FINANCIAL REPORT

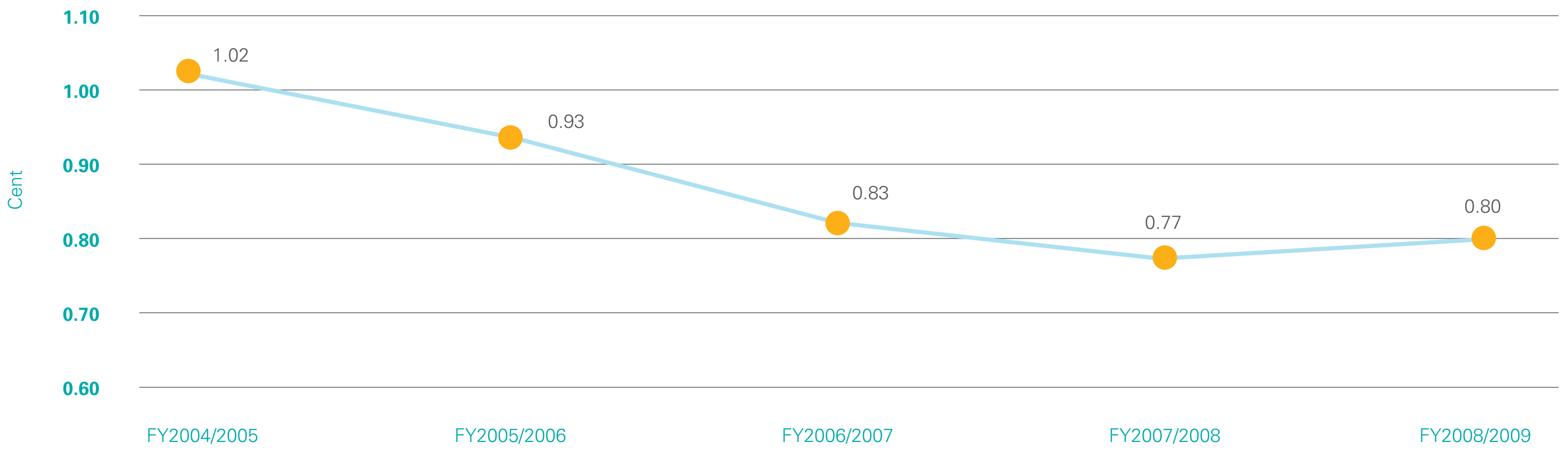
FIVE-YEAR FINANCIAL SUMMARY

	FY2004/2005	FY2005/2006	FY2006/2007	FY2007/2008	FY2008/2009
Income and Expenditure (S$' million)					
Operating Income	204.0	224.0	248.3	295.9	**341.7**
Operating Expenditure (includes depreciation and amortisation)	183.3	184.0	189.1	223.8	**239.6**
Manpower Costs	108.6	101.7	109.5	131.8	**132.4**
Depreciation and Amortisation	19.1	23.8	28.0	28.1	**29.7**
Other Operating Expenditure	55.6	58.5	51.6	63.9	**77.5**
Operating Surplus	20.7	40.0	59.2	72.1	**102.1**
Investment Income	35.7	18.5	25.0	17.1	**(44.3)**
Investment Expense	2.5	0.9	1.1	1.7	**1.6**
Net Investment Income	33.2	17.6	23.9	15.4	**(45.9)**
Surplus before Contribution to Government Consolidated Fund	53.9	57.6	83.1	87.5	**56.2**
Capital Expenditure (S$' million)	48.0	27.9	19.9	33.8	**28.2**
Balance Sheet (S$' million)					
Total Equities	471.4	531.2	597.8	668.8	**714.8**
Total Liabilities *	182.5	175.4	190.0	207.7	**93.8**
Total Assets	653.9	706.6	787.8	876.5	**808.6**
Tax Revenue (S$' million)	17,948	19,861	22,863	29,113	**29,801**
Cost per Dollar of Tax Collected (Cent) **	1.02	0.93	0.83	0.77	**0.80**
Cost per Taxpayer (S$) **	60.6	64.7	67.8	78.0	**79.6**

* Exclude Deferred Capital Grants - Government
** All Costs are Costs before Contribution to Government Consolidated Fund

COST PER DOLLAR OF TAX COLLECTED

IRAS aims to keep the cost of tax collection low. The average cost per dollar of tax collected in the last four financial years has been kept at below one cent. For FY2008/09, the cost per dollar of tax collected is 0.80 cent. This is higher than last year's by 3.8%. The increase is mainly due to a 7% increase in operating costs compared with a 2% increase in tax collections.



FINANCIAL REVIEW

FINANCIAL RESULTS

Income

Our operating surplus for FY2008/09 increased by S$30.0 million or 42% to S$102.1 million. The increase is mainly attributable to an increase of S$32.4 million from agency fee as tax collection increased from S$29,113 million in FY2007/08 to S$29,801 million in FY2008/09. The increase in other income is mainly due to rental income from the new leasing of five floors made possible after the space rationalisation project.

The investment income deficit of S$44.3 million is mainly due to unrealised loss at the end of the financial year. The investment loss resulted from the global financial turmoil, which adversely affected our equity and bond portfolios.

Operating Expenditure

Operating expenditure for FY2008/09 increased by S$15.8 million to S$239.6 million.

We classify our operating expenditure into three main components: (i) Staff Cost, (ii) Information and Technology and (iii) Maintenance and Facilities. Staff Cost accounts for 57% of total operating expenditure (FY2007/08: 61%), followed by Information and Technology at 30% (FY2007/08: 28%) and Maintenance and Facilities at 10% (FY2007/08: 9%).

Staff Cost consists of manpower costs, staff welfare and training costs. Compared to the previous year, Staff Cost increased marginally by 1% to S$137.5 million. This increase is mainly due to additional headcounts employed for tax operations, which is partially offset by a lower bonus payout for the year.

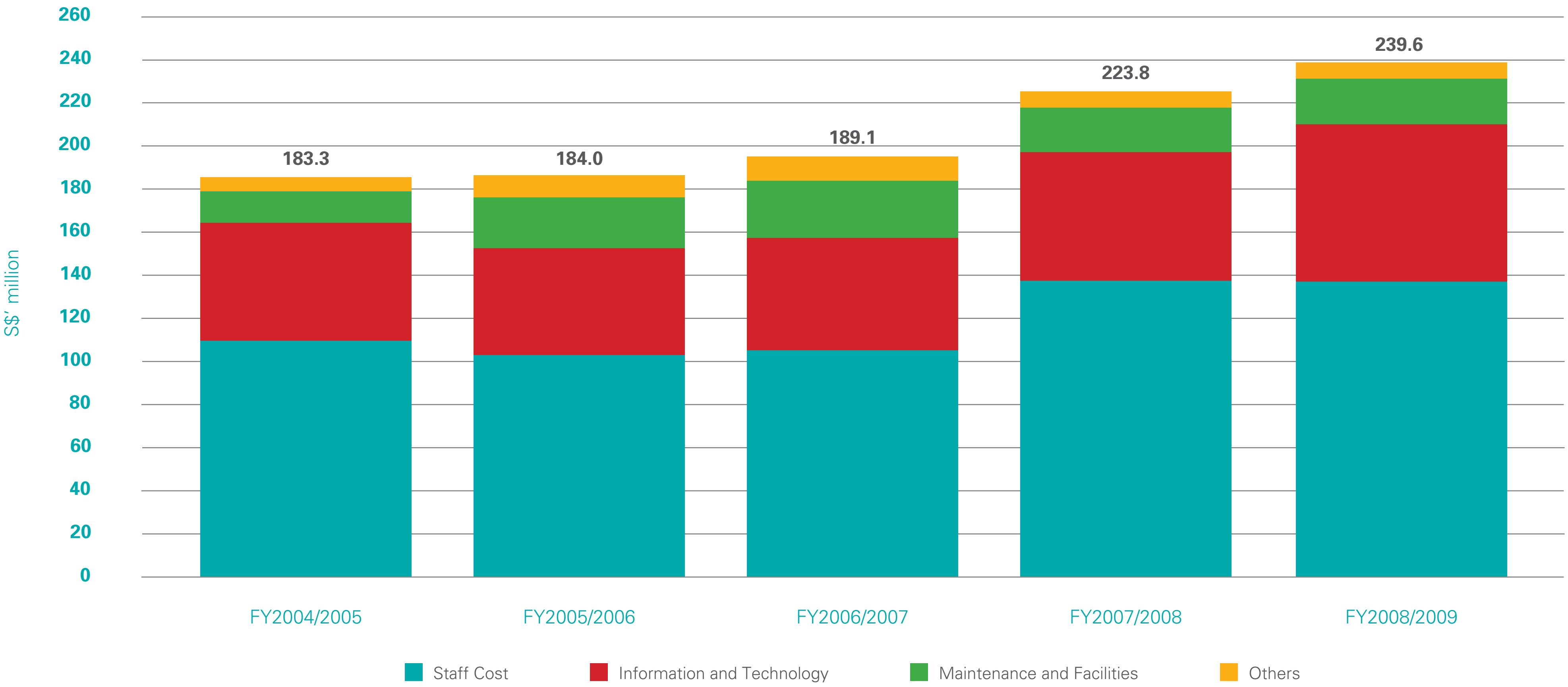
Information and Technology, comprising IT resources, depreciation of computer hardware and amortisation of computer software, continues to be the second highest cost component of IRAS operating costs. Expenditure on Information and Technology has increased by 13% to S$71.0 million. The increase is largely due to additional computing resources acquired to enhance the performance of our tax computer system, Inland Revenue Interactive Network (IRIN), and the renewal of maintenance contracts for IRIN also came at a higher cost.

The third main cost component is Maintenance and Facilities. Cost increased by 26% to S$24.1 million. Besides the additional costs of building maintenance for replacement and repair works, the increase in property tax due to the upward revision of the annual value of Revenue House led to higher cost. The increase in utilities rates coupled with higher electricity consumption also contributed to the cost increase.

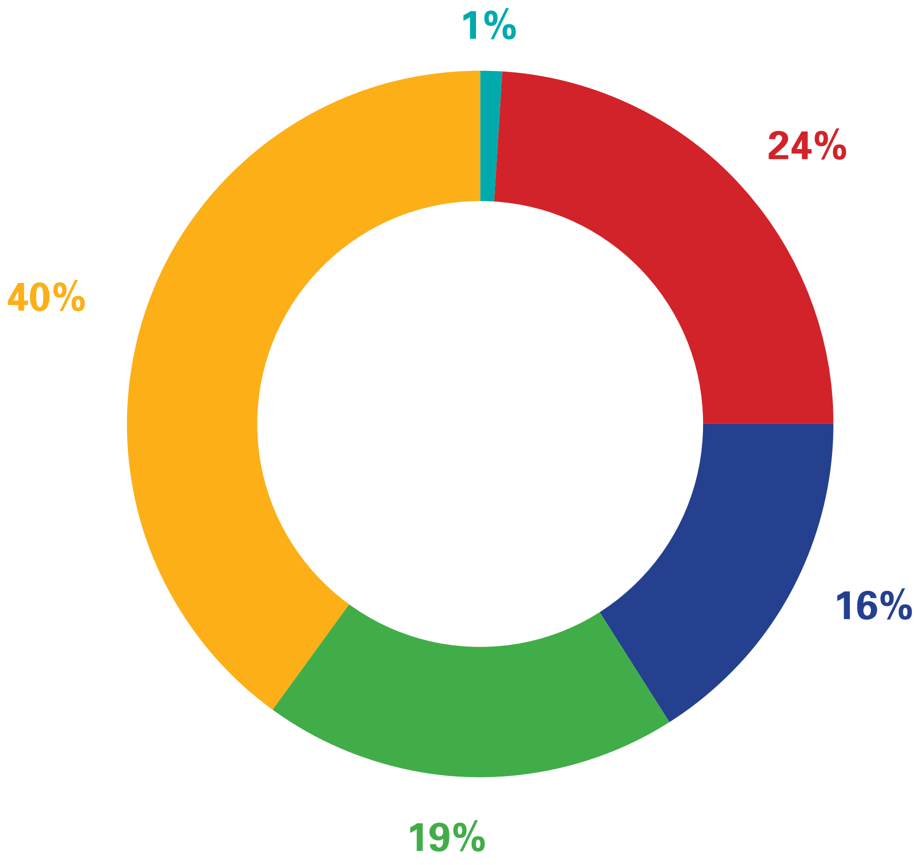
Capital Expenditure

Capital expenditure incurred for the year was S$28.2 million (FY2007/08: S$33.8 million). S$25.8 million was spent on development projects while the balance S$2.4 million was spent on purchasing property, plant and equipment and intangible assets. Out of the S$25.8 million spent on development projects, S$13.3 million or 52% was expended on space rationalisation and Information, Communication & Technology (ICT) infrastructure upgrade projects. We completed the space rationalisation project in FY2008/09, while the ICT infrastructure upgrade project is expected to be completed by FY2009/10. The expenditure on IRIN system accounted for S$8.1 million or 31% of the expenditure on development projects. The remaining development work is related to the minor tax types and is expected to be completed by FY2009/10.

OPERATING EXPENDITURE OVER 5 YEARS



EXPENDITURE BREAKDOWN BY FUNCTION - FY2008/2009



Jobs Credit
- S$1.6 million (1%)

Individual Group
- S$57.6 million (24%)
- Individual Income Tax Division (19%)
- Taxpayer Services Division (5%)

Business Group
- S$39.6 million (16%)
- Corporate Tax Division (12%)
- Investigation and Forensics Division (3%)
- Tax Policy and International Tax Division (1%)

Goods and Services Tax and Property Group
- S$44.8 million (19%)
- Property Tax Division (10%)
- Goods and Services Tax Division (9%)

Corporate and Services Group
- S$96.0 million (40%)
- Accounting and Processing Division (12%)
- Enforcement Division (9%)
- Corporate Services Division (9%)
- Infocomm Division (6%)
- Corporate Development Division (3%)
- Law Division (1%)

FINANCIAL POSITION

As at 31 March 2009, our total assets had decreased by S$67.9 million or 8% to S$808.6 million. Property, plant and equipment, intangible assets, development projects-in-progress and investments accounted for 89% of the total assets (FY2007/08: 94%).

While total liabilities decreased by S$113.9 million or 55% to S$93.8 million, our equity position reflected an improvement of S$46.0 million. As at 31 March 2009, our equities amounted to S$714.8 million (FY2007/08: S$668.8 million). Equities are made up of accumulated surplus (FY2008/09: S$713.8 million, FY2007/08: S$667.8 million) and share capital (FY2008/09: S$ 1.0 million, FY2007/08: S$1.0 million). The improved equity position is attributable to the favourable financial performance, which led to a net surplus of S$46.0 million in FY2008/09.

Of the S$713.8 million in the accumulated surplus, S$407.7 million (57%) had already been utilised and committed for capital expenditure – S$372.1 million had been utilised for the purchase of property, plant and equipment, intangible assets, development projects-in-progress and other non-current assets and S$35.6 million is committed for capital expenditure. The balance surplus fund of S$306.1 million is retained to meet our future capital replacements and as a contingency buffer for operations.

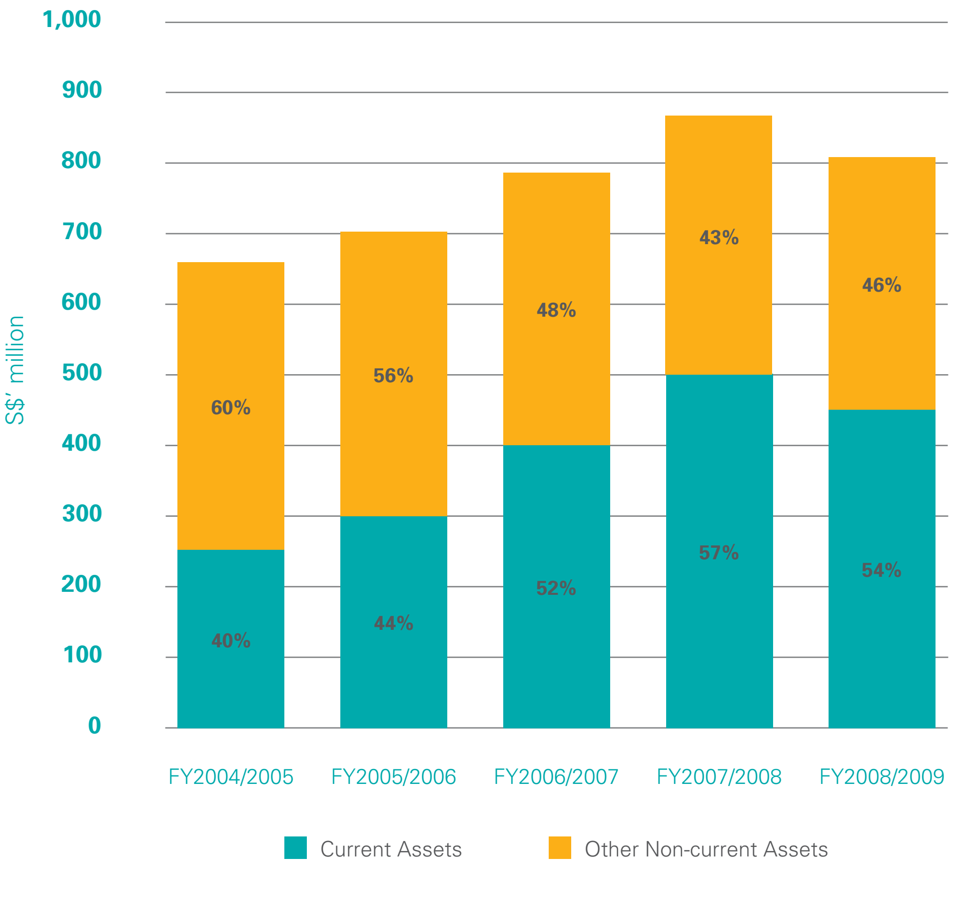
The investment position as at 31 March 2009 was S$350.6 million. It comprises fixed deposits of S$35.0 million and funds managed by fund managers of S$315.6 million.

These funds are placed out with fund managers to invest in bonds and equities with a medium-term horizon. The funds that are set aside to meet our daily operating expenditure are placed in short-term fixed deposits to maintain liquidity.

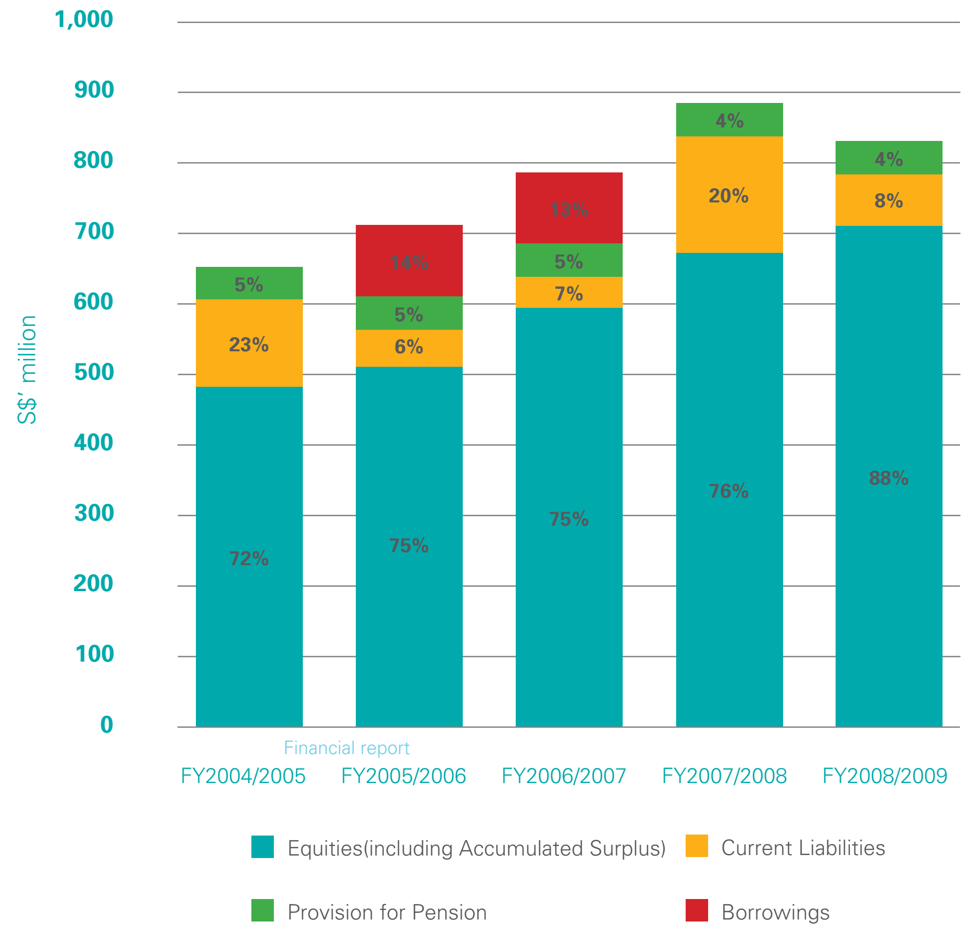
IRAS issued a 3-year S$100 million Fixed Rate Note in June 2005 and made a redemption in June 2008. Our cost of capital rate for FY2008/09 is 3.6%. Our long-term liabilities comprise a pension provision that is set aside for future payment to pensionable staff upon their retirement. As at 31 March 2009, the pension provision stood at S$32.3 million, compared with S$33.1 million as at 31 March 2008.

Our cash position remains healthy with S$38.3 million in cash and cash equivalents as at 31 March 2009 despite an overall net cash outflow of S$23.0 million during the year. The net cash outflow is mainly due to payment for bond redemption. Net cash generated from operating activities amounted to S$88.4 million, S$15.8 million lower than FY2007, as more payments were made in tandem with higher operating cost this financial year.

TOTAL ASSETS



TOTAL LIABILITIES AND EQUITIES



VALUE ADDED STATEMENT

Total value added available for distribution decreased by S$28.0 million or 11% to S$228.4 million in the financial year. Employees shared S$137.5 million or 60% in the form of salaries and other staff benefits. IRAS paid S$10.1 million or 4% to the Government Consolidated Fund. A sum of S$75.8 million comprising depreciation and amortisation (S$29.7 million) and surplus (S$46.1 million) was retained for re-investment and future growth.

	FY2004/05	FY2005/06	FY2006/07	FY2007/08	FY2008/09
	S$'000	S$'000	S$'000	S$'000	S$'000
Income from Operations	203,978	223,958	248,154	295,807	**341,669**
Less : Purchase of Goods and Services	50,951	53,330	46,255	54,815	**67,322**
Gross Value Added	153,027	170,628	201,899	240,992	**274,347**
Net Investment Income	33,261	17,591	23,849	15,360	**(45,925)**
Effect of Adopting FRS 39	-	13,111	-	-	**-**
Gain on Sale of Fixed Assets	14	40	177	77	**38**
Bad Debts	(3)	-	(4)	-	**(1)**
Exchange Gain/(Loss)	(7)	(2)	(1)	1	**(4)**
Total Value Added Available for Distribution	186,292	201,368	225,920	256,430	**228,455**
Applied as follows:					
To Employees					
- Salaries and Other Staff Costs	111,647	105,132	113,184	136,844	**137,535**
To Government					
- Contribution to Consolidated Fund	10,790	11,518	16,615	15,737	**10,110**
- Property Tax	1,543	1,704	1,676	4,034	**4,997**
- Return of Surplus	144,919	-	-	-	**-**
Retained for Re-investment and Future Growth					
- Depreciation and Amortisation	19,154	23,831	27,986	28,122	**29,755**
- Surplus/(Deficit)	(101,761)	59,183	66,459	71,693	**46,058**
Total Value Added	186,292	201,368	225,920	256,430	**228,455**

Indicators

	FY2004/05	FY2005/06	FY2006/07	FY2007/08	FY2008/09
Employees					
Number	1,494 *	1,494 *	1,410 *	1,580 *	**1,669 ***
Manpower Costs (S$'000)	108,586	101,662	109,489	131,800	**132,372**
Productivity					
Value Added per Employee (S$'000)	124.7	134.8	160.2	162.3	**136.9**
Operating Income per Employee (S$'000)	136.5	149.9	176.0	187.2	**204.7**
Value Added per S$ of Manpower Costs	1.72	1.98	2.06	1.95	**1.73**
Value Added per S$ of Investment in Fixed Assets and Intangible Assets (before depreciation and amortisation)	0.33	0.35	0.36	0.41	**0.36**
Value Added per S$ of Operating Income	0.91	0.90	0.91	0.87	**0.67**
Profitability					
Surplus after Contribution to Government Consolidated Fund (S$'000)	43,158	46,072	66,459	71,693	**46,058**
Return on Operating Income	21.2%	20.6%	26.8%	24.2%	**13.5%**
Return on Average Total Assets	5.5%	6.8%	8.9%	8.6%	**5.5%**
Return on Average Accumulated Surplus	8.3%	9.2%	11.8%	11.3%	**6.7%**

* Excludes 43 officers employed for the development project work (FY2007/08 : 73, FY2006/07 : 190, FY2005/06 : 205 and FY2004/05 : 189).

STATEMENT BY THE MEMBERS OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2009

In our opinion, the financial statements of the Inland Revenue Authority of Singapore as set out on pages 72 to 96 are drawn up in accordance with the provisions of the Inland Revenue Authority of Singapore Act (Cap. 138A, 1993 Revised Edition) and Statutory Board Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Authority as at 31 March 2009, and the results, changes in equity and cash flows of the Authority for the year ended on that date.

On behalf of the Board

Teo Ming Kian
Chairman
Singapore

Moses Lee
Commissioner Of Inland Revenue
Singapore

23 June 2009

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS
OF THE INLAND REVENUE AUTHORITY OF SINGAPORE
FOR THE YEAR ENDED 31 MARCH 2009

The accompanying financial statements of the Inland Revenue Authority of Singapore ("the Authority"), set out on pages 72 to 96, have been audited under my directions and in accordance with the provisions of the Inland Revenue Authority of Singapore Act (Cap. 138A, 1993 Revised Edition) ["the Act"]. These financial statements comprise the balance sheet as at 31 March 2009, the income and expenditure statement, statement of changes in equity and cash flow statement of the Authority for the year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The management is responsible for the preparation and fair presentation of these financial statements in accordance with the Act and Statutory Board Financial Reporting Standards. This responsibility includes:

(a) Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on the audit. The audit was conducted in accordance with the Act and Singapore Standards on Auditing. Those standards require that ethical requirements be complied with, and that the audit be planned and performed to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the entity's management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

In my opinion,

(a) the financial statements are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Authority as at 31 March 2009, and the results, changes in equity and cash flows of the Authority for the year ended on that date;

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

(c) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Authority during the financial year have been in accordance with the provisions of the Act.

Lim Soo Ping
Auditor-General
Singapore

25 June 2009

BALANCE SHEET

AS AT 31 MARCH 2009

	Note	FY2008/09	FY2007/08
		S$'000	S$'000
Share capital	3	**1,001**	1,000
Accumulated surplus		**713,840**	667,782
		714,841	668,782
Represented by:			
Non-current assets			
Property, plant and equipment	4	**258,734**	256,706
Intangible assets	5	**85,363**	105,947
Development projects-in-progress	6	**27,939**	17,866
Other non-current assets	7	**36**	34
		372,072	380,553
Current assets			
Funds with fund managers	8	**315,611**	385,671
Debtors	10	**73,068**	43,946
Prepayments		**9,595**	5,047
Cash and cash equivalents	11	**38,298**	61,262
		436,572	495,926

	Note	FY2008/09 S$'000	FY2007/08 S$'000
Less:			
Current liabilities			
Creditors and accruals	12	**46,940**	55,531
Advances and deposits		**4,464**	3,354
Provision for contribution to Government Consolidated Fund	13	**10,110**	15,737
Borrowings	14	**-**	99,995
		61,514	174,617
Net current assets		**375,058**	321,309
Less:			
Non-current liabilities			
Provision for pension	15	**32,289**	33,080
		714,841	668,782

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

INCOME & EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

	Note	FY2008/09	FY2007/08
		S$'000	S$'000
Operating income			
Agency fee		**308,289**	275,901
Other income		**33,418**	19,983
		341,707	295,884
Less:			
Operating expenditure			
Manpower	16	**132,372**	131,800
Services	17	**45,666**	35,708
Depreciation and amortisation	4, 5	**29,755**	28,122
Utilities and communication		**7,474**	6,893
Maintenance of building and equipment		**6,950**	4,984
Office and other supplies		**5,587**	4,018
Staff welfare and training		**5,163**	5,044
Property tax		**4,997**	4,034
Public relations		**1,008**	667
Interest expense		**396**	2,333
General expenses		**246**	211
		239,614	223,814

	Note	FY2008/09 S$'000	FY2007/08 S$'000
Operating surplus		**102,093**	72,070
Non-operating (loss)/income			
Net investment (loss)/income	18	**(45,925)**	15,360
Surplus for the year before contribution to Government Consolidated Fund		**56,168**	87,430
Less:			
Contribution to Government Consolidated Fund	13	**10,110**	15,737
Net surplus for the year		**46,058**	71,693

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2009

	Note	Share Capital	Accumulated Surplus	Fair Value Reserve	Total
		S$'000	S$'000	S$'000	S$'000
Balance as at 1 April 2007		1,000	596,089	722	597,811
Reduction in fair value reserve on disposal of available-for-sale financial assets		-	-	(722)	(722)
Net surplus for the year		-	71,693	-	71,693
Balance as at 31 March 2008		1,000	667,782	-	668,782
Net surplus for the year		-	46,058	-	46,058
Issue of share capital	3	1	-	-	1
Balance as at 31 March 2009		1,001	713,840	-	714,841

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

	Note	FY2008/09 S$'000	FY2007/08 S$'000
Cash flows from operating activities			
Agency fee and other income received		**310,938**	298,959
Cash paid to employees and suppliers		**(206,835)**	(178,226)
Contribution to Government Consolidated Fund		**(15,737)**	(16,615)
Net cash from operating activities		**88,366**	104,118
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**123**	78
Interest income received		**402**	1,774
Payment for purchase of property, plant and equipment and intangible assets		**(2,332)**	(1,275)
Net proceeds from sale of investments		**-**	3,303
Net withdrawals from/(additional) funds placed with fund managers		**24,000**	(120,000)
Expenditure incurred for development projects		**(32,371)**	(25,947)
Net cash used in investing activities		**(10,178)**	(142,067)
Cash flows from financing activities			
Proceeds from issuance of share capital		**1**	-
Payment for redemption of bond		**(100,000)**	-
Interest paid		**(1,153)**	(2,300)
Net cash used in financing activities		**(101,152)**	(2,300)
Net decrease in cash and cash equivalents		**(22,964)**	(40,249)
Cash and cash equivalents as at beginning of the year		**61,262**	101,511
Cash and cash equivalents as at end of the year	11	**38,298**	61,262

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

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2009

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

1 GENERAL ACTIVITIES

The Inland Revenue Authority of Singapore is established under the Inland Revenue Authority of Singapore Act (Cap. 138A, 1993 Revised Edition) and is under the purview of the Ministry of Finance.

The Authority acts as the agent of the Government of Singapore in administering, assessing, collecting and enforcing payment of income tax, property tax, goods and services tax, estate duty, stamp duty, betting and sweepstake duties, private lotteries duty and such other taxes as may be agreed between the Government and the Authority.

Pursuant to these principal activities, the Authority will advise the Government on the formulation of tax policies and represent Singapore internationally in respect of matters relating to taxation.

As a statutory board, the Authority is subject to the directions of the Ministry of Finance and is required to comply with policies and instructions issued from time to time by the Ministry and other government agencies.

The office of the Authority is located at 55 Newton Road, Revenue House, Singapore 307987.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Authority have been prepared in accordance with the provisions of the Inland Revenue Authority of Singapore Act (Cap. 138A, 1993 Revised Edition) and the Statutory Board Financial Reporting Standards (SB-FRS).

The SB-FRS are equivalent to the Singapore Financial Reporting Standards (SFRS) except that certain related party disclosures are optional. As the Authority continues to make the related party disclosures that are now optional, this difference between SB-FRS and SFRS has no material impact on the financial statements of the Authority.

The financial statements are presented in Singapore dollars (S$), which is also the functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

The financial statements are prepared on the historical cost basis except for certain financial assets and liabilities which are stated at fair value.

The preparation of the financial statements in conformity with SB-FRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenditure. These are based on management's best knowledge of current events and relevant factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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.

2.2 Property, Plant and Equipment

(a) Measurement

Property, plant and equipment acquired by the Authority are stated at cost less accumulated depreciation and impairment losses.

(b) Depreciation

Depreciation is calculated on a straight-line basis to write off the cost of the property, plant and equipment over their estimated useful lives as follows:

	Estimated Useful Life
Leasehold Land	Remaining lease period
Building	50 years
Computer Hardware	3 to 8 years
Office Equipment	5 years
Furniture & Fittings	5 years
Motor Vehicles	7 years
Building Systems & Improvements	5 to 20 years

Property, plant and equipment costing less than S$2,000 are charged to the Income and Expenditure Statement in the year of purchase.

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Authority and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the Income and Expenditure Statement.

2.3 Intangible Assets

Computer software including software development costs are capitalised on the basis of the costs incurred to acquire or develop and bring to use the software. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Cost associated with maintaining computer software is recognised as an expense when incurred.

Computer software is stated at cost less accumulated amortisation and impairment losses. These costs are amortised using the straight-line method over their estimated useful lives of 3 to 8 years. Computer software costing less than S$2,000 are charged to the Income and Expenditure Statement in the year of purchase.

The amortisation period and the amortisation method are reviewed at least at each financial year-end.

2.4 Development Projects-in-Progress

Development projects-in-progress relate mainly to space rationalisation and Information, Communication and Technology projects, carried out by the Authority during the financial year. No depreciation or amortisation is provided for development projects-in-progress until it is capitalised in property, plant and equipment or intangible assets.

2.5 Impairment of Non-Financial Assets

Property, plant and equipment, intangible assets, development projects-in-progress and other non-current asset are reviewed for impairment at each balance sheet date whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows on its own. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in the Income and Expenditure Statement.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. A previously recognised impairment loss is reversed only if there has been a change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation or amortisation) had no impairment loss been recognised for the asset in prior years. The reversal is recognised in the Income and Expenditure Statement.

2.6 Other Non-Current Asset

Other non-current asset relates to club membership, which is held on a long-term basis, is initially stated at cost and subsequently at cost less accumulated impairment losses.

2.7 Investments in Financial Assets

(a) Classification

The Authority classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

(i) Financial assets at fair value through profit or loss

This category has 2 sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Derivatives are also categorised as held for trading. Hedge accounting is not adopted by the Authority.

Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Authority provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables that are due within 12 months after the balance sheet date are classified as current assets and included in Debtors in the Balance Sheet. For those that are due more than 12 months after the balance sheet date, they are classified as non-current assets.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are intended to be held to maturity, which may be sold in response to needs for liquidity or changes in interest rates or prices. They are presented as non-current assets, except for those maturing or to be disposed off within 12 months after the balance sheet date.

(b) Recognition and derecognition

Purchases and sales of investments are recognised on trade-date – the date on which the Authority commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Authority has transferred substantially all risks and rewards of ownership.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

(d) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" investment category are included in the Income and Expenditure Statement in the period in which they arise. Interest and dividend earned whilst holding trading assets are included in interest and dividend income respectively.

Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in the fair value reserve within equity, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the Income and Expenditure Statement.

When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments in the fair value reserve within equity are included in the Income and Expenditure Statement.

(e) Determination of fair value

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Authority is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

(f) Impairment

The Authority assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss.

Impairment losses in respect of financial assets measured at amortised cost are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Impairment losses recognised in the Income and Expenditure Statement on equity investments are not reversed through the Income and Expenditure Statement. Any subsequent increase in fair value of such assets is recognised directly in fair value reserve.

2.8 Debtors

Debtors including trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of debtors is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the Income and Expenditure Statement.

2.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances and fixed deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.10 Creditors and Accruals

Creditors and accruals including trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

2.11 Provisions

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of a past event where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate, taking into consideration the time value of money. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the Income and Expenditure Statement over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the balance sheet date are included in current borrowings in the Balance Sheet even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the balance sheet date are included in non-current borrowings in the Balance Sheet.

Borrowing costs are recognised on a time-proportion basis in the Income and Expenditure Statement using the effective interest method.

2.13 Income Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable.

Agency fees and income from other services provided are recognised over the period in which the services are rendered.

Interest income is recognised using the effective interest method.

Dividend income is recognised when the shareholder's rights to receive payment is established.

2.14 Employee Benefits

Pension benefits for pensionable employees are provided based on the last drawn salary of the staff and the number of years of service with the Authority using the guidelines set out in the Pensions Act (Cap. 225, 2004 Revised Edition).

Contributions are made to the state pension scheme, the Central Provident Fund (CPF), as required by law. The CPF contributions are recognised as manpower expense in the same period as the employment that gives rise to the contribution.

Employee entitlements to annual leave are recognised when they accrue to employees. Provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.15 Foreign Currencies

Transactions in foreign currencies are translated into Singapore dollars using exchange rates prevailing at the dates of transactions. Foreign currency monetary assets and liabilities are translated into the respective measurement currencies at exchange rates ruling at balance sheet date. All resultant exchange differences are recognised in the Income and Expenditure Statement.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the dates when the fair values were determined.

2.16 Operating Leases

(a) When the Authority is the lessor

Leases where the Authority effectively retains substantially all the risks and rewards of ownership of the leased asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(b) When the Authority is the lessee

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the lease term are classified as operating leases. Operating lease payments are recognised as an expense in the Income and Expenditure Statement on a straight-line basis over the lease term.

2.17 Adoption of new SB-FRS

During the year, the Authority adopted SB-FRS 107 - "Financial Instruments: Disclosures" which require additional disclosures with respect to financial instruments managed by fund managers and SB-FRS 1 - "Presentation of Financial Statements: Capital Disclosure". This additional information is disclosed in note 22.

2.18 New Accounting Standards Not Yet Effective

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

- SB-FRS 1 - Presentation of Financial Statements (Revised)
- Amendments to SB-FRS 107 Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments
- Improvements to SB-FRS

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

3 SHARE CAPITAL AND RESERVE

On 22 November 2004, the Authority issued 1,000,000 shares at S$1.00 par value to the Minister for Finance, a body incorporated by the Minister for Finance (Incorporation) Act (Cap. 183, 1985 Revised Edition).

In the current year, 1,000 shares at S$1.00 par value each were issued to the Minister for Finance, a body incorporated by the Minister for Finance (Incorporation) Act. This capital injection was made pursuant to the Capital Management Framework for Statutory Boards (Finance Circular Minute No. M26/2008). As the Finance Circular Minute required that the shares carry neither voting rights nor par value, the Authority, on 17 June 2009, re-issued the share certificate to conform to this requirement.

4 PROPERTY, PLANT AND EQUIPMENT

4.1 Property, Plant and Equipment for FY2008/09

	Leasehold Land	Building	Computer Hardware	Office Equipment	Furniture & Fittings	Motor Vehicles	Building Systems & Improvements	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
COST								
As at 1 April 2008	155,344	137,271	84,228	4,909	16,380	234	49,961	448,327
Additions	-	-	2,051	38	15	-	84	2,188
Transfer from Development projects-in-progress	-	-	1,329	265	717	-	5,688	7,999
Disposals	-	-	(3,156)	(391)	(43)	-	(97)	(3,687)
As at 31 March 2009	155,344	137,271	84,452	4,821	17,069	234	55,636	454,827
ACCUMULATED DEPRECIATION								
As at 1 April 2008	22,326	33,376	82,236	4,552	16,369	219	32,543	191,621
Depreciation	1,595	2,755	1,115	162	134	11	2,302	8,074
Disposals	-	-	(3,150)	(365)	(27)	-	(60)	(3,602)
As at 31 March 2009	23,921	36,131	80,201	4,349	16,476	230	34,785	196,093
NET BOOK VALUE								
As at 31 March 2009	131,423	101,140	4,251	472	593	4	20,851	258,734

4 PROPERTY, PLANT AND EQUIPMENT

4.2 Property, Plant and Equipment for FY2007/08

	Leasehold Land	Building	Computer Hardware	Office Equipment	Furniture & Fittings	Motor Vehicles	Building Systems & Improvements	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
COST								
As at 1 April 2007	155,344	137,282	90,310	5,396	18,999	234	33,218	440,783
Additions	-	-	690	42	6	-	277	1,015
Transfer from Development projects-in-progress	-	-	796	-	-	-	16,473	17,269
Disposals	-	(11)	(7,568)	(529)	(2,625)	-	(7)	(10,740)
As at 31 March 2008	155,344	137,271	84,228	4,909	16,380	234	49,961	448,327
ACCUMULATED DEPRECIATION								
As at 1 April 2007	20,731	30,626	89,156	4,930	18,947	199	31,939	196,528
Depreciation	1,595	2,755	647	150	25	20	609	5,801
Disposals	-	(5)	(7,567)	(528)	(2,603)	-	(5)	(10,708)
As at 31 March 2008	22,326	33,376	82,236	4,552	16,369	219	32,543	191,621
NET BOOK VALUE								
As at 31 March 2008	133,018	103,895	1,992	357	11	15	17,418	256,706

5 INTANGIBLE ASSETS

	FY2008/09	FY2007/08
	S$'000	S$'000
Cost		
As at 1 April	**180,985**	180,379
Additions	**173**	102
Transfer from Development projects-in-progress	**924**	630
Disposals	**(317)**	(126)
As at 31 March	**181,765**	180,985
Accumulated amortisation		
As at 1 April	**75,038**	52,843
Amortisation	**21,681**	22,321
Disposals	**(317)**	(126)
As at 31 March	**96,402**	75,038
Net book value as at 31 March	**85,363**	105,947

Included in Intangible Assets are internally-developed computer applications relating to the operations of the Authority with a net book value of S$84,741,000 (FY2007/08: S$104,621,000) and a remaining amortisation period ranging from 2 to 6 years (FY2007/08: 3 to 7 years).

6 DEVELOPMENT PROJECTS-IN-PROGRESS

	FY2008/09	FY2007/08
	S$'000	S$'000
Cost		
As at 1 April	**17,866**	5,974
Expenditure incurred	**25,833**	32,726
Transfer to Property, plant and equipment and Intangible assets	**(8,923)**	(17,899)
Charged to Income and Expenditure Statement	**(6,837)**	(2,935)
As at 31 March	**27,939**	17,866

7 OTHER NON-CURRENT ASSET

	FY2008/09	FY2007/08
	S$'000	S$'000
As at 1 April	**34**	23
Reversal of impairment loss	**2**	11
As at 31 March	**36**	34

A reversal of impairment loss was recognised as the recoverable amount of the non-current asset has exceeded its carrying amount.

8 FUNDS WITH FUND MANAGERS

	FY2008/09 S$'000	FY2007/08 S$'000
At fair value		
Bonds	**256,743**	304,703
Equities	**45,443**	69,486
Forward foreign exchange contracts (Note 9)	**(1,057)**	(815)
	301,129	373,374
Others		
Cash balances and deposits	**7,979**	7,451
Interest and other receivables	**8,821**	27,425
Other payables	**(2,318)**	(22,579)
	315,611	385,671

Investments under Funds with fund managers are classified as held for trading under the category "financial assets at fair value through profit or loss". The bonds and equities under Funds with fund managers are denominated in the following currencies:

	FY2008/09 S$'000	FY2007/08 S$'000
At fair value		
Bonds denominated in:		
US dollar	**166,891**	154,779
Japanese yen	**26,045**	45,611
Euro	**31,649**	31,036
British pound	**13,719**	2,965
Singapore dollar	**2,851**	12,986
Indonesian rupiah	**2,265**	13,613
Other currencies	**13,323**	43,713
	256,743	304,703

	FY2008/09 S$'000	FY2007/08 S$'000
At fair value		
Equities denominated in:		
US dollar	**11,637**	16,529
Singapore dollar	**10,601**	16,844
Hong Kong dollar	**10,242**	14,483
Korean won	**3,472**	8,613
Malaysian ringgit	**3,037**	5,177
Other currencies	**6,454**	7,840
	45,443	69,486

9 FINANCIAL DERIVATIVES

The table below analyses the contractual or underlying principal amounts and the fair values of the derivative financial instruments held or issued for hedging purposes.

	FY2008/09	FY2007/08
	S$'000	S$'000
Forward foreign exchange contracts (Note 8)		
- with positive fair values	**1,060**	2,198
- with negative fair values	**(2,117)**	(3,013)
	(1,057)	(815)

The principal amounts of the derivative financial instruments as at 31 March are as follows:

	FY2008/09	FY2007/08
	S$'000	S$'000
Forward foreign exchange contracts	**279,192**	247,568

10 DEBTORS

	FY2008/09	FY2007/08
	S$'000	S$'000
Trade receivables	**73,050**	43,830
Other receivables	**18**	116
	73,068	43,946

Concentrations of credit risk with respect to trade receivables are limited as the Authority's customers are mostly governmental entities and government-linked companies. These balances are unsecured, non-interest bearing and usually settled within 6 months from the invoice date. Due to these factors, management believes that there is minimal credit risk in the Authority's trade receivables.

The carrying amounts of current trade and other receivables approximate their fair value. There is no impairment loss on trade receivables to be recognised.

11 CASH AND CASH EQUIVALENTS

	FY2008/09	FY2007/08
	S$'000	S$'000
Fixed deposits	**34,974**	58,253
Cash and bank balances	**3,324**	3,009
	38,298	61,262

The fixed deposits are placed on short-term tenure of varying maturities and interest rate terms with major banks in Singapore. Short-term bank fixed deposits as at 31 March 2009 have remaining maturities ranging from 6 days to 34 days (FY2007/08: 7 days to 38 days). The effective interest rates for fixed deposits held at the balance sheet date range from 0.26% - 0.40% (FY2007/08: 0.88% - 1.88%).

12 CREDITORS AND ACCRUALS

	FY2008/09	FY2007/08
	S$'000	S$'000
Trade payables	**3,976**	5,473
Accrued interest payable on borrowings	**-**	762
Other accrual for operating expenses	**42,964**	49,296
	46,940	55,531

The carrying amounts of current trade and other payables approximate their fair value. Creditors are unsecured, non-interest bearing and usually paid within 6 months from the invoice date.

13 PROVISION FOR CONTRIBUTION TO GOVERNMENT CONSOLIDATED FUND

The contribution to the Government Consolidated Fund is in accordance with Section 3(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act (Cap. 319A, 2004 Revised Edition). Under this Act, the Minister for Finance has the authority to prescribe the contributions to be made by the statutory boards in respect of their annual accounting surplus as well as their past accumulated surplus in lieu of income tax. The contribution rate and the framework governing such contributions are determined by the Ministry of Finance.

The contribution is based on 18% (FY2007/08: 18%) of the surplus for the year.

14 BORROWINGS

The Authority made a redemption of the 3-year S$100 million 2.3% Fixed Rate Note which was due on 1 June 2008.

15 PROVISION FOR PENSION

This represents the Authority's share of retirement benefits due to pensionable employees who were transferred from the Civil Service to the Authority when it was established, and gratuities for eligible employees.

	FY2008/09 S$'000	FY2007/08 S$'000
Balance as at 1 April	**36,594**	38,810
Amount provided during the year	**2,845**	4,031
	39,439	42,841
Amount paid during the year	**(5,593)**	(6,247)
Balance as at 31 March	**33,846**	36,594
Amount payable within 1 year	**(1,557)**	(3,514)
Amount payable after 1 year	**32,289**	33,080

The amount payable within 1 year is included in Creditors and accruals. Included in the balance as at 31 March is provision set aside for key management personnel as follows:

	FY2008/09 S$'000	FY2007/08 S$'000
Key management personnel	**787**	2,859

16 MANPOWER

Included in the expenditure on Manpower is the following:

	FY2008/09 S$'000	FY2007/08 S$'000
CPF contributions for staff	**12,221**	12,821

17 SERVICES

Included in the expenditure on Services are the following:

	FY2008/09 S$'000	FY2007/08 S$'000
Rental expense of data centre equipment	**15,834**	13,237
Information technology outsourcing charges	**14,537**	9,834
Data centre operation charges	**8,108**	7,795
Audit fees		
Audit of agency accounts	**374**	354
Audit of corporate accounts	**213**	202
Board members' allowances	**128**	90

18 NET INVESTMENT (LOSS)/INCOME

	FY2008/09 S$'000	FY2007/08 S$'000
Net (loss)/income from funds with fund managers:		
Interest income	**15,335**	13,339
Dividends	**1,871**	3,121
Net fair value change	**(47,670)**	(6,670)
Net foreign exchange (loss)/gain	**(14,201)**	5,000
Total investment (loss)/income	**(44,665)**	14,790
Less: Investment expense	**(1,590)**	(1,717)
	(46,255)	13,073
Interest income:		
Fixed deposits	**330**	1,541
Available-for-sale financial assets	**-**	11
Gain on sale of available-for-sale financial assets	**-**	735
	(45,925)	15,360

Included in the net fair value change are gains or losses arising from market price and foreign currencies movements of financial instruments classified as "financial assets at fair value through profit or loss".

19 COMMITMENTS

19.1 Capital Commitments

Capital expenditures approved by the Authority as at the balance sheet date but not recognised in the financial statements are as follows:

	FY2008/09 S$'000	FY2007/08 S$'000
Approved and contracted for	**3,804**	10,073
Approved but not contracted for	**31,771**	51,252
	35,575	61,325

19.2 Operating Lease Commitments – where the Authority is a lessor

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	FY2008/09 S$'000	FY2007/08 S$'000
Not later than 1 year	**20,467**	4,209
Later than 1 year but not later than 5 years	**9,240**	2,965
	29,707	7,174

19.3 Operating Lease Commitments – where the Authority is a lessee

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	FY2008/09	FY2007/08
	S$'000	S$'000
Not later than 1 year	**5,208**	11,879

20 TAX ACADEMY OF SINGAPORE

The Authority incorporated the Tax Academy of Singapore on 2 August 2006 as a company limited by guarantee to an amount not exceeding S$1.00. The principal activity of the Academy is to provide education and related training in taxation.

The financial transactions of the Academy are not consolidated as they are immaterial. The summarised financial information of the Academy, audited by RSM Chio Lim LLP, are as follows:

	FY2008/09	FY2007/08
	S$'000	S$'000
Assets	**503**	313
Liabilities	**182**	112
Revenue	**1,042**	847
Net profit	**119**	166

21 RELATED PARTY TRANSACTIONS

21.1 Significant Related Party Transactions

The significant transactions that took place between the Authority and related parties in the normal course of business on terms agreed between the parties during the financial year are as follows:

	FY2008/09	FY2007/08
	S$'000	S$'000
Agency fees from		
- Ministry of Finance	**308,289**	275,901
Other income from		
- Ministries and Statutory Boards	**25,740**	12,430

21.2 Significant Related Party Account Balances

The significant account balances as at 31 March that the Authority has in relation to related parties are as follows:

	FY2008/09	FY2007/08
	S$'000	S$'000
Debtors		
- Ministry of Finance	**70,758**	41,214
Advances and deposits		
- Ministries and Statutory Boards	**3,635**	2,677

21.3 Key Management Personnel Compensation

Key management personnel compensation during the financial year is as follows:

	FY2008/09	FY2007/08
	S$'000	S$'000
Salaries and other short-term employee benefits	**7,264**	8,633
Post-employment benefits	**60**	288
Other long-term benefits	**1**	1
	7,325	8,922

22 Financial Risk Management

The Authority's activities expose it to market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. The Authority's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Authority's financial performance. The Authority uses financial instruments such as currency forwards and interest rate futures to hedge certain financial risk exposures.

22.1 Market Risk

Market risk is the risk arising from changes in market prices, such as interest rates, equity prices and foreign exchange rates. It will affect the Authority's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(a) Interest rate risk

The Authority invests its surplus funds to meet future capital replacements. Funds are mainly placed with external fund managers for investments. The exposure to risk for changes in interest rates relates primarily to investment in bonds. Interest rate risk is mitigated by investing in fixed rate instruments over longer tenure.

The carrying amounts of fixed income securities held as at 31 March over varying periods of maturity are as follows:

	FY2008/09	FY2007/08
Maturity	S$'000	S$'000
At fair value		
Not more than 3 years	**28,941**	46,934
3 years but not more than 5 years	**60,569**	48,352
5 years or above	**167,233**	209,417
	256,743	304,703

The sensitivity analysis below is performed for reasonably possible movements in interest rate with all other variables remaining constant and it shows the impact on the surplus figure for the year.

	FY2008/09	FY2007/08
	S$'000	S$'000
+100bps	**(12,933)**	(14,738)
-100bps	**12,933**	14,738

(b) Currency risk

The monetary assets and liabilities of the Authority are denominated primarily in Singapore dollars except for funds with fund managers. The exposure to foreign exchange risk in the investment portfolio is minimised by hedging back where appropriate.

If the foreign currencies change against the Singapore dollar by 5% with all other variables being held constant, the impact on the surplus figure for the year will be as follows:

	FY2008/09	FY2007/08
	S$'000	S$'000
+5%	**(7,978)**	(9,664)
-5%	**9,019**	10,264

(c) Price risk

The Authority is exposed to equity securities price risk arising from the investments held by the Authority which are classified as "financial assets at fair value through profit or loss". These securities are listed in Singapore and Asia Pacific.

If prices of equity securities change by 5% with all other variables being held constant, the impact on the surplus figure for the year will be as follows:

	FY2008/09	FY2007/08
	S$'000	S$'000
Listed in Singapore		
+5%	**530**	842
-5%	**(530)**	(842)
Listed in Asia Pacific		
+5%	**1,742**	2,632
-5%	**(1,742)**	(2,632)

22.2 Credit Risk

The Authority's exposure to credit risk arises from investments in cash, fixed deposits and debt securities. Cash and fixed deposits are placed with high credit quality financial institutions.

For debt securities, the Authority manages credit risk through the setting of minimum credit rating requirements and investment limits for issuers within the approved investment guidelines. These limits are reviewed as and when necessary with ongoing monitoring and reporting undertaken at various levels.

	FY2008/09	FY2007/08
	S$'000	S$'000
AAA & above	**76,693**	85,665
AA & AA-	**34,531**	42,662
A+, A & A-	**69,496**	73,779
BBB+ & below	**72,784**	87,596
Non-rated	**3,239**	15,001
	256,743	304,703

22.3 Liquidity Risk

The Authority monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Authority's operations. The Authority does not have a significant exposure to liquidity risk as at the balance sheet date.

22.4 Capital Risk

The Minister for Finance is the only shareholder of the Authority. Dividend payout to the shareholder is made in accordance to the Capital Management Framework for Statutory Board via Finance Circular Minute No. M26/2008.

23 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

24 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of the Authority on 23 June 2009.