520	209	10	-	57,212
Disposals	(201)	(31,096)	(59)	-	-	(31,356)
At 31 March 2020	22,371	180,245	798	227	-	203,641
Carrying amounts:						
At 31 March 2019	9,614	75,087	755	26	12,640	98,122
At 31 March 2020	8,006	51,390	317	16	50,028	109,757

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

On 1 April 2020, SNDGO and Public Service Division have transferred assets comprising property, plant and equipment and intangible assets with net book value amounting to $31.7 million and $9.8 million respectively to GovTech. This is to align with the allocation of accountability between SNDGO and GovTech in the project governance framework for the Smart Nation and Digital Government Group ("SNDGG") information and communications technology systems.

11 RIGHT-OF-USE ASSETS

The Group and GovTech lease several assets including office spaces, data centres and equipments.

	Office space	Data centre	Equipment	Total
	$'000	$'000	$'000	$'000
Group				
Cost:				
At 1 April 2019	28,608	376,350	834	405,792
Additions	16,046	19,067	882	35,995
Disposals	(882)	(135)	-	(1,017)
At 31 March 2020	43,772	395,282	1,716	440,770
Accumulated depreciation:				
At 1 April 2019	2,064	160	-	2,224
Depreciation for the year	13,161	58,704	264	72,129
Disposals	(491)	(26)	-	(517)
At 31 March 2020	14,734	58,838	264	73,836
Carrying amount:				
At 1 April 2019 (Note 2)	26,544	376,190	834	403,568
At 31 March 2020	29,038	336,444	1,452	366,934
GovTech				
Cost:				
At 1 April 2019	25,994	376,350	828	403,172
Additions	16,032	19,067	882	35,981
Disposals	(882)	(135)	-	(1,017)
At 31 March 2020	41,144	395,282	1,710	438,136
Accumulated depreciation:				
At 1 April 2019	2,042	160	-	2,202
Depreciation for the year	12,806	58,704	261	71,771
Disposals	(491)	(26)	-	(517)
At 31 March 2020	14,357	58,838	261	73,456
Carrying amount:				
At 1 April 2019 (Note 2)	23,952	376,190	828	400,970
At 31 March 2020	26,787	336,444	1,449	364,680

12 INTANGIBLE ASSETS

	Software	Software under development	Total
	$'000	$'000	$'000
Group and GovTech			
Cost:			
At 1 April 2018	53,829	7,225	61,054
Additions	6,449	20,262	26,711
Disposals	(7,204)	-	(7,204)
Reclassification	14,870	(14,870)	-
At 31 March 2019	67,944	12,617	80,561
Additions	6,962	48,415	55,377
Disposals	(4,153)	-	(4,153)
Reclassification	35,742	(35,742)	-
At 31 March 2020	106,495	25,290	131,785
Accumulated depreciation:			
At 1 April 2018	33,494	-	33,494
Amortisation for the year	14,752	-	14,752
Disposals	(7,204)	-	(7,204)
At 31 March 2019	41,042	-	41,042
Amortisation for the year	22,786	-	22,786
Disposals	(4,153)	-	(4,153)
Reclassification	-	-	-
At 31 March 2020	59,675	-	59,675
Carrying amounts:			
At 31 March 2019	26,902	12,617	39,519
At 31 March 2020	46,820	25,290	72,110

GOVERNMENT TECHNOLOGY AGENCY AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
31 March 2020

13 SUBSIDIARIES

	GovTech	
	2020	2019
	$'000	$'000
Unquoted shares, at cost	70,140	70,140
Less: Impairment loss	(70,140)	(70,140)
	*	*

* Amount less than $1,000.

Management recorded impairment loss of $70.1 million (2019 : $70.1 million) during the year which represents the shortfall between the recoverable amount and carrying amount.

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

Name of subsidiaries	Principal activities	Proportion of ownership interest and voting power held		Cost of investments	
		2020	2019	2020	2019
		%	%	$'000	$'000
Held by GovTech					
IDA International Pte Ltd	The company has wound down their operations subsequent to 31 March 2015 and transferred all their business activities to other government agencies on 3 December 2015	100	100	*	*
Assurity Trusted Solutions Pte Ltd	Provide information security services including second factor authorisation services and certification services	100	100	70,140	70,140

* The cost of investment in the subsidiary as at 31 March 2020 is $100.

14 DEFERRED EXPENDITURE

	Group & GovTech	
	2020	2019
	$'000	$'000
Cost:		
Balance at beginning of the year	9,148	8,665
Additions	868	483
Adjustment for the year [i]	(321)	-
Balance at end of the year	9,695	9,148
Accumulated amortisation:		
Balance at beginning of the year	8,071	7,687
Amortisation for the year	276	384
Adjustment for the year [i]	(240)	-
Balance at end of the year	8,107	8,071
Carrying amount	1,588	1,077

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.

(i) During the financial year, a scholar has ceased employment with the Group and transferred to another statutory board. Correspondingly, the Group has recognised a receivable of $81,000 owing from this statutory board.

GOVERNMENT TECHNOLOGY AGENCY AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
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15 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group & GovTech	
	2020	2019
	$'000	$'000
Investments held at fair value through profit or loss	363,561	356,971

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

	Group & GovTech	
	2020	2019
	$'000	$'000
Balance at beginning of the year	356,971	151,978
Additions during the year	-	200,000
Fair value changes during the year	6,590	4,993
Balance at end of the year	363,561	356,971

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.

Subsequent to the Group's statement of financial position date, the fair values of the Group's investments may be subject to fluctuation due to the COVID-19 outbreak. The Group is closely monitoring the development of the COVID-19 outbreak and its related impact on its investments. As at the date of the financial statements, there were further fair value gains on its investments.

16 OTHER PAYABLES

	Group		GovTech	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Accrual for payroll related expenses	94,194	90,762	92,056	89,429
Accrual for operating and other expenses	73,566	58,608	71,225	57,015
Accrual for purchase of fixed assets	6,718	6,857	6,718	6,857
	174,478	156,227	169,999	153,301
Provision for unutilised leave	16,931	13,529	16,640	13,295
	191,409	169,756	186,639	166,596

17 CONTRACT LIABILITIES

	Group		GovTech	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Current	110,306	72,246	110,120	72,036
Non-current	464,607	359,084	464,607	359,084
	574,913	431,330	574,727	431,120

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

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

There were no significant changes in the contract liability balances during the reporting period. The amount of revenue recognised in the current reporting period which relates to brought-forward contract liabilities is $72.2 million for the Group and $72.0 million for GovTech.

18 LEASE LIABILITIES

	Group	GovTech
	2020	2020
	$'000	$'000
Maturity analysis:		
Not later than 1 year	70,225	69,712
Later than 1 year and not later than 5 years	230,659	229,415
Later than 5 years	67,678	67,011
	368,562	366,138
Less: Unearned interest	(21,842)	(21,649)
	346,720	344,489
Analysed as:		
Current	64,054	63,597
Non-current	282,666	280,892
	346,720	344,489

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's accounting function.

GOVERNMENT TECHNOLOGY AGENCY AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
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19 PROVISION FOR RESTORATION

	Group		GovTech	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Balance at beginning of the year	5,071	4,990	4,958	4,990
Provisions made	668	713	654	600
Reversals made	(1,017)	(757)	(1,017)	(757)
Unwind of discount on restoration costs	138	125	138	125
Balance at end of the year	4,860	5,071	4,733	4,958
Provision due:				
Within 1 year	2,214	-	2,214	-
After 1 year but within 5 years	2,590	4,932	2,463	4,819
After 5 years	56	139	56	139
	4,860	5,071	4,733	4,958

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.

20 DEFERRED CAPITAL GRANTS

	Group & GovTech	
	2020	2019
	$'000	$'000
Balance at beginning of year	82,944	96,319
Adoption of SB-FRS 116	16,118	-
Restated balance at beginning of year	99,062	96,319
Amounts transferred from government grants (Note 9)	39,633	49,434
Amortisation of deferred capital grants	(59,142)	(62,809)
Balance at end of year	79,553	82,944

21 SHARE CAPITAL

	Group & GovTech			
	2020	2019	2020	2019
	Number of ordinary shares		$'000	$'000
Issued and fully paid up:				
At beginning of year	36,889,217	36,939,791	36,889	36,940
Capital reduction	-	(50,574)	-	(51)
At end of year	36,889,217	36,889,217	36,889	36,889

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.

22 CAPITAL ACCOUNT AND ACCUMULATED SURPLUSES - RESTRICTED FUNDS

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

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

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

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

	Group & GovTech	
	2020	2019
	$'000	$'000
Non-current assets		
Property, plant and equipment	88,814	73,450
Intangible assets	49,122	28,745
Right-of-use assets	343,721	-
Investment at fair value through profit or loss	200,000	200,000
	681,657	302,195
Current assets		
Trade receivables	205,376	165,503
Other receivables	85,817	11,152
Grant receivables	12,395	161
Cash and bank balances	747,870	581,720
	1,051,458	758,536
Current liabilities		
Trade payables	97,229	12,630
Other payables	35,716	30,918
Contract liabilities	110,120	72,033
Lease liabilities	54,201	-
Contribution payable to consolidated fund	27,535	25,561
	324,801	141,142
Non-current liabilities		
Deferred capital grants - government	38,967	55,412
Contract liabilities	464,415	359,084
Lease liabilities	262,792	-
	766,174	414,496
Equity		
Capital account	244,866	244,866
Accumulated surpluses - restricted funds	397,274	260,227
	642,140	505,093

23 NET ASSETS OF TRUST AND AGENCY FUNDS

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

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

	Group & GovTech	
	2020	2019
	$'000	$'000
Receipts	16,399	10,561
Expenditures	(16,288)	(11,657)
Net surplus (deficit) for the year	111	(1,096)
Accumulated losses at beginning of the year	(458)	638
	(347)	(458)
Represented by:		
Amounts due to general funds	(3,193)	(2,035)
Trade and other payables	(433)	(79)
Trade and other receivables	3,279	1,656
Net liabilities	(347)	(458)

24 REVENUE

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

	Group		GovTech	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Timing of revenue recognition				
At a point in time:				
Interest income from loans and receivables	16,405	12,995	15,917	12,719
Others	-	250	-	250
	16,405	13,245	15,917	12,969
Over time:				
Professional services rendered	356,239	287,435	356,239	287,435
Subscription services rendered	430,459	374,971	421,293	364,997
	786,698	662,406	777,532	652,432
	803,103	675,651	793,449	665,401

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

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period for the Group and GovTech are described in Note 17.

25 OTHER INCOME

	Group		GovTech	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Other service income	26,951	28,727	27,980	30,547
Others	2,049	4,469	1,698	4,414
	29,000	33,196	29,678	34,961

26 SALARIES, CPF AND OTHER CONTRIBUTIONS

	Group		GovTech	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Wages and salaries	360,675	315,271	353,329	309,033
Employer's contribution to Central Provident Fund	39,741	33,971	38,788	32,964
	400,416	349,242	392,117	341,997

27 OTHER EXPENSES

	Group		GovTech	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
IT promotion and sponsorship	339	321	339	321
Utilities	7,618	7,529	7,618	7,529
Publicity expense	2,745	2,309	2,745	2,309
Professional and communication services	18,472	22,341	18,842	24,292
Irrecoverable GST	9,600	7,932	9,600	7,932
General and administrative expense	4,784	4,301	3,390	4,267
Local travelling	1,970	1,314	1,912	1,314
Reinstatement cost	12	-	12	-
Amortisation of deferred expenditure	276	384	276	384
	45,816	46,431	44,734	48,348

28 INTEREST EXPENSE

	Group		GovTech	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Interest expense on:				
Lease liabilities	6,575	-	6,594	-
Unwinding on provision of restorations	138	278	138	278
Others	-	95	-	95
	6,713	373	6,732	373

29 DEVELOPMENT PROJECT EXPENSES

	Group & GovTech	
	2020	2019
	$'000	$'000
Development project expenses:		
iN2015 Masterplan [i]	190	8,257
ICM2025 [ii]	194	1,650
	384	9,907

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

(i) iN2015 Master plan

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

(ii) ICM2025

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

GOVERNMENT TECHNOLOGY AGENCY AND ITS SUBSIDIARIES

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30 CONTRIBUTION TO CONSOLIDATED FUND

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

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

	GovTech	
	2020	2019
	$'000	$'000
Surplus of GovTech before contribution to consolidated fund	214,534	214,990
Contribution at 17%	36,471	36,547

31 INCOME TAX EXPENSE

Domestic income tax of the Group is calculated at 17% (2019 : 17%) of the estimated assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

	Group	
	2020	2019
	$'000	$'000
Surplus before contribution to Consolidated Fund and taxation	220,289	219,936
Less: Surplus of the Corporation before contribution to Consolidated Fund and taxation not subjected to tax	(214,534)	(214,990)
	5,755	4,946
Income tax expense (benefit) at statutory tax rate of 17% (2019 : 17%)	979	841
Deferred tax assets not recognised	3	21
Income not subject to tax	(21)	(21)
Utilisation of tax losses	(1,047)	(851)
Expenses not deductible for tax purposes	97	10
Change in temporary timing differences	(11)	-
Underprovision of income tax in prior year	-	6
	-	6

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

As of 31 March 2020, subject to the agreement by the tax authorities, certain subsidiaries of the Group have unutilised tax losses amounting to approximately $38.4 million (2019 : $44.5 million) and unrecognised capital allowances of approximately $10.4 million (2019 : $10.6 million) available for offset against future profits. No deferred tax arising from unutilised tax losses has been recognised due to the unpredictability of future profit streams.

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

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

32 COMMITMENTS

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

	Group		GovTech	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Capital expenditure	80,161	37,645	80,161	37,645
Operation and maintenance expenditure	4,191	5,191	-	-
	84,352	42,836	80,161	37,645

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. During the financial year, this was further extended to 31 March 2021 at an adjusted annual charge of $4.2 million.

Operating lease arrangements

Disclosure required under SB-FRS 116

At 31 March 2020, the Group and GovTech is committed to $85,000 for short-term leases.

Disclosure required under SB-FRS 17

At 31 March 2019, the Group and GovTech had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	GovTech
	2019	2019
	$'000	$'000
Not later than one year	78,550	78,550
Later than one year but not later than five years	246,092	245,447
Later than five years	113,735	111,803
	438,377	435,800

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

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

As at 31 March 2020, the development project expenses (to develop Singapore's info-communications industry) committed amounted to approximately $2.4 million (2019 : $10.7 million).

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