

FINANCIAL STATEMENTS

GOVERNMENT TECHNOLOGY AGENCY AND ITS SUBSIDIARIES

► 31 March 2023

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STATEMENT BY GOVERNMENT TECHNOLOGY AGENCY

In our opinion,

- (a) the accompanying financial statements of Government Technology Agency ("GovTech") and its subsidiary (the "Group"), are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018 (the "PSG Act"), the Government Technology Agency Act 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 2023, 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 whether purchased, donated or otherwise.

On behalf of Government Technology Agency and its subsidiary



LEONG WENG KEONG JOSEPH
Chairman



GOH WEI BOON
Chief Executive

Dated: 6 July 2023

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Government Technology Agency ("GovTech") and its subsidiary (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 2023, 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.

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 (the "PSG Act"), the Government Technology Agency Act 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 2023 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, but does not include the financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF GOVERNMENT TECHNOLOGY AGENCY (CONT'D)

Report on the Audit of the Financial Statements (Cont'd)

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 constitutional Act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Group or for the Group to cease operations.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF GOVERNMENT TECHNOLOGY AGENCY (CONT'D)

Report on the Audit of the Financial Statements (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- (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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF GOVERNMENT TECHNOLOGY AGENCY (CONT'D)

Report on Other Legal and Regulatory Requirements (Cont'd)

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 Responsibilities 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.

Other matter

The financial statements for the year ended 31 March 2022 were audited by another firm of auditors whose report dated 6 July 2022 expressed an unmodified opinion on those financial statements.



Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 6 July 2023

GOVERNMENT TECHNOLOGY AGENCY AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023

Note	Group		GovTech		
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	
ASSETS					
Current assets					
Cash and cash equivalents	6	1,843,220	1,551,714	1,801,015	1,515,490
Trade receivables	7	316,537	273,466	315,535	273,466
Due from subsidiaries (non-trade)		-	-	2,063	4,095
Other receivables	8	198,410	131,795	198,772	135,239
Grants receivables	9	27,679	68,389	27,679	68,389
Total current assets		2,385,846	2,025,364	2,345,064	1,996,679
Non-current assets					
Property, plant and equipment	10	171,122	122,879	171,114	122,865
Right-of-use assets	11	301,456	336,410	298,422	334,672
Intangible assets	12	66,544	98,255	66,544	98,255
Subsidiaries	13	-	-	-	*
Deferred expenditure	14	5,905	4,681	5,905	4,681
Investments held at fair value through profit or loss	15	575,469	593,169	575,469	593,169
Total non-current assets		1,120,496	1,155,394	1,117,454	1,153,642
Total assets		3,506,342	3,180,758	3,462,518	3,150,321
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	16	190,784	192,812	191,240	193,508
Other payables	16	318,329	330,363	308,537	324,701
Contract liabilities	17	196,172	146,951	196,172	146,951
Lease liabilities	18	83,024	76,851	82,564	76,840
Provision for restoration	19	-	245	-	245
Contribution payable to consolidated fund	30	38,672	44,147	38,672	44,147
Total current liabilities		826,981	791,369	817,185	786,392
Non-current liabilities					
Contract liabilities	17	640,248	599,671	640,248	599,671
Lease liabilities	18	221,807	256,836	219,143	255,047
Provision for restoration	19	4,967	3,685	4,847	3,565
Deferred capital grants	20	26,483	33,297	26,483	33,297
Total non-current liabilities		893,505	893,489	890,721	891,580
Capital and reserves					
Share capital	21	179,906	77,530	179,906	77,530
Capital account:					
- General funds	21	168,808	169,081	160,229	160,229
- Restricted funds	21, 22	244,866	244,866	244,866	244,866
Accumulated surpluses - general funds		416,517	377,862	393,852	363,163
Accumulated surpluses - restricted funds	22	775,759	626,561	775,759	626,561
Total equity		1,785,856	1,495,900	1,754,612	1,472,349
Total liabilities and equity		3,506,342	3,180,758	3,462,518	3,150,321
Net liabilities of trust and agency funds	23	(3,856)	(857)	(3,856)	(857)

* Amount less than \$1,000.

See accompanying notes to financial statements.

STATEMENTS OF COMPREHENSIVE INCOME
For The Financial Year ended 31 March 2023

	Note	Group						GovTech					
		General funds		Restricted funds		Total		General funds		Restricted funds		Total	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Income													
Service fees	24	521,976	452,746	670,857	614,331	1,192,833	1,067,077	522,043	452,755	670,857	614,331	1,192,900	1,067,086
Interest income	24	576	794	23,862	2,887	24,438	3,681	1	680	23,862	2,887	23,863	3,567
Other income	25	9,876	10,591	19,732	22,605	29,608	33,196	11,225	11,053	19,732	22,605	30,957	33,658
Total income		532,428	464,131	714,451	639,823	1,246,879	1,103,954	533,269	464,488	714,451	639,823	1,247,720	1,104,311
Expenditure													
Salaries, CPF and other contributions	26	641,754	607,023	2,464	-	644,218	607,023	634,123	600,141	2,464	-	636,587	600,141
Professional services		226,186	199,623	160,723	125,781	386,909	325,404	244,023	212,162	160,723	125,781	404,746	337,943
Regulatory and promotion expenses		2,018	921	65	-	2,083	921	1,932	647	65	-	1,997	647
Standard Information and Communications Technology (ICT) charges		5,406	4,501	143,542	111,201	148,948	115,702	5,406	4,501	143,542	111,201	148,948	115,702
Rental expenses		298	1,233	3	4	301	1,237	298	1,236	3	4	301	1,240
Leases of low value assets		2,464	2,231	1,480	1,201	3,944	3,432	2,464	2,231	1,480	1,201	3,944	3,432
Staff welfare and allowance		19,422	10,597	62	10	19,484	10,607	19,216	10,403	62	10	19,278	10,413
Repairs and maintenance		36,855	12,456	49,119	55,783	85,974	68,239	36,856	12,507	49,119	55,783	85,975	68,290
Overseas mission and meetings		1,821	250	199	-	2,020	250	1,820	250	199	-	2,019	250
Supplies and services		23,915	50,446	1,791	2,997	25,706	53,443	23,914	50,447	1,791	2,997	25,705	53,444
Staff training		10,445	10,255	1	-	10,446	10,255	10,419	10,237	1	-	10,420	10,237
Depreciation of property, plant and equipment	10	16,660	9,478	56,967	40,133	73,627	49,611	16,650	9,469	56,967	40,133	73,617	49,602
Depreciation of right-of-use assets	11	14,578	14,486	67,061	66,788	81,639	81,274	14,335	14,227	67,061	66,788	81,396	81,015
Balance carried forward		1,001,822	923,500	483,477	403,898	1,485,299	1,327,398	1,011,456	928,458	483,477	403,898	1,494,933	1,332,356

See accompanying notes to financial statements.

GOVERNMENT TECHNOLOGY AGENCY AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

For The Financial Year ended 31 March 2023

	Note	Group						GovTech					
		General funds		Restricted funds		Total		General funds		Restricted funds		Total	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward		1,001,822	923,500	483,477	403,898	1,485,299	1,327,398	1,011,456	928,458	483,477	403,898	1,494,933	1,332,356
Amortisation of intangible assets	12	7,804	8,333	34,884	33,799	42,688	42,132	7,804	8,333	34,884	33,799	42,688	42,132
Property, plant and equipment expensed off		2,713	4,061	357	1,400	3,070	5,461	2,713	4,062	357	1,400	3,070	5,462
Board members' allowance		455	362	-	-	455	362	277	270	-	-	277	270
Other expenses	27	33,787	52,334	22,099	22,500	55,886	74,834	32,857	52,014	22,099	22,500	54,956	74,514
Net foreign currency exchange loss/(gain)		382	(484)	607	(667)	989	(1,151)	382	(484)	607	(667)	989	(1,151)
Fair value loss/(gain)		17,777	8,634	(77)	(35)	17,700	8,599	17,777	8,634	(77)	(35)	17,700	8,599
Loss on disposal of intangible assets		-	508	-	-	-	508	-	508	-	-	-	508
(Gain)/loss on disposal of property, plant and equipment		(2,548)	155	2,236	8	(312)	163	(2,547)	155	2,236	8	(311)	163
Interest expense	28	367	412	4,152	5,217	4,519	5,629	374	421	4,152	5,217	4,526	5,638
Total expenses before development expenses		1,062,559	997,815	547,735	466,120	1,610,294	1,463,935	1,071,093	1,002,371	547,735	466,120	1,618,828	1,468,491
Development project expenses	29	-	71	-	-	-	71	-	71	-	-	-	71
Total expenditure		1,062,559	997,886	547,735	466,120	1,610,294	1,464,006	1,071,093	1,002,442	547,735	466,120	1,618,828	1,468,562
(Deficit)/surplus before government grants		(530,131)	(533,755)	166,716	173,703	(363,415)	(360,052)	(537,824)	(537,954)	166,716	173,703	(371,108)	(364,251)

See accompanying notes to financial statements.

GOVERNMENT TECHNOLOGY AGENCY AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

For The Financial Year ended 31 March 2023

	Note	<u>Group</u>						<u>GovTech</u>					
		General funds		Restricted funds		Total		General funds		Restricted funds		Total	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
(Deficit)/surplus before government grants		(530,131)	(533,755)	166,716	173,703	(363,415)	(360,052)	(537,824)	(537,954)	166,716	173,703	(371,108)	(364,251)
<i>Government grants</i>													
Operating grants		404,495	457,879	63,846	30,828	468,341	488,707	404,495	457,879	63,846	30,828	468,341	488,707
Development grants		108,755	91,854	1,489	614	110,244	92,468	108,755	91,854	1,489	614	110,244	92,468
Government grants amortised	9	513,250	549,733	65,335	31,442	578,585	581,175	513,250	549,733	65,335	31,442	578,585	581,175
Deferred capital grants amortised	20	15,572	17,262	4,649	6,330	20,221	23,592	15,572	17,262	4,649	6,330	20,221	23,592
		528,822	566,995	69,984	37,772	598,806	604,767	528,822	566,995	69,984	37,772	598,806	604,767
(Deficit)/surplus before contribution to consolidated fund and income tax		(1,309)	33,240	236,700	211,475	235,391	244,715	(9,002)	29,041	236,700	211,475	227,698	240,516
Contribution to consolidated fund	30	(8,005)	(14,753)	(30,667)	(26,135)	(38,672)	(40,888)	(8,005)	(14,753)	(30,667)	(26,135)	(38,672)	(40,888)
Income tax expense	31	-	-	-	-	-	-	-	-	-	-	-	-
		(9,314)	18,487	206,033	185,340	196,719	203,827	(17,007)	14,288	206,033	185,340	189,026	199,628
Transfers		56,305	57,741	(56,305)	(57,741)	-	-	56,305	57,741	(56,305)	(57,741)	-	-
Net surplus for the year, representing total comprehensive income for the year		46,991	76,228	149,728	127,599	196,719	203,827	39,298	72,029	149,728	127,599	189,026	199,628

See accompanying notes to financial statements.

GOVERNMENT TECHNOLOGY AGENCY AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
For The Financial Year ended 31 March 2023

	Group					Total	GovTech					Total
	Share capital	Capital account - general funds	Capital account - restricted funds	Accumulated surplus - general funds	Accumulated surplus - restricted funds		Share capital	Capital account - general funds	Capital account - restricted funds	Accumulated surplus - general funds	Accumulated surplus - restricted funds	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance on 1 April 2021	36,889	169,081	244,866	301,634	498,962	1,251,432	36,889	160,229	244,866	291,134	498,962	1,232,080
Total comprehensive income for the year	-	-	-	76,228	127,599	203,827	-	-	-	72,029	127,599	199,628
Transactions with owners recognised directly in equity												
Issuance of share capital (Note 21)	40,641	-	-	-	-	40,641	40,641	-	-	-	-	40,641
Balance as at 31 March 2022	77,530	169,081	244,866	377,862	626,561	1,495,900	77,530	160,229	244,866	363,163	626,561	1,472,349
Total comprehensive income for the year	-	-	-	46,991	149,728	196,719	-	-	-	39,298	149,728	189,026
Transfer of reserves	-	-	-	(2,218)	2,218	-	-	-	-	(2,218)	2,218	-
Transactions with owners recognised directly in equity												
Dividends paid	-	-	-	(6,391)	(2,748)	(9,139)	-	-	-	(6,391)	(2,748)	(9,139)
Issuance of share capital (Note 21)	102,376	-	-	-	-	102,376	102,376	-	-	-	-	102,376
Strike-off of subsidiary	-	(273)	-	273	-	-	-	-	-	-	-	-
	102,376	(273)	-	(6,118)	(2,748)	93,237	102,376	-	-	(6,391)	(2,748)	93,237
Balance as at 31 March 2023	179,906	168,808	244,866	416,517	775,759	1,785,856	179,906	160,229	244,866	393,852	775,759	1,754,612

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For The Financial Year ended 31 March 2023

Group		2023	2022
	Note	\$'000	\$'000
Operating activities			
Deficit before government grants		(363,415)	(360,052)
Adjustments for:			
Depreciation of property, plant and equipment	10	73,627	49,611
Depreciation expense of right-of-use assets	11	81,639	81,274
Amortisation of intangible assets	12	42,688	42,132
Amortisation of deferred expenditure	14	934	829
Interest income	24	(24,438)	(3,681)
Interest expense	28	4,519	5,629
Fair value changes on investments held at fair value through profit or loss (net)	15	17,700	8,599
Loss on disposal of intangible assets		-	508
(Gain)/loss on disposal of property, plant and equipment		(312)	163
Amortisation of contract liabilities in the income and expenditure		(146,952)	(164,360)
Operating cash flows before movements in working capital		(314,010)	(339,348)
Trade and other receivables		(91,463)	(37,185)
Trade and other payables		(12,669)	147,591
Provision for restoration		(238)	-
Contract liabilities		236,750	241,402
Cash (used in)/generated from operations		(181,630)	12,460
Deferred expenditure paid	14	(2,158)	(2,735)
Contribution to consolidated fund	30	(44,147)	(39,639)
Net cash used in operating activities		(227,935)	(29,914)
Investing activities			
Interest income received		6,214	3,896
Proceeds on disposal of property, plant and equipment		3,070	-
Purchase of intangible assets		(10,977)	(45,695)
Purchase of property plant and equipment (Note B)		(126,021)	(94,900)
Purchase of investments held at fair value through profit or loss		-	(200,000)
Net cash used in investing activities		(127,714)	(336,699)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)
For The Financial Year ended 31 March 2023

Group		2023	2022
	Note	\$'000	\$'000
Financing activities			
Repayment of lease liabilities	18	(74,352)	(73,156)
Interest paid	18	(4,432)	(5,544)
Operating and development grants received	9	735,078	758,797
Changes in cash set aside for restricted funds (Note A)		(302,534)	(36,473)
Payment of dividends		(9,139)	-
Net cash generated from financing activities		344,621	643,624
Net (decrease)/ increase in cash and cash equivalents		(11,028)	277,011
Cash and cash equivalents at beginning of year		613,071	336,060
Cash and cash equivalents at end of year		602,043	613,071

Note A

Group		2023	2022
	Note	\$'000	\$'000
Cash and cash equivalents in the statement of financial position	6	1,843,220	1,551,714
Less: Cash set aside for restricted funds	22	(1,241,177)	(938,643)
Cash and cash equivalents in the consolidated statement of cash flows		602,043	613,071

Note B

During the year, the Group acquired plant and equipment with an aggregate cost of \$124.6 million (2022 - \$72.3 million) of which \$7.3 million (2022 - \$8.7 million) remain unpaid at the end of the year.

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year ended 31 March 2023

1. GENERAL

Government Technology Agency ("GovTech") is established on 1 October 2016 under the Government Technology Agency Act 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 objectives 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2023

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 2022, 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective

Management has considered and is of the view that adoption of the new/revised SB-FRSs that are issued as at the date of these financial statements but effective only in future periods will not have a material impact on the financial statements of the Group and GovTech in the period of their initial adoption.

2.4 Basis of consolidation

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

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

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

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

- The size of GovTech's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by GovTech, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that GovTech has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when GovTech obtains control over the subsidiary and ceases when GovTech loses control of the subsidiary. Specifically, income and expenditure 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (Cont'd)

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

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

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 expenditure.

Financial assets

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

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Financial instruments (Cont'd)

Financial assets (Cont'd)

Classification of financial assets

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

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

Amortised cost and effective interest method

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

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

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

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

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.
- Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of the derivatives are recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Financial instruments (Cont'd)

Financial assets at FVTPL (Cont'd)

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 expenditure to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in income or expenditure 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 expenditure.

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Financial instruments (Cont'd)

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 expenditure.

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

The Group as a 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 expenditure 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Leases (Cont'd)

The Group as a lessee (Cont'd)

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.

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.

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Leases (Cont'd)

The Group as a lessee (Cont'd)

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 is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Office spaces	-	3 to 8 years
Data centre	-	4 to 15 years
Equipment	-	2 to 4 years
Warehouse	-	3 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 expenditure in the period in which the event or condition that triggers those payments occurs and are included in the line in the statement of comprehensive income.

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 contracts that contain 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Property, plant and equipment (Cont'd)

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 5 to 8 years
Equipment	-	1.5 to 5 years
Plant and machinery	-	5 to 10 years
Buildings	-	50 years
Infrastructure	-	3 years

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 expenditure 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.

Software-as-a-Service (SaaS) arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. As such, the Group does not receive a software intangible asset at the contract commencement date. A right to receive future access to the supplier's software does not, at the contract commencement date give the Group the power to obtain the future economic benefits flowing from the software itself and to restrict others' access to those benefits. Fees for the use of the application software and recognized on costs are recognized as operating expenses over the term of the service contract while configuration costs, data conversion and migration costs, testing costs and training costs are recognized as operating expenses as the services are received.

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Intangible assets (Cont'd)

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

Application software	-	3 years
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Software under development included in intangible assets comprise of software implementation that are not depreciated as these assets are not available for use.

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

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

Application software below \$6,000 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 expenditure.

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.

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 expenditure in the period in which they become receivable.

2.13 Provisions

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

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

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

2.14 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Revenue recognition (Cont'd)

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 expenditure 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 1989 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.

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 expenditure 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Income tax (Cont'd)

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 expenditure 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2023

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

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 Notes 11 and 18 to the financial statements.

Potential future cash outflows of \$124.8 million (2022 - \$185.0 million) have not been included in the lease liabilities 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 2023, the effect of exercising extension options was an increase in recognised lease liabilities and right-of-use assets of \$26.3 million (2022 - \$0.7 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:

	Note	Group		GovTech	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Financial assets					
At amortised cost:					
Cash and cash equivalents	6	1,843,220	1,551,714	1,801,015	1,515,490
Trade receivables	7	316,537	273,466	315,535	273,466
Other receivables	8	31,702	4,876	29,731	4,645
Grants receivables	9	27,679	68,389	27,679	68,389
Due from subsidiaries (non-trade)		-	-	2,063	4,095
		2,219,138	1,898,445	2,176,023	1,866,085
At FVTPL:					
Investments held at fair value through profit or loss	15	575,469	593,169	575,469	593,169
		2,794,607	2,491,614	2,751,492	2,459,254
Financial liabilities					
At amortised cost:					
Trade payables and other payables	16	465,628	456,519	456,656	452,465
Lease liabilities	18	304,831	333,687	301,707	331,887
		770,459	790,206	758,363	784,352

NOTES TO FINANCIAL STATEMENTS

31 March 2023

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(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 exposed to certain degree of foreign currency risk arising from payments made to a supplier which are denominated in United State Dollar. To mitigate the foreign currency risk, the Group enters into foreign exchange contracts to hedge such foreign currency risk as disclosed in Note 15. The exchange loss recorded for the current financial year is not significant. Other than the above, the Group's transactions, monetary assets and liabilities are predominantly denominated in Singapore dollars.

Foreign currency sensitivity analysis has not been presented as management does 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 has 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 and cash equivalents, trade receivables, other receivables, grant receivables and investments held 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 three (2022 - three) fund managers under the AGD panel of approved fund managers.

NOTES TO FINANCIAL STATEMENTS

31 March 2023

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (Cont'd)**(iii) Credit risk management (Cont'd)**

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 as at 31 March 2023 and 2022 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 in 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 2.1 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.

NOTES TO FINANCIAL STATEMENTS

31 March 2023

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 a subsidiary

	GovTech	
	2023	2022
	\$'000	\$'000
Professional services fees	100	10
Other income	1,426	350
	1,526	360
Professional service	(21,987)	(12,651)
Other expenses	-	(245)
Rental expenses	(246)	(248)
	(22,233)	(13,144)

(b) Transactions with Ministries and Statutory Boards

	Group		GovTech	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Professional services rendered	511,493	439,289	511,493	439,279
Subscription services rendered	681,307	627,787	681,307	627,797
Grants received	735,078	758,797	735,078	758,797

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

(c) Compensation of key management personnel

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

	Group		GovTech	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Short term benefits	15,106	12,426	14,473	11,899
CPF contributions	492	475	443	463
	15,598	12,901	14,916	12,362

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.

NOTES TO FINANCIAL STATEMENTS

31 March 2023

6. CASH AND CASH EQUIVALENTS

	Group		GovTech	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Cash with the AGD	1,835,916	1,546,288	1,795,910	1,510,074
Bank and cash balances	7,304	5,426	5,105	5,416
	1,843,220	1,551,714	1,801,015	1,515,490

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 1.56% (2022 - 0.3%).

Cash and bank balances of the Group and GovTech include an amount of approximately \$1,241.2 million (2022 - \$938.6 million) set aside for restricted funds.

7. TRADE RECEIVABLES

	Group		GovTech	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Third parties	82,890	85,772	81,888	85,772
Ministries and statutory boards	233,647	187,694	233,647	187,694
	316,537	273,466	315,535	273,466

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

	Group		GovTech	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Not past due and not impaired	316,211	273,466	315,220	273,466
Past due but not impaired	326	-	315	-
	316,537	273,466	315,535	273,466

The average credit period on sale of services is 89 days (2022 - 84 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 Ministries and Statutory Boards. However, management determines the receivables due from Ministries and Statutory Boards are subject to immaterial credit loss.

NOTES TO FINANCIAL STATEMENTS

31 March 2023

8. OTHER RECEIVABLES

	<u>Group</u>		<u>GovTech</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Deposits	1,594	1,721	1,433	1,567
Interest receivable	20,530	2,306	20,047	2,235
Other debtors	9,578	849	8,251	843
Financial assets at amortised cost	31,702	4,876	29,731	4,645
Prepayments	166,708	126,919	169,041	130,594
	198,410	131,795	198,772	135,239

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, 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

	2023	2022
<u>Group and GovTech</u>	\$'000	\$'000
Balance at beginning of year	68,389	200,675
Operating grants - Government	(539,691)	(558,785)
Development grants - Government	(195,387)	(200,012)
Net grants received during the year	(735,078)	(758,797)
Transferred to deferred capital grants (Note 20)	13,407	4,695
Transferred to share capital account (Note 21)	102,376	40,641
Grants amortised recognised in income and expenditure	578,585	581,175
Balance at end of year	27,679	68,389

NOTES TO FINANCIAL STATEMENTS

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10. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold, improvement, furniture and fittings	Equipment	Plant and machinery	Building	Infrastructure	Capital work- in-progress (Note)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:							
At 1 April 2021	31,118	313,018	1,188	224	10,273	3,506	359,327
Additions	306	4,797	3,992	-	-	63,196	72,291
Disposals	(126)	(70,611)	(3)	-	(10,273)	-	(81,013)
Reclassifications	462	25,460	-	-	-	(25,922)	-
At 31 March 2022	31,760	272,664	5,177	224	-	40,780	350,605
Additions	509	8,570	94	-	-	115,455	124,628
Disposals	(477)	(34,196)	(136)	(190)	-	-	(34,999)
Reclassifications	1,077	155,158	-	-	-	(156,235)	-
At 31 March 2023	32,869	402,196	5,135	34	-	-	440,234
Accumulated depreciation and impairment losses:							
At 1 April 2021	24,641	222,883	950	218	10,273	-	258,965
Depreciation for the year	2,107	46,858	640	6	-	-	49,611
Disposals	(126)	(70,448)	(3)	-	(10,273)	-	(80,850)
At 31 March 2022	26,622	199,293	1,587	224	-	-	227,726
Depreciation for the year	2,244	70,473	910	-	-	-	73,627
Disposals	(450)	(31,500)	(101)	(190)	-	-	(32,241)
At 31 March 2023	28,416	238,266	2,396	34	-	-	269,112
Carrying amounts:							
At 31 March 2023	4,453	163,930	2,739	-	-	-	171,122
At 31 March 2022	5,138	73,371	3,590	-	-	40,780	122,879

NOTES TO FINANCIAL STATEMENTS

31 March 2023

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

<u>GovTech</u>	Leasehold, improvement, furniture and fittings	Equipment	Plant and machinery	Building	Capital work- in-progress (Note)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:						
At 1 April 2021	31,000	313,027	1,188	224	3,506	348,945
Additions	306	4,797	3,992	-	63,196	72,291
Disposals	(126)	(70,611)	(3)	-	-	(70,740)
Reclassification	462	25,460	-	-	(25,922)	-
At 31 March 2022	31,642	272,673	5,177	224	40,780	350,496
Additions	508	8,566	94	-	115,455	124,623
Disposals	(477)	(34,196)	(136)	(190)	-	(34,999)
Reclassification	1,077	155,158	-	-	(156,235)	-
At 31 March 2023	32,750	402,201	5,135	34	-	440,120
Accumulated depreciation and impairment losses:						
At 1 April 2021	24,549	222,889	950	218	-	248,606
Depreciation for the year	2,098	46,858	640	6	-	49,602
Disposals	(126)	(70,448)	(3)	-	-	(70,577)
At 31 March 2022	26,521	199,299	1,587	224	-	227,631
Depreciation for the year	2,234	70,473	910	-	-	73,617
Disposals	(450)	(31,501)	(101)	(190)	-	(32,242)
At 31 March 2023	28,305	238,271	2,396	34	-	269,006
Carrying amounts:						
At 31 March 2023	4,445	163,930	2,739	-	-	171,114
At 31 March 2022	5,121	73,374	3,590	-	40,780	122,865

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

NOTES TO FINANCIAL STATEMENTS

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11. RIGHT-OF-USE ASSETS

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

	Office and warehouse spaces	Data centres	Equipment	Total
Group	\$'000	\$'000	\$'000	\$'000
Cost:				
At 1 April 2021	81,453	459,915	2,188	543,556
Additions	3,916	9,368	35	13,319
Disposals	(729)	(13,016)	(818)	(14,563)
At 31 March 2022	84,640	456,267	1,405	542,312
Additions	19,475	23,294	3,916	46,685
Disposals	(38)	-	(1,220)	(1,258)
At 31 March 2023	104,077	479,561	4,101	587,739
Accumulated depreciation:				
At 1 April 2021	18,051	119,939	924	138,914
Depreciation for the year	15,637	64,966	671	81,274
Disposals	(729)	(13,016)	(541)	(14,286)
At 31 March 2022	32,959	171,889	1,054	205,902
Depreciation for the year	16,488	64,181	970	81,639
Disposals	(38)	-	(1,220)	(1,258)
At 31 March 2023	49,409	236,070	804	286,283
Carrying amount:				
At 31 March 2023	54,668	243,491	3,297	301,456
At 31 March 2022	51,681	284,378	351	336,410
GovTech	\$'000	\$'000	\$'000	\$'000
Cost:				
At 1 April 2021	78,805	459,915	2,181	540,901
Additions	3,916	9,368	22	13,306
Disposals	(729)	(13,016)	(818)	(14,563)
At 31 March 2022	81,992	456,267	1,385	539,644
Additions	17,936	23,294	3,916	45,146
Disposals	(38)	-	(1,220)	(1,258)
At 31 March 2023	99,890	479,561	4,081	583,532
Accumulated depreciation:				
At 1 April 2021	17,386	119,939	918	138,243
Depreciation for the year	15,381	64,966	668	81,015
Disposals	(729)	(13,016)	(541)	(14,286)
At 31 March 2022	32,038	171,889	1,045	204,972
Depreciation for the year	16,248	64,181	967	81,396
Disposals	(38)	-	(1,220)	(1,258)
At 31 March 2023	48,248	236,070	792	285,110
Carrying amount:				
At 31 March 2023	51,642	243,491	3,289	298,422
At 31 March 2022	49,954	284,378	340	334,672

NOTES TO FINANCIAL STATEMENTS

31 March 2023

12. INTANGIBLE ASSETS

Group and GovTech	Software \$'000	Software under development \$'000	Total \$'000
Cost:			
At 1 April 2021	192,053	18,068	210,121
Additions	2,335	43,360	45,695
Disposals	(11,365)	-	(11,365)
Reclassifications	23,429	(23,429)	-
At 31 March 2022	206,452	37,999	244,451
Additions	4,684	6,825	11,509
Disposals	(16,425)	-	(16,425)
Reclassifications	41,513	(41,513)	-
At 31 March 2023	236,224	3,311	239,535
Accumulated depreciation:			
At 1 April 2021	114,921	-	114,921
Amortisation for the year	42,132	-	42,132
Disposals	(10,857)	-	(10,857)
At 31 March 2022	146,196	-	146,196
Amortisation for the year	42,688	-	42,688
Disposals	(15,893)	-	(15,893)
At 31 March 2023	172,991	-	172,991
Carrying amount:			
At 31 March 2023	63,233	3,311	66,544
At 31 March 2022	60,256	37,999	98,255

13. SUBSIDIARIES

GovTech	2023 \$'000	2022 \$'000
Unquoted shares, at cost	70,140	70,140
Less: Impairment loss	(70,140)	(70,140)
	-	*

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	
		2023 %	2022 %	2023 \$'000	2022 \$'000
Held by GovTech					
Assurity Trusted Solutions Pte Ltd	Provide information security services	100	100	70,140	70,140
IDA International	Dormant	-	100	-	*

* The cost of investment in the subsidiary as at 31 March 2022 was \$100.

IDA International Pte Ltd wound down their operations subsequent to 31 March 2015 and transferred all their business activities to other government agencies on 3 December 2015, and was struck off from the Registrar of Companies on 6 February 2023.

NOTES TO FINANCIAL STATEMENTS

31 March 2023

14. DEFERRED EXPENDITURE

	2023	2022
<u>Group and GovTech</u>	<u>\$'000</u>	\$'000
Cost:		
Balance at beginning of the year	14,382	11,647
Additions	2,158	2,735
Balance at end of the year	<u>16,540</u>	<u>14,382</u>
Accumulated amortisation:		
Balance at beginning of the year	9,701	8,872
Amortisation for the year (Note 27)	934	829
Balance at end of the year	<u>10,635</u>	<u>9,701</u>
Carrying amount:	<u>5,905</u>	<u>4,681</u>

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.

15. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
<u>Group and GovTech</u>	<u>\$'000</u>	\$'000
Investments held at fair value through profit or loss	<u>575,469</u>	<u>593,169</u>
Movement in investments held at fair value through profit or loss:		
	2023	2022
<u>Group and GovTech</u>	<u>\$'000</u>	\$'000
Balance at beginning of the year	593,169	401,768
Additions	-	200,000
Fair value changes during the year	(17,700)	(8,599)
Balance at end of the year	<u>575,469</u>	<u>593,169</u>

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.

In 2023, foreign exchange contracts are used to hedge foreign exchange risks arising from trade payables denominated in United States Dollar. The contracted net cash outflows of the outstanding forward foreign exchange contract is \$53,042,800 (2022 - \$12,143,700).

The settlement date on forward foreign exchange is between 3 April 2023 to 28 April 2023 (2022 - 1 April 2022 to 29 April 2022). GovTech will settle the foreign exchange contract on a gross basis.

NOTES TO FINANCIAL STATEMENTS

31 March 2023

16. TRADE AND OTHER PAYABLES

	Group		GovTech	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Trade payables	164,855	166,766	165,310	167,463
Accrual for payroll related expenses	178,987	182,516	174,197	178,988
Accrual for operating and other expenses	114,174	98,238	109,641	97,113
Accrual for purchase of fixed assets	7,298	8,691	7,298	8,691
Advances and deposits	314	308	210	210
Financial liabilities at amortised cost	465,628	456,519	456,656	452,465
GST payable	25,929	26,046	25,929	26,045
Provision for unutilised leave	17,556	40,610	17,192	39,699
	<u>509,113</u>	<u>523,175</u>	<u>499,777</u>	<u>518,209</u>
Represented by:				
Trade payables	190,784	192,812	191,240	193,508
Other payables	318,329	330,363	308,537	324,701
	<u>509,113</u>	<u>523,175</u>	<u>499,777</u>	<u>518,209</u>

17. CONTRACT LIABILITIES

	2023	2022
<u>Group and GovTech</u>	<u>\$'000</u>	\$'000
Current	196,172	146,951
Non-current	640,248	599,671
	<u>836,420</u>	<u>746,622</u>

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 customers. 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 \$175.1 million (2022 - \$164.4 million).

18. LEASE LIABILITIES

	Group		GovTech	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Maturity analysis:				
Not later than 1 year	87,773	81,706	87,247	81,195
Later than 1 year and not later than 5 years	224,682	246,715	223,246	245,388
Later than 5 years	3,227	17,491	1,989	17,491
	<u>315,682</u>	<u>345,912</u>	<u>312,482</u>	<u>344,074</u>
Less: Unearned interest	(10,851)	(12,225)	(10,775)	(12,187)
	<u>304,831</u>	<u>333,687</u>	<u>301,707</u>	<u>331,887</u>

NOTES TO FINANCIAL STATEMENTS

31 March 2023

18. LEASE LIABILITIES (CONT'D)

	Group		GovTech	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Analysed as:				
Current	83,024	76,851	82,564	76,840
Non-current	221,807	256,836	219,143	255,047
	304,831	333,687	301,707	331,887

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

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

Group	Lease liabilities	
	2023	2022
	\$'000	\$'000
At beginning of year	333,687	394,847
Financing cash flows:		
Payment of lease liabilities	(74,352)	(73,156)
Interest paid	(4,432)	(5,544)
	(78,784)	(78,700)
Interest expense (Note 28)	4,432	5,544
New leases	45,496	11,996
At end of year	304,831	333,687

19. PROVISION FOR RESTORATION

	Group		GovTech	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the year	3,930	2,799	3,810	2,679
Provisions made	1,188	1,046	1,188	1,046
Reversals made	(238)	-	(238)	-
Unwind of discount on restoration costs (Note 28)	87	85	87	85
Balance at end of the year	4,967	3,930	4,847	3,810
Provision due:				
Within 1 year	-	245	-	245
After 1 year but within 5 years	3,834	2,324	3,714	2,204
After 5 years	1,133	1,361	1,133	1,361
	4,967	3,930	4,847	3,810

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.

NOTES TO FINANCIAL STATEMENTS

31 March 2023

20. DEFERRED CAPITAL GRANTS

	2023	2022
	\$'000	\$'000
Group and GovTech		
Balance at beginning of year	33,297	52,194
Amounts transferred from government grants (Note 9)	13,407	4,695
Amortisation of deferred capital grants	(20,221)	(23,592)
Balance at end of year	26,483	33,297

21. SHARE CAPITAL

	Group and GovTech			
	2023	2022	2023	2022
	Number of ordinary shares	\$'000	\$'000	\$'000
Issued and fully paid up:				
At beginning of the year	77,530,060	36,889,217	77,530	36,889
Issued during the year (Note 9)	102,375,548	40,640,843	102,376	40,641
At the end of the year	179,905,608	77,530,060	179,906	77,530

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.

Group	General funds		Restricted funds	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
At beginning of the year	169,081	169,081	244,866	244,866
Strike-off of subsidiary (Note 13)	(273)	-	-	-
At the end of the year	168,808	169,081	244,866	244,866

GovTech	General funds		Restricted funds	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
At beginning and end of the year	160,229	160,229	244,866	244,866

NOTES TO FINANCIAL STATEMENTS

31 March 2023

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 2.18.

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:

	2023	2022
<u>Group and GovTech</u>	<u>\$'000</u>	<u>\$'000</u>
Non-current assets		
Property, plant and equipment	147,928	108,120
Intangible assets	51,135	55,286
Right-of-use assets	254,474	288,216
Investments held at fair value through profit or loss	400,113	400,035
	<u>853,650</u>	<u>851,657</u>
Current assets		
Trade receivables	283,153	238,974
Non-trade receivables	1,052	-
Other receivables	136,952	110,261
Cash and bank balances	1,241,177	938,643
	<u>1,662,334</u>	<u>1,287,878</u>
Current liabilities		
Trade payables	164,994	169,009
Other payables	78,717	10,156
Grants received in advance	26,740	4,822
Contract liabilities	122,405	112,169
Lease liabilities	59,699	59,699
Contribution payable to consolidated fund	30,667	29,034
	<u>483,222</u>	<u>384,889</u>
Non-current liabilities		
Deferred capital grants - government	8,389	8,328
Contract liabilities	712,936	634,874
Lease liabilities	198,242	224,912
	<u>919,567</u>	<u>868,114</u>
Equity		
Share capital	92,570	15,105
Capital account	244,866	244,866
Accumulated surpluses - restricted funds	775,759	626,561
	<u>1,113,195</u>	<u>886,532</u>

NOTES TO FINANCIAL STATEMENTS

31 March 2023

23. NET ASSETS OF TRUST AND AGENCY FUNDS

Trust and agency funds comprise the funds, which represent contributions received from Smart Nation Digital Government Office ("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.

	2023	2022
<u>Group and GovTech</u>	<u>\$'000</u>	<u>\$'000</u>
Receipts	3,650	6,725
Expenditures	(6,649)	(3,661)
Net (deficit)/surplus for the year	(2,999)	3,064
Accumulated losses at beginning of the year	(857)	(3,921)
	<u>(3,856)</u>	<u>(857)</u>
Represented by:		
Amounts due to general funds	(2,905)	(3,378)
Trade and other payables	(951)	1,752
Trade and other receivables	-	769
Net liabilities	<u>(3,856)</u>	<u>(857)</u>

24. REVENUE

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

	Group		GovTech	
	2023	2022	2023	2022
<u>Timing of revenue recognition</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
At a point in time:				
Interest income from loans and receivables	24,438	3,681	23,863	3,567
Over time:				
Professional services rendered	511,593	439,289	511,593	439,289
Subscription services rendered	681,240	627,788	681,307	627,797
	<u>1,192,833</u>	<u>1,067,077</u>	<u>1,192,900</u>	<u>1,067,086</u>
	<u>1,217,271</u>	<u>1,070,758</u>	<u>1,216,763</u>	<u>1,070,653</u>

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.

NOTES TO FINANCIAL STATEMENTS

31 March 2023

25. OTHER INCOME

	Group		GovTech	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Dividend income from subsidiary	-	-	217	-
Other service income	25,796	32,452	27,481	33,213
Others	3,812	744	3,259	445
	29,608	33,196	30,957	33,658

26. SALARIES, CPF AND OTHER CONTRIBUTIONS

	Group		GovTech	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Wages and salaries	584,964	530,940	578,104	524,753
Employer's contribution to Central Provident Fund	59,254	76,083	58,483	75,388
	644,218	607,023	636,587	600,141

27. OTHER EXPENSES

	Group		GovTech	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
IT promotion and sponsorship	114	81	114	81
Utilities	12,062	9,315	12,061	9,315
Publicity expense	3,844	4,746	3,844	4,746
Professional and communication services	10,601	12,774	10,882	13,082
Irrecoverable GST	7,142	12,217	7,142	12,217
General and administrative expenses	19,617	34,306	18,589	33,750
Local travelling	1,572	566	1,390	494
Amortisation of deferred expenditure (Note 14)	934	829	934	829
	55,886	74,834	54,956	74,514

28. INTEREST EXPENSE

	Group		GovTech	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Interest expense on:				
Lease liabilities (Note 18)	4,432	5,544	4,439	5,553
Unwinding on provision of Restorations (Note 19)	87	85	87	85
	4,519	5,629	4,526	5,638

NOTES TO FINANCIAL STATEMENTS

31 March 2023

29. DEVELOPMENT PROJECT EXPENSES

Group and GovTech	2023	2022
	\$'000	\$'000
Development project expenses:		
ICM2025 ⁽ⁱ⁾	-	71

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

⁽ⁱ⁾ 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.

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 1989 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.

GovTech	2023	2022
	\$'000	\$'000
At beginning of year	44,147	42,898
Amount paid	(44,147)	(39,639)
Contribution to consolidated fund for current financial year	38,672	40,888
At end of year	38,672	44,147

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

GovTech	2023	2022
	\$'000	\$'000
Surplus of GovTech before contribution to consolidated fund	227,698	240,516
Less: Dividend income from subsidiary (Note 25)	(217)	-
Surplus of GovTech before contribution to consolidated fund and income not subject to tax (Note 31)	227,481	240,516
Contribution to consolidated fund @ 17%	38,672	40,888

NOTES TO FINANCIAL STATEMENTS

31 March 2023

31. INCOME TAX EXPENSE

Domestic income tax of the Group is calculated at 17% (2022 - 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:

	2023	2022
<u>Group</u>	<u>\$'000</u>	<u>\$'000</u>
Surplus before contribution to Consolidated Fund and taxation	235,391	244,715
Less: Surplus of GovTech before contribution to consolidated fund and income not subject to tax (Note 30)	(227,481)	(240,516)
	<u>7,910</u>	<u>4,199</u>
Income tax expense at statutory tax rate of 17% (2022 - 17%)	1,345	714
Income not subject to tax	(98)	(19)
Utilisation of tax losses	(1,311)	(748)
Expenses not deductible for tax purposes	35	33
Change in temporary timing differences	29	20
	<u>-</u>	<u>-</u>

GovTech is a tax exempted institution under the provision of the Income Tax Act 1947. The subsidiary of GovTech is subject to tax under Singapore income tax legislation.

As of 31 March 2023, subject to the agreement by the tax authorities, a subsidiary of the Group has unutilised tax losses amounting to approximately \$23.5 million (2022 - \$31.2 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:

	<u>Group</u>		<u>GovTech</u>	
	2023	2022	2023	2022
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Capital expenditure	<u>32,277</u>	173,527	<u>32,277</u>	173,527

Operating lease arrangements

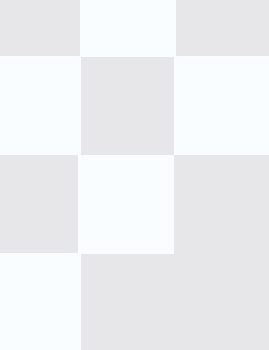
At 31 March 2023, the Group and GovTech is committed to \$Nil (2022 - \$31,604) for short-term leases.

NOTES TO FINANCIAL STATEMENTS

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33. EVENTS AFTER THE REPORTING PERIOD

On 25 April 2023, GovTech placed \$300 million in 1-Year Singapore Government Securities (SGS) Treasury bills.



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