Financial Report

Contents

Five-Year Financial Summary

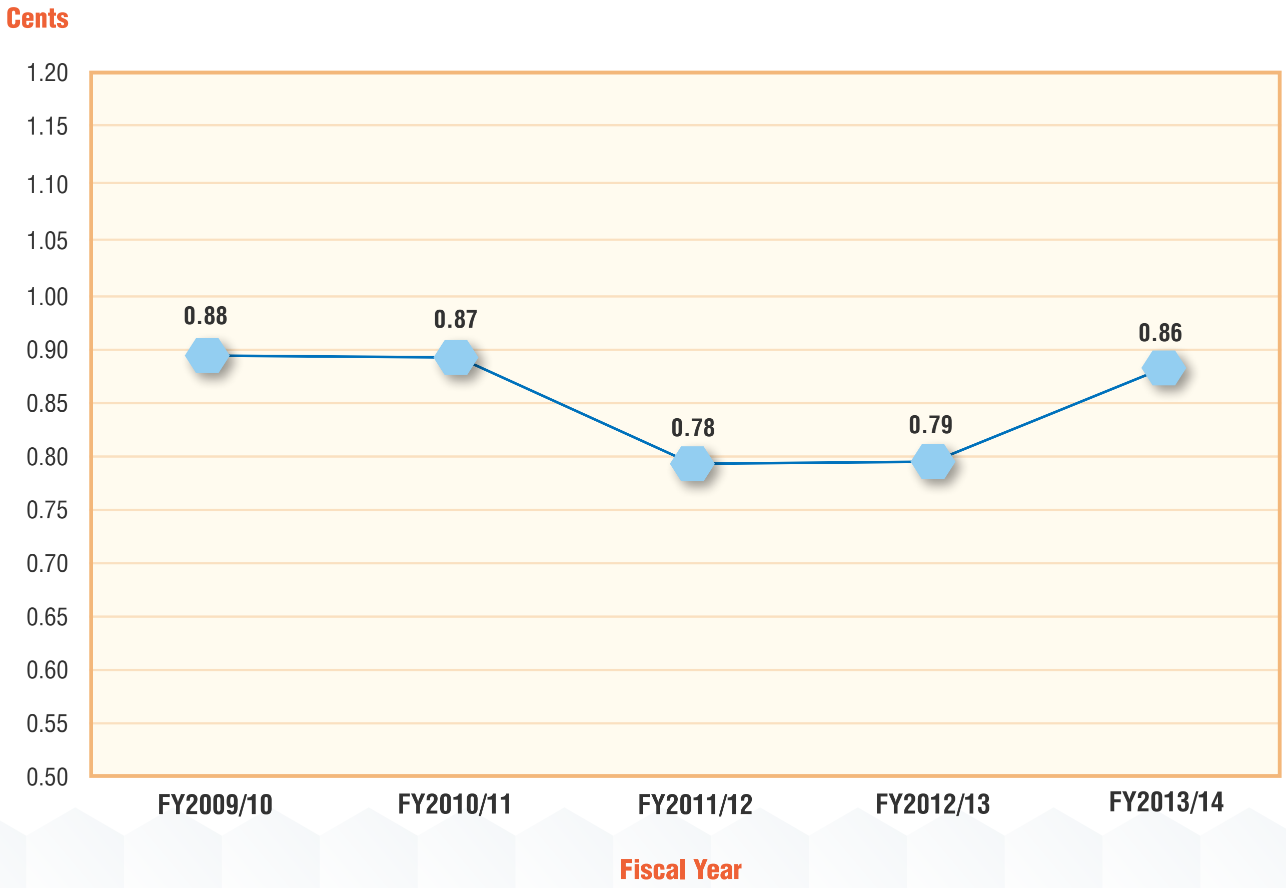
	FY2009/10	FY2010/11	FY2011/12	FY2012/13	FY2013/14
Statement of Comprehensive Income (S$' million)					
Operating Income	346.7	372.6	367.1	401.3	**412.6**
Operating Expenditure (includes depreciation and amortisation)	266.5	301.5	298.1	327.6	**360.5**
Manpower Costs	141.3	166.9	168.6	176.5	**205.2**
Depreciation and Amortisation	38.2	39.9	40.6	36.9	**31.0**
Other Operating Expenditure	87.0	94.7	88.9	114.2	**124.3**
Operating Surplus	80.2	71.1	69.0	73.7	**52.1**
Net Investment Income/(Loss)	84.6	16.4	23.0	28.5	**(1.3)**
Other Comprehensive Income - Actuarial Gain/(Loss)	-	-	(1.4)	(0.1)	**0.7**
Surplus before Contribution to Government Consolidated Fund	164.8	87.5	90.6	102.1	**51.5**
Capital Expenditure (S$' million)	21.3	14.5	25.9	36.8	**17.4**
Tax Revenue (S$' million)	29,871	34,731	38,440	41,361	**41,568**
Cost per Dollar of Tax Collected (Cent)*	0.88	0.87	0.78	0.79	**0.86**
Cost per Taxpayer (S$)*	86.3	94.9	90.7	94.1	**97.1**

* Cost figures do not include the cost of administering Jobs Credit Scheme and Wage Credit Scheme on behalf of MOF and are 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 5 financial years has been kept at below 1 cent. For FY2013/14, the cost per dollar of tax collected is 0.86 cents. This is 9% higher than last year. The increase is mainly due to a 9% increase in operating cost against a 1% increase in tax revenue collections.

COST PER DOLLAR OF TAX COLLECTED



FINANCIAL RESULTS

INCOME

Our operating surplus for FY2013/14 is S$52.1 million. This is S$21.6 million or 29% lower than that for FY2012/13. The lower operating surplus is due to the increase of S$32.9 million in operating cost against the increase of S$11.3 million in operating income.

The net investment loss of S$1.3 million (FY2012/13: Investment income of S$28.5 million) is largely due to lower valuation of our unit trust holdings due to the weak market on concerns that the Federal Reserve would taper its massive bond-buying program before the end of 2013.

OPERATING EXPENDITURE

Operating expenditure for FY2013/14 is S$360.5 million. This is S$32.9 million or 10% more than that for FY2012/13.

Operating expenditure is made up of 3 main components: (i) Staff Cost, (ii) Infocomm Technology (ICT) and (iii) Maintenance and Facilities. Staff Cost accounts for 59% of total operating expenditure (FY2012/13: 56%), followed by ICT at 32% (FY2012/13: 35%) and Maintenance and Facilities at 6% (FY2012/13: 7%).

Staff Cost consists of manpower costs, staff welfare and training costs. It has increased by 16% to S$212.7 million. The increase is mainly due to salary adjustment and increment, and an increase in headcount during the year.

ICT, comprising IT resources, depreciation of computer hardware and amortisation of computer software, is the second highest cost component of IRAS' operating costs. Compared to the previous year, there is an increase of 2% in the expenditure on ICT to S$115.0 million. The increase is mainly due to the increase in the cost and number of software licences.

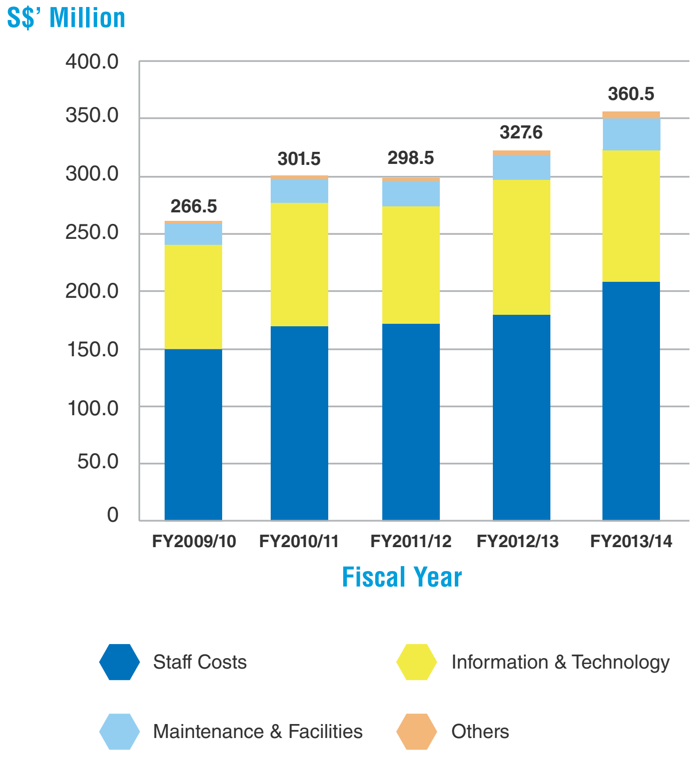
The third main cost component is Maintenance and Facilities. It has decreased by 6% to S$23.0 million. The decrease is mainly due to savings in utilities cost from the installation of more energy efficient air con chillers in Revenue House.

CAPITAL EXPENDITURE

Capital expenditure incurred for the year was S$17.4 million (FY2012/13: S$36.8 million). S$14.7 million was spent on development projects, while the balance S$2.7 million was spent on purchasing computer hardware and software and upgrading building systems.

Financial Review

OPERATING EXPENDITURE OVER 5 YEARS



EXPENDITURE BREAKDOWN BY FUNCTION FY2013/2014:

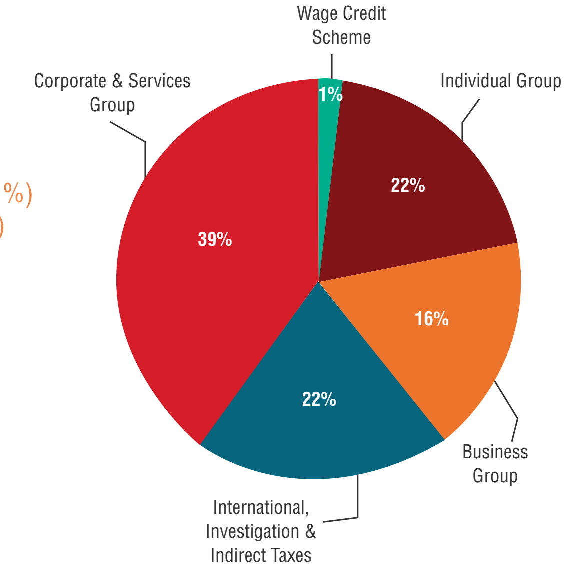
WAGE CREDIT SCHEME
- S$4.2 million (1%)

INDIVIDUAL GROUP
- S$80.0 million (22%)
- Individual Income Tax Division (15%)
- Taxpayer Services Division (7%)

BUSINESS GROUP
- S$56.0 million (16%)
- Corporate Tax Division (13%)
- Tax Policy & International Tax Division (1%)
- Compliance Strategy & Risk Division (2%)

INTERNATIONAL, INVESTIGATION & INDIRECT TAXES
- S$80.6 million (22%)
- Goods and Services Tax Division (12%)
- Property Tax Division (7%)
- Investigation & Forensics Division (3%)

CORPORATE & SERVICES GROUP
- S$139.0 million (39%)
- Infocomm Division (10%)
- Accounting & Processing Division (9%)
- Enforcement Division (8%)
- Corporate Services Division (7%)
- Corporate Development Division (3%)
- Law Division (2%)



FINANCIAL POSITION

As at 31 March 2014, our total assets decreased by S$36.6 million or 4% to S$834.5 million. Property, plant and equipment, intangible assets, development projects-in-progress, cash and investments accounted for 96% of the total assets (FY2012/13: 92%).

Our total liabilities decreased by S$9.3 million or 8% to S$105.9 million. As at 31 March 2014, our equity were made up of accumulated surplus amounting to S$721.7 million (FY2012/13: S$749.0 million) and share capital of S$6.9 million. During the financial year, we paid dividends of S$70.0 million to the Government.

Of the S$721.7 million in accumulated surplus, S$334.4 million (46%) had already been utilised and committed for capital expenditure. S$277.8 million had been utilised for the purchase of property, plant and equipment, intangible assets, development projects-in-progress and other non-current assets while S$56.6 million was committed for capital expenditure. The balance surplus fund of S$387.3 million is retained to meet future capital replacements as well as contingency funds for operational needs.

The investment position as at 31 March 2014 was S$522.0 million. S$167.6 million is managed by Accountant-General's Department (AGD) via the Centralised Liquidity Management initiative and it is held on a short-term basis to meet our operating needs. S$354.4 million is held in unit trusts under AGD's Demand Aggregation Scheme for Fund Management Services (2011).

Our long-term liability comprises pension provision that is set aside for future payments to pensionable staff upon their retirement and pensioners who opted for monthly pensions. As at 31 March 2014, the pension provision stood at S$23.0 million, compared with S$26.5 million as at 31 March 2013.

Our cash position remains healthy with S$167.6 million in cash and cash equivalents as at 31 March 2014 with a net cash inflow of S$91.5 million during the financial year. The net cash inflow is mainly due to the partial liquidation of our investment portfolio and a lower dividend payout this year. Net cash generated from our operating activities amounted to S$109.0 million.

INLAND REVENUE AUTHORITY OF SINGAPORE

Statement by the Members of the Board

For the financial year ended 31 March 2014

In our opinion, the financial statements of the Inland Revenue Authority of Singapore as set out on pages 57 to 78 are drawn up in accordance with the provisions of the Inland Revenue Authority of Singapore Act (Cap. 138A, 2013 Revised Edition) and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Authority as at 31 March 2014, and the results, changes in equity and cash flows of the Authority for the financial year ended on that date.

On behalf of the Board

PETER ONG
CHAIRMAN
SINGAPORE

DR TAN KIM SIEW
COMMISSIONER OF INLAND REVENUE
SINGAPORE

26 June 2014

Independent Auditor's Report on the Audit of the Financial Statements of the Inland Revenue Authority of Singapore

For the financial year ended 31 March 2014

REPORT ON THE FINANCIAL STATEMENTS

The accompanying financial statements of the Inland Revenue Authority of Singapore (the "Authority"), set out on pages 57 to 78, have been audited under my directions. These financial statements comprise the statement of financial position as at 31 March 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

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 provisions of the Inland Revenue Authority of Singapore Act (Cap. 138A, 2013 Revised Edition) (the "Act") and Statutory Board Financial Reporting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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 about 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 judgement, 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 controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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, the financial statements are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Authority as at 31 March 2014 and the results, changes in equity and cash flows of the Authority for the financial year ended on that date.

Independent Auditor's Report on the Audit of the Financial Statements of the Inland Revenue Authority of Singapore

For the financial year ended 31 March 2014

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Management's Responsibility for Compliance with Legal and Regulatory Requirements

The management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

Auditor's Responsibility

My responsibility is to express an opinion on management's compliance based on the audit of the financial statements. The audit was conducted in accordance with Singapore Standards on Auditing. Those standards require the compliance audit be planned and performed to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act.

A compliance audit includes obtaining an understanding of the internal controls 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 controls. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion on management's compliance.

Opinion

In my opinion:

(a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Authority during the financial year are, in all material respects, in accordance with the provisions of the Act; and

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

TAN YOKE MENG WILLIE
AUDITOR-GENERAL
SINGAPORE

26 June 2014

INLAND REVENUE AUTHORITY OF SINGAPORE

Statement of Financial Position

AS AT 31 MARCH 2014

	Note	FY2013/14 S$'000	FY2012/13 S$'000
Share capital	3	**6,911**	6,911
Accumulated surplus		**721,694**	748,957
		728,605	755,868
Represented by:			
Non-current assets			
Property, plant and equipment	4	**233,200**	239,390
Intangible assets	5	**44,498**	43,154
Development projects-in-progress	6	**101**	12,579
Other non-current asset	7	**13**	19
		277,812	295,142
Current assets			
Funds with fund managers	8	**354,365**	426,947
Trade and other receivables	9	**29,967**	69,506
Prepayments		**4,782**	3,401
Cash and cash equivalents	10	**167,613**	76,097
		556,727	575,951

	Note	FY2013/14 S$'000	FY2012/13 S$'000
Less:			
Current liabilities			
Trade and other payables	11	**72,019**	69,550
Advances and deposits		**2,146**	1,848
Contribution payable to Government Consolidated Fund	12	**8,754**	17,366
		82,919	88,764
Net current assets		**473,808**	487,187
Less:			
Non-current liabilities			
Provision for pension and gratuities	13	**23,015**	26,461
		728,605	755,868

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

Statement of Comprehensive Income

For the financial year ended 31 March 2014

	Note	FY2013/14 S$'000	FY2012/13 S$'000
Operating income			
Agency fee		**370,064**	365,342
Other income		**42,509**	35,974
		412,573	401,316
Less:			
Operating expenditure			
Manpower	14	**205,257**	176,489
Services	15	**81,116**	78,070
Depreciation and amortisation	4, 5	**30,982**	36,861
Maintenance of building and equipment		**11,030**	10,201
Staff welfare and training		**7,445**	7,169
Utilities and communication		**7,065**	8,538
Office and other supplies		**6,331**	2,397
Grants and subsidies		**5,650**	1,690
Property tax		**3,801**	3,668
Public relations and events		**922**	1,997
General expenses		**926**	499
		360,525	327,579

Statement of Comprehensive Income

For the financial year ended 31 March 2014

	Note	FY2013/14 S$'000	FY2012/13 S$'000
Operating surplus		**52,048**	73,737
Net investment (loss)/income	16	**(1,306)**	28,552
Other comprehensive income/(loss)			
Item that will not be reclassified to Operating surplus			
Actuarial gain/(loss)	13	**749**	(137)
Surplus for the financial year before contribution to Government Consolidated Fund		**51,491**	102,152
Less:			
Contribution to Government Consolidated Fund	12	**8,754**	17,366
Net surplus for the financial year, representing total comprehensive income for the financial year		**42,737**	84,786

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

INLAND REVENUE AUTHORITY OF SINGAPORE

Statement of Changes in Equity

For the financial year ended 31 March 2014

	Note	Share Capital S$'000	Accumulated Surplus S$'000	Total S$'000
Balance as at 1 April 2012		6,911	789,585	**796,496**
Total comprehensive income for the financial year		-	84,786	**84,786**
Dividend	17	-	(125,414)	**(125,414)**
Balance as at 31 March 2013		6,911	748,957	**755,868**
Total comprehensive income for the financial year		-	42,737	**42,737**
Dividend	17	-	(70,000)	**(70,000)**
Balance as at 31 March 2014		6,911	721,694	**728,605**

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

Statement of Cash Flows

For the financial year ended 31 March 2014

	Note	FY2013/14 S$'000	FY2012/13 S$'000
Cash flows from operating activities			
Agency fee and other income received		**449,020**	351,148
Cash paid to employees and suppliers		**(322,634)**	(276,774)
Contribution to Government Consolidated Fund		**(17,366)**	(15,390)
Net cash from operating activities		**109,020**	58,984
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**2,535**	529
Interest income received		**914**	817
Withdrawal of funds placed with fund managers		**420,358**	40,000
Funds placed with unit trusts		**(350,000)**	-
Payment for purchase of property, plant and equipment and intangible assets		**(3,066)**	(2,484)
Expenditure on development projects		**(18,245)**	(30,120)
Net cash from investing activities		**52,496**	8,742

Statement of Cash Flows

For the financial year ended 31 March 2014

	Note	FY 2013/14 S$'000	FY2012/13 S$'000
Cash flows from financing activities			
Dividends paid	17	**(70,000)**	(125,414)
Net cash used in financing activities		**(70,000)**	(125,414)
Net increase/(decrease) in cash and cash equivalents		**91,516**	(57,688)
Cash and cash equivalents as at beginning of the financial year		**76,097**	133,785
Cash and cash equivalents as at end of the financial year	10	**167,613**	76,097

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

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 (the "Authority") was established under the Inland Revenue Authority of Singapore Act (Cap. 138A, 2012 Revised Edition) and is under the purview of the Ministry of Finance.

The Authority acts as the agent of the Government of the Republic of Singapore (the "Government") 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, casino tax 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 of Finance and other government agencies.

The registered office and principal place of operation 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, 2012 Revised Edition) and the Statutory Board Financial Reporting Standards (SB-FRS).

(a) Functional currency and presentation

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

(b) Basis of measurement

The financial statements are prepared on the historical cost basis except for certain financial assets and liabilities as disclosed in the accounting policies below.

(c) Use of estimates and judgements

The preparation of the financial statements in conformity with SB-FRS requires management to make judgements, 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.

(d) Changes in accounting policies

The adoption of the new or revised SB-FRS and Interpretations of SB-FRS mandatory for application from 1 April 2013 did not result in changes to the Authority's accounting policies and has no material effect on the Authority's financial statements except for the adoption of the Amendments to SB-FRS 1 Presentation of Items of Other Comprehensive Income. From 1 April 2013, the presentation of the item in Other comprehensive income has been changed to show whether the item will be reclassified to Operating surplus.

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 from the date the property, plant and equipment are ready for use to write off the cost of the property, plant and equipment, less residual value, over their estimated useful lives as follows:

	Estimated Useful Lives
Leasehold Land	Over the remaining lease period of 97 years
Building	50 years
Building Systems & Improvements	5 to 20 years
Computer Hardware	3 to 5 years
Office Equipment	5 years
Furniture & Fittings	5 years
Motor Vehicles	7 years

Property, plant and equipment costing less than S$2,000 are charged to the Statement of Comprehensive Income 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 that the expected pattern of consumption of the future economic benefits are 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 when 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 Statement of Comprehensive Income.

2.3 Intangible Assets

Intangible assets consist of computer software and software development costs for various computer applications. They 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.

Intangible assets are stated at cost less accumulated amortisation and impairment losses. These costs are amortised using the straight-line method from the date the intangible assets are ready for use over their estimated useful lives of 3 to 8 years. Computer software and development costs costing less than S$2,000 are charged to the Statement of Comprehensive Income in the year of purchase.

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

2.4 Development Projects-in-progress

Development projects-in-progress relate mainly to Infocomm Technology projects, carried out by the Authority during the financial year. The cost of development projects-in-progress includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use. Other expenditure is recognised as expense when incurred. No depreciation or amortisation is calculated for development projects-in-progress until they are ready for use and transferred to 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 financial year-end date or 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 Statement of Comprehensive Income.

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 Statement of Comprehensive Income.

2.6 Other Non-current Asset

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

2.7 Financial Assets

(a) Classification

The Authority classifies its financial assets in the following categories: financial assets at fair value through profit or loss, and loans and receivables. 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 classification at every financial year-end, 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 comprises 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. Financial assets are designated at fair value through profit or loss if the Authority manages such investments on a fair value basis in accordance with the Authority's documented risk management or investment strategy. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the financial year-end date.

The Authority's investments in funds with fund managers are classified as financial assets at fair value through profit or loss.

(ii) Loans and receivables

Loans and receivables comprise trade and other receivables, and cash and cash equivalents. They 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 financial year-end date are classified as current assets in the Statement of Financial Position. For those that are due more than 12 months after the financial year-end date, they are classified as non-current assets.

(b) Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date – the date on which the Authority commits to purchase or sell the asset. Financial assets 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

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.

Any resultant gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" are included in net investment income/(loss) in the Statement of Comprehensive Income in the period in which they arise. Interest and dividend earned on "financial assets at fair value through profit or loss" are also included in net investment income/(loss).

(e) Impairment

The Authority assesses at each financial year-end 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 loans and receivables 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 carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount, and the present value of the estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the Statement of Comprehensive Income.

2.8 Cash and Cash Equivalents

Cash and cash equivalents comprise deposits with the Accountant-General's Department and cash and bank balances that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.9 Trade and Other Payables

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

2.10 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 financial year-end 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.

2.11 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 fee 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.

2.12 Employee Benefits

(a) Defined benefit plan

Pensionable employees transferred from the Civil Service to the Authority when it was established on 1 September 1992 are entitled to pension benefits in accordance with the provisions of the Pensions Act (Cap. 225, 2004 Revised Edition). Pension liability attributable to the services rendered by these employees prior to the establishment of the Authority will be borne by the Government and is excluded from the Authority's provision of pension.

A pensionable employee may, at retirement, opt for pension to be paid monthly for his remaining lifetime, as a lump sum upon retirement or in a combination of both at a reduced rate.

Provision for pension and gratuities recognised in the Statement of Financial Position represents the present value of the pension obligations as at the financial year-end and is computed by the Authority annually based on the principal assumptions described in Note 13. Discount rates used are the yields as at financial year-end on government bonds that have maturity dates approximating the tenure of the related pension obligations.

Current service costs of the pensionable employees are recognised in expenditure on manpower in the Statement of Comprehensive Income. Actuarial gains and losses arising from changes in principal assumptions are recognised in other comprehensive income.

(b) Defined contribution plan
Contributions are made to the Central Provident Fund (CPF) scheme as required by law. The CPF contributions are recognised as expenditure on manpower in the same period as the employment that gives rise to the contribution.

(c) Employee leave entitlement
Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the financial year-end date.

2.13 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 Statement of Comprehensive Income on a straight-line basis over the lease term.

2.14 New Accounting Standards Not Yet Effective

At the date of authorisation of these financial statements, the Authority has not adopted the following new SB-FRS (including its consequential amendments), interpretation and amendments to SB-FRS which have been issued as of the financial year-end date but not yet effective:

- SB-FRS 112 Disclosure of Interests in Other Entities
- Amendments to SB-FRS 36 Recoverable Amount Disclosures for Non-Financial Assets
- Interpretation of SB-FRS 121 Levies

The Authority is evaluating the initial application of the standards for the impact on the financial statements.

3 SHARE CAPITAL

	FY2013/14 Number of shares (in '000)	FY2013/14 S$'000	FY2012/13 Number of shares (in '000)	FY2012/13 S$'000
As at 1 April and 31 March	**6,911**	**6,911**	6,911	6,911

The shares are fully paid and are held by the Minister for Finance, a body incorporated by the Minister for Finance (Incorporation) Act (Cap.183, 1985 Revised Edition). The shares have no par value.

4 PROPERTY, PLANT AND EQUIPMENT

4.1 Property, Plant and Equipment for FY2013/14

	Leasehold Land S$'000	Building S$'000	Building Systems & Improvements S$'000	Computer Hardware S$'000	Office Equipment S$'000	Furniture & Fittings S$'000	Motor Vehicles S$'000	Total S$'000
COST								
As at 1 April 2013	155,344	136,795	60,469	33,825	4,337	1,422	216	**392,408**
Reclassifications	-	-	-	(109)	-	-	-	**(109)**
Additions	-	-	112	1,871	61	10	-	**2,054**
Transfer from Development projects-in-progress (Note 6)	-	-	3,453	349	-	32	-	**3,834**
Disposals	-	-	(3,130)	(4,195)	(402)	(56)	-	**(7,783)**
As at 31 March 2014	155,344	136,795	60,904	31,741	3,996	1,408	216	**390,404**
ACCUMULATED DEPRECIATION								
As at 1 April 2013	30,301	46,847	44,367	26,028	4,034	1,355	86	**153,018**
Reclassifications	-	-	-	(51)	-	-	-	**(51)**
Depreciation for the financial year	1,595	2,736	2,911	4,536	99	39	31	**11,947**
Disposals	-	-	(3,060)	(4,192)	(402)	(56)	-	**(7,710)**
As at 31 March 2014	31,896	49,583	44,218	26,321	3,731	1,338	117	**157,204**
NET BOOK VALUE								
As at 31 March 2014	123,448	87,212	16,686	5,420	265	70	99	**233,200**

4 PROPERTY, PLANT AND EQUIPMENT

4.2 Property, Plant and Equipment for FY2012/13

	Leasehold Land S$'000	Building S$'000	Building Systems & Improvements S$'000	Computer Hardware S$'000	Office Equipment S$'000	Furniture & Fittings S$'000	Motor Vehicles S$'000	Total S$'000
COST								
As at 1 April 2012	155,344	137,271	57,148	30,330	4,202	1,412	231	**385,938**
Additions	-	-	460	2,347	5	10	-	**2,822**
Transfer from Development projects-in-progress (Note 6)	-	-	2,939	1,967	174	67	-	**5,147**
Disposals	-	(476)	(78)	(819)	(44)	(67)	(15)	**(1,499)**
As at 31 March 2013	155,344	136,795	60,469	33,825	4,337	1,422	216	**392,408**
ACCUMULATED DEPRECIATION								
As at 1 April 2012	28,706	44,393	41,821	21,476	3,984	1,219	70	**141,669**
Depreciation for the financial year	1,595	2,745	2,624	5,328	94	179	31	**12,596**
Disposals	-	(291)	(78)	(776)	(44)	(43)	(15)	**(1,247)**
As at 31 March 2013	30,301	46,847	44,367	26,028	4,034	1,355	86	**153,018**
NET BOOK VALUE								
As at 31 March 2013	125,043	89,948	16,102	7,797	303	67	130	**239,390**

5 INTANGIBLE ASSETS

	FY2013/14 S$'000	FY2012/13 S$'000
COST		
As at 1 April	**239,165**	218,586
Reclassification from Computer Hardware (Note 4)	**109**	-
Additions	**580**	95
Transfer from Development projects-in-progress (Note 6)	**19,745**	20,875
Disposals	**(1,051)**	(391)
As at 31 March	**258,548**	239,165
ACCUMULATED AMORTISATION		
As at 1 April	**196,011**	172,137
Reclassification from Computer Hardware (Note 4)	**51**	-
Amortisation for the financial year	**19,035**	24,265
Disposals	**(1,047)**	(391)
As at 31 March	**214,050**	196,011
NET BOOK VALUE AS AT 31 MARCH	**44,498**	43,154

Included in the Additions and Transfer from Development projects-in-progress to the Intangible assets are internally-developed computer applications relating to the operations of the Authority with a cost of S$19,740,000 (FY2012/13: S$19,940,000).

6 DEVELOPMENT PROJECTS-IN-PROGRESS

	FY2013/14 S$'000	FY2012/13 S$'000
COST		
As at 1 April	**12,579**	14,403
Expenditure incurred	**14,728**	33,892
Transfer to Property, plant and equipment (Note 4)	**(3,834)**	(5,147)
Transfer to Intangible assets (Note 5)	**(19,745)**	(20,875)
Charged to Statement of Comprehensive Income	**(3,627)**	(9,694)
AS AT 31 MARCH	**101**	12,579

7 OTHER NON-CURRENT ASSET

	FY2013/14 S$'000	FY2012/13 S$'000
COST	**114**	114
Less: Accumulated impairment losses	**(101)**	(95)
Net carrying amount	**13**	19

During the financial year, an impairment loss of S$6,000 (FY2012/13: S$6,000) was recognised in the Statement of Comprehensive Income to write down the carrying amount of the non-current asset to its recoverable amount.

8 FUNDS WITH FUND MANAGERS

	FY2013/14 S$'000	FY2012/13 S$'000
Unquoted unit trusts at fair value	**354,365**	-
Debt securities	-	331,606
Equity securities	-	86,092
Net forward foreign exchange contracts	-	758
	354,365	418,456
Others		
Cash and cash equivalents	-	14,345
Interest and other receivables	-	9,566
Other payables	-	(15,420)
	354,365	426,947

During the financial year, the investments managed by the external fund managers were liquidated. The proceeds were re-invested in unit trusts managed by two fund managers appointed under the Accountant-General's Department's Demand Aggregate Scheme for Fund Management Services 2011.

The unquoted unit trusts are denominated in Singapore dollar.

9 TRADE AND OTHER RECEIVABLES

	FY2013/14 S$'000	FY2012/13 S$'000
Trade receivables	**29,090**	68,694
Other receivables	**877**	812
	29,967	69,506

Credit risk with respect to Trade and other receivables is limited as the receivables are mostly due from governmental entities and government-linked companies. These balances are unsecured, non-interest bearing and usually settled within 6 months from the invoice date and within credit terms granted to them. Due to these factors, the Authority believes that no impairment allowance is necessary as at 31 March.

10 CASH AND CASH EQUIVALENTS

	FY2013/14 S$'000	FY2012/13 S$'000
Deposits with Accountant-General's Department	**167,613**	76,097

Deposits are placed with Accountant-General's Department under the "Whole-of-Government Centralised Liquidity Management" for more cost efficient and better credit risk management. The effective interest rate of Cash and cash equivalents is 0.70% (FY2012/13: 0.69%) per annum.

11 TRADE AND OTHER PAYABLES

	FY2013/14 S$'000	FY2012/13 S$'000
Payables for employee benefits	**49,970**	42,671
Trade payables	**9,674**	14,649
Other accrual for operating expenses	**12,375**	12,230
	72,019	69,550

Trade and other payables are unsecured, non-interest bearing and usually paid within 6 months from the invoice date.

12 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 17% (FY2012/13: 17%) of the surplus for the financial year.

13 PROVISION FOR PENSION AND GRATUITIES

	FY2013/14 S$'000	FY2012/13 S$'000
As at 1 April	**30,389**	32,573
Current service costs charged to expenditure on Manpower	**834**	960
Actuarial (gain)/loss charged to Other comprehensive income	**(749)**	137
	30,474	33,670
Amount paid during the financial year	**(3,839)**	(3,281)
As at 31 March	**26,635**	30,389
Amount payable within 1 year	**3,620**	3,928
Amount payable after 1 year	**23,015**	26,461

The principal assumptions used in determining the Authority's pension obligations are:

(a) pensionable employees will retire at the age of 62 and opt for pension to be paid as a lump sum upon retirement;

(b) the discount rates for determining present value of lump sum due to pensionable employees ranges from 0.53% to 2.49% (FY2012/13: 0.23% to 1.54%) per annum, depending on the tenure of the related pension obligations, and 3.15% (FY2012/13: 2.40%) per annum for pensions due to pensioners who opted for monthly pensions;

(c) the estimated future salary increases range from 0% to 17.90% (FY2012/13: 0% to 17.90%); and

(d) the life expectancy for male and female pensioners range from 79.9 to 83.5 years (FY2012/13: 79.6 to 83.3 years) and 84.5 to 86.9 years (FY2012/13: 84.3 to 86.8 years) respectively.

If the discount rates change by 5% with all other assumptions remaining constant, the impact on the Authority's pension liability as at 31 March will be as follows:

	FY2013/14 S$'000	FY2012/13 S$'000
+5%	**(253)**	(202)
-5%	**250**	205

If the life expectancy for male and female increase by 0.3 year with all other assumptions remaining constant, the impact on the Authority's pension liability as at 31 March will be as follows:

	FY2013/14 S$'000	FY2012/13 S$'000
+0.3 year	**165**	184

Included in the balance as at 31 March is provision set aside for key management personnel as follows:

	FY2013/14 S$'000	FY2012/13 S$'000
Key management personnel	**1,029**	1,068

14 MANPOWER

Included in the expenditure on Manpower is the following:

	FY2013/14 S$'000	FY2012/13 S$'000
CPF contributions for staff	**21,239**	18,697

15 SERVICES

Included in the expenditure on Services are the following:

	FY2013/14 S$'000	FY2012/13 S$'000
Data centre operation charges	**32,039**	32,080
Infocomm technology outsourcing charges	**20,815**	19,916
Rental expense of data centre	**7,379**	6,496
Audit fees:		
Audit of agency accounts	**572**	525
Audit of corporate accounts	**328**	300
Board members' allowances	**186**	187

16 NET INVESTMENT (LOSS)/INCOME

	FY2013/14 S$'000	FY2012/13 S$'000
(Loss)/Income from Funds with fund managers:		
Interest income	**6,599**	13,776
Dividends	**1,597**	2,106
Fair value (loss)/gain	**(9,397)**	13,678
	(1,201)	29,560
Less: Investment expenses	**(1,241)**	(1,974)
	(2,442)	27,586
Interest income:		
Deposits with Accountant-General's Department	**1,136**	966
Net investment (loss)/income	**(1,306)**	28,552

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

17 DIVIDENDS

	FY2013/14 S$'000	FY2012/13 S$'000
Dividends paid in respect of the previous financial year	**70,000**	125,414

Dividends paid relates to a special payout of S$70,000,000 (FY2012/13: S$100,000,000). Included in the FY2012/13 payment is S$25,414,000 made in accordance with the Capital Management Framework for Statutory Board outlined in Finance Circular Minute No. M26/2008.

18 COMMITMENTS

18.1 Capital Commitments

Capital expenditure approved by the Authority as at the financial year-end date but not recognised in the financial statements are as follows:

	FY2013/14 S$'000	FY2012/13 S$'000
Approved and contracted for	**4,821**	11,633
Approved but not contracted for	**51,752**	30,510
	56,573	42,143

18.2 Operating Lease Commitments – when the Authority is the lessor

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

	FY2013/14 S$'000	FY2012/13 S$'000
Not later than 1 year	**12,559**	9,160
Later than 1 year but not later than 5 years	**9,114**	946
	21,673	10,106

The Authority leased part of its office building to tenants under operating leases. The leases typically run for a period of 1 to 3 years, with an option to renew the lease after that date. None of the leases include contingent rental.

18.3 Operating Lease Commitments – when the Authority is the lessee

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

	FY2013/14 S$'000	FY2012/13 S$'000
Not later than 1 year	**2,821**	7,405
Later than 1 year but not later than 5 years	**839**	1,248
	3,660	8,653

The Authority leases data centre facilities under non-cancellable operating lease agreement. The lease is for a period of 4 years, with an option to renew for another 4 years.

19 TAX ACADEMY OF SINGAPORE

The Authority incorporated the Tax Academy of Singapore (the Academy) 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:

	FY2013/14 S$'000	FY2012/13 S$'000
Assets	**1,700**	1,487
Liabilities	**365**	452
Revenue	**2,151**	1,893
Total comprehensive income	**300**	217

20 RELATED PARTY TRANSACTIONS

20.1 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:

	FY2013/14 S$'000	FY2012/13 S$'000
Agency fees from		
- Ministry of Finance	**370,064**	365,342
Other income from		
- Ministry of Finance	**4,894**	-
- Ministries and Statutory Boards	**27,916**	26,255

20.2 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:

	FY2013/14 S$'000	FY2012/13 S$'000
Trade receivables		
- Ministry of Finance	**26,592**	63,524
- Ministries and Statutory Boards	**1,199**	1,154
Advances and deposits		
- Ministries and Statutory Boards	**1,542**	1,403

20.3 Key Management Personnel Compensation

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

	FY2013/14 S$'000	FY2012/13 S$'000
Salaries and other short-term employee benefits	**8,539**	7,629
CPF contribution	**602**	414
Post-employment benefits	**61**	55
Other long-term benefits	**3**	2
	9,205	8,100

21 FINANCIAL RISK MANAGEMENT

The Authority's activities expose it to interest rate risk, currency risk, price risk, credit risk, liquidity risk and capital 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 invests its surplus funds to meet future capital replacements. To meet this objective, the Authority seeks to achieve capital preservation and optimise investment returns at acceptable risk levels through adequate risk diversification.

In FY2013/14, the Authority liquidated its investments managed by the external fund managers. As at the financial year-end, the funds are placed in unit trusts that are managed by the fund managers appointed under Mandate A of the Accountant-General's Department's Demand Aggregate Scheme for Fund Management Services 2011. The appointed fund managers are given discretion in managing the funds, subject to the investment guidelines set out in the tender specifications of the scheme. The Authority's investment policies are approved by the Board.

Accordingly, the nature and extent of the Authority's exposure to interest rate risk, currency risk, price risk and credit risk had changed from the previous financial year-end. Therefore, the comparatives in relation to funds with fund managers for previous financial year-end are not shown.

21.1 Interest Rate Risk

The exposure to risk of changes in interest rates relates primarily to interest-bearing assets, deposits with AGD. The interest rates are based on deposit rates determined by the financial institutions with which the cash are deposited and are expected to move in tandem with market interest rate movements.

The Authority does not have any significant exposure to interest rate risk as at the end of the financial year.

21.2 Currency Risk

The Authority is not exposed to significant foreign currency risk as the monetary assets and liabilities of the Authority are denominated primarily in Singapore dollars.

21.3 Price Risk

The Authority is exposed to price risk arising from the investments in unit trusts. The price risk is the potential loss in fair value resulting from the decrease in the net asset value of the unit trusts.

If prices of the unit trusts change by 5% with all other variables remaining constant, the impact on the Authority's surplus for the financial year will be as follows:

	FY2013/14 S$'000
+5%	**17,718**
-5%	**(17,718)**

21.4 Credit Risk

The Authority's exposure to credit risk arises from cash, deposits with AGD, trade and other receivables and funds with fund managers. The maximum exposure at the end of the financial year is the carrying amount of these assets as indicated.

Credit risks on trade and other receivables are disclosed in Note 9. Cash and deposits with AGD are placed with well rated financial institutions. Funds for investments are placed in unit trusts that are managed by licensed and reputable fund managers.

21.5 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 funds placed in unit trusts can be liquidated readily when required. The Authority does not have a significant exposure to liquidity risk as at the financial year-end date.

21.6 Capital Risk

The Authority manages its capital to ensure it will be able to continue as a going concern while fulfilling its objective as a statutory board. The capital structure of the Authority consists of share capital and accumulated surplus. There were no changes in the capital management approach during the financial year. The Authority is not subject to externally imposed capital requirements.

21.7 Fair Value Measurements

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their respective fair value due to the relative short term maturity.

The Authority measures fair value of its financial assets using the following fair value hierarchy that reflects the significance of the inputs used in the measurements:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2: valuation techniques based on observable inputs, either directly (that is, as prices) or indirectly (that is, derived from prices); and

(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In infrequent circumstances where a valuation technique for financial instruments is based on significant unobservable inputs, such instruments will be included in Level 3.

The following table presents the financial assets measured at fair value and classified by level of fair value measurement hierarchy:

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
As at 31 March 2014				
Unquoted unit trusts at fair value	-	354,365	-	**354,365**

22 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of the Authority on 26 June 2014.