FINANCIAL REPORT

CONTENTS

Five-Year Financial Summary

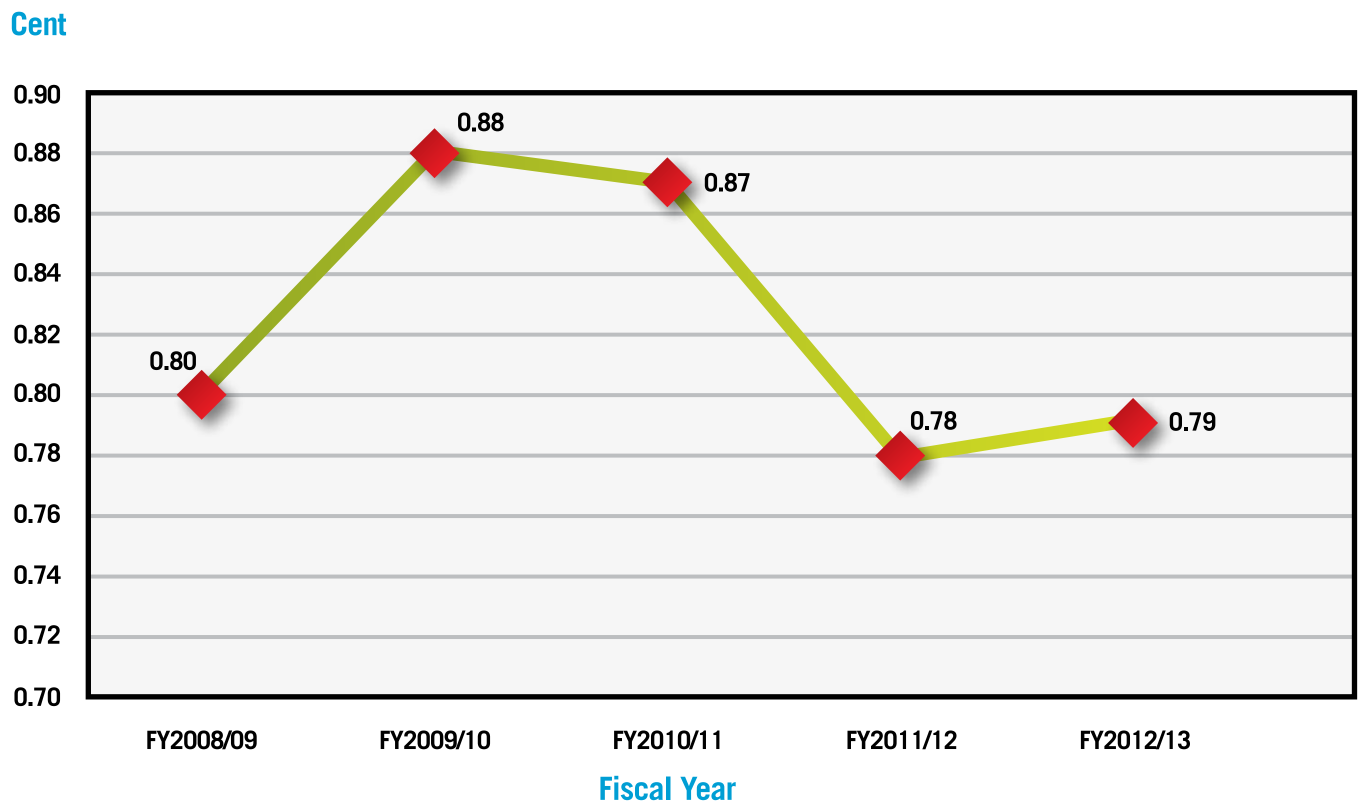
	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY2012/13
STATEMENT OF COMPREHENSIVE INCOME (S$' MILLION)					
Operating Income	341.7	346.7	372.6	367.1	**401.3**
Operating Expenditure (includes depreciation and amortisation)	239.6	266.5	301.5	298.1	**327.6**
Manpower Costs	132.4	141.3	166.9	168.6	**176.5**
Depreciation and Amortisation	29.7	38.2	39.9	40.6	**36.9**
Other Operating Expenditure	77.5	87.0	94.7	88.9	**114.2**
Operating Surplus	102.1	80.2	71.1	69.0	**73.7**
Actuarial Losses	-	-	-	1.4	**0.1**
Investment Income	(44.3)	86.3	18.4	25.0	**30.5**
Investment Expense	1.6	1.7	2.0	2.0	**2.0**
Other Comprehensive Income	(45.9)	84.6	16.4	21.6	**28.4**
Surplus before Contribution to Government Consolidated Fund	56.2	164.8	87.5	90.6	**102.1**
CAPITAL EXPENDITURE (S$' MILLION)	28.2	21.3	14.5	25.9	**36.8**
STATEMENT OF FINANCIAL POSITION (S$' MILLION)					
Total Equities	714.8	736.6	737.6	796.5	**755.9**
Total Liabilities	93.8	141.7	122.0	104.2	**115.2**
Total Assets	808.6	878.3	859.6	900.7	**871.1**
TAX REVENUE (S$' MILLION)	29,801	29,871	34,731	38,440	**41,361**
COST PER DOLLAR OF TAX COLLECTED (CENT)*	0.80	0.88	0.87	0.78	**0.79**
COST PER TAXPAYER (S$)*	79.6	86.3	94.9	90.7	**94.1**

* 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 FY2012/13, the cost per dollar of tax collected is 0.79 cent. This is higher than last year's by 1%. The increase is mainly due to a 9% increase in operating cost against an 8% increase in tax revenue collections.

COST PER DOLLAR OF TAX COLLECTED



Financial Review

FINANCIAL RESULTS

Income

Our operating surplus for FY2012/13 is S$73.7 million, S$4.7 million or 7% more than that for FY2011/12. The higher operating surplus is due to the increase in operating income of S$34.2 million which more than offsets the increase in operating costs of S$29.5 million.

The investment income of S$30.5 million (FY2011/12: S$25.0 million) consists of interest earned from fixed deposits, yields from bonds and equities and largely capital gains from our investment portfolios.

Operating Expenditure

Operating expenditure for FY2012/13 is S$29.5 million or 9.9% more than that for FY2011/12.

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 56% of total operating expenditure (FY2011/12: 59%), followed by ICT at 35% (FY2011/12: 31%) and Maintenance and Facilities at 7% (FY2011/12: 8%).

Staff Cost consists of manpower costs, staff welfare and training costs. It has increased by 4% to S$183.7 million. The increase is mainly due to the annual salary increments.

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 21% in the expenditure on ICT to S$113.1 million. The increase is mainly due to more data centre services purchased to support development projects and the tax system, IRIN, as well as the deployment of SOE, a government-wide initiative for public officers to move to a single consolidated IT platform to achieve a standardized environment for operational efficiency and cost effectiveness.

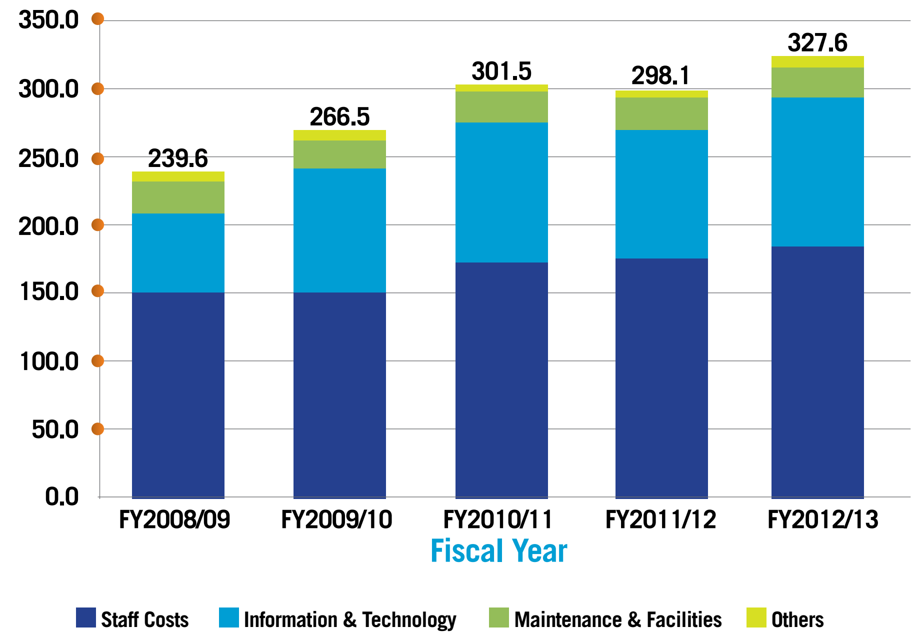
The third main cost component is Maintenance and Facilities. It has remained fairly constant at about S$24.5 million.

Capital Expenditure

Capital expenditure incurred for the year was S$36.8 million (FY2011/12: S$25.9 million). S$33.9 million was spent on development projects, while the balance S$2.9 million was spent on purchasing computer hardware and software and upgrading of building systems.

Financial Review

OPERATING EXPENDITURE OVER 5 YEARS



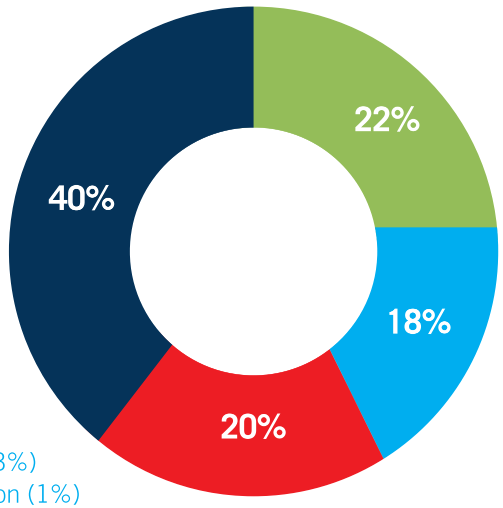
EXPENDITURE BREAKDOWN BY FUNCTION FY2012/13:

CORPORATE AND SERVICES GROUP
- S$129.5 million (40%)
- Accounting and Processing Division (9%)
- Enforcement Division (9%)
- Infocomm Division (11%)
- Corporate Services Division (6%)
- Corporate Development Division (3%)
- Law Division (2%)

INDIVIDUAL GROUP
-S$73.7 million (22%)
- Individual Income Tax Division (16%)
- Taxpayer Services Division (6%)

BUSINESS GROUP
- S$60.0 million (18%)
- Corporate Tax Division (13%)
- Investigation and Forensics Division (3%)
- Tax Policy and International Tax Division (1%)
- Compliance Strategy and Risk Division (1%)

GOODS AND SERVICES TAX AND PROPERTY GROUP
- S$64.4 million (20%)
- Goods and Services Tax Division (12%)
- Property Tax Division (8%)



Financial Review

FINANCIAL POSITION

As at 31 March 2013, our total assets decreased by S$29.6 million or 3% to S$871.1 million. Property, plant and equipment, intangible assets, development projects-in-progress and investments accounted for 92% of the total assets (FY2011/12: 97%).

Our total liabilities increased by S$11.0 million or 11% to S$115.2 million. As at 31 March 2013, our equities were made up of accumulated surplus amounting to S$749.0 million (FY2011/12: S$789.6) and share capital of S$6.9 million. During the financial year, we paid S$125.4 million of dividends to the Government.

Of the S$749.0 million in accumulated surplus, S$337.2 million (45%) had already been utilised and committed for capital expenditure. S$295.1 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$42.1 million was committed for capital expenditure. The balance surplus fund of S$411.8 million is retained to meet future capital replacements as well as contingency funds for operational needs.

The investment position as at 31 March 2013 was S$503.0 million. S$76.1 million is managed by Accountant-General's Department via the Centralised Liquidity Management initiative and it is held on a short-term basis to meet our operating needs. S$426.9 million is held in funds placed out with fund managers in bonds and equities with a medium-term horizon.

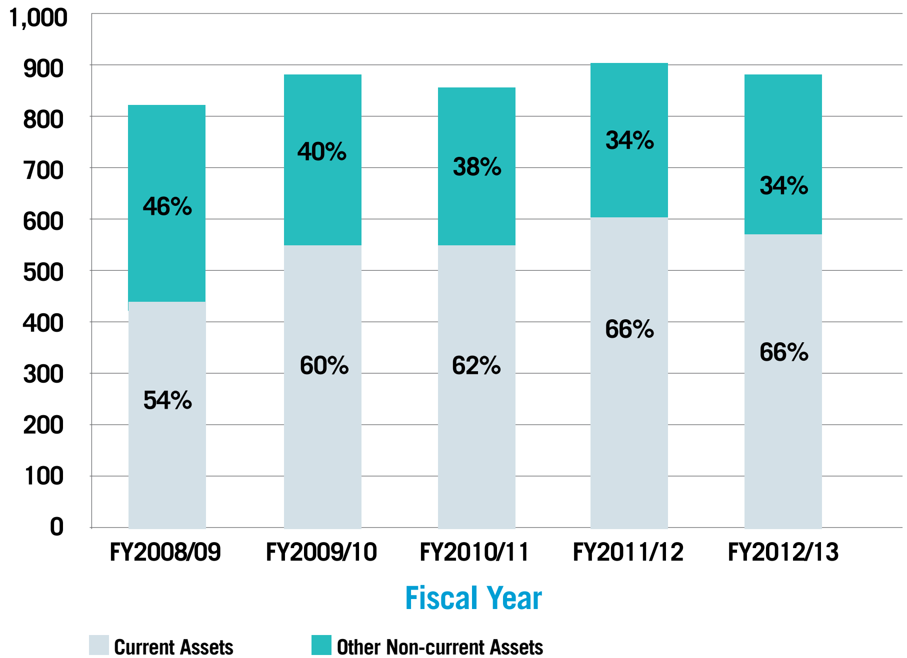
Our long-term liability comprises pension provision that is set aside for future payments to pensionable staff upon their retirement and pensioners who opted for monthly pensions. As at 31 March 2013, the pension provision stood at S$26.5 million, compared with S$30.8 million as at 31 March 2012.

Our cash position remains healthy with S$76.1 million in cash and cash equivalents as at 31 March 2013 with a net cash outflow of S$57.7 million during the financial year. The net cash outflow is mainly due to the higher dividend payout this year. Net cash generated from operating activities amounted to S$59.0 million.

Financial Review

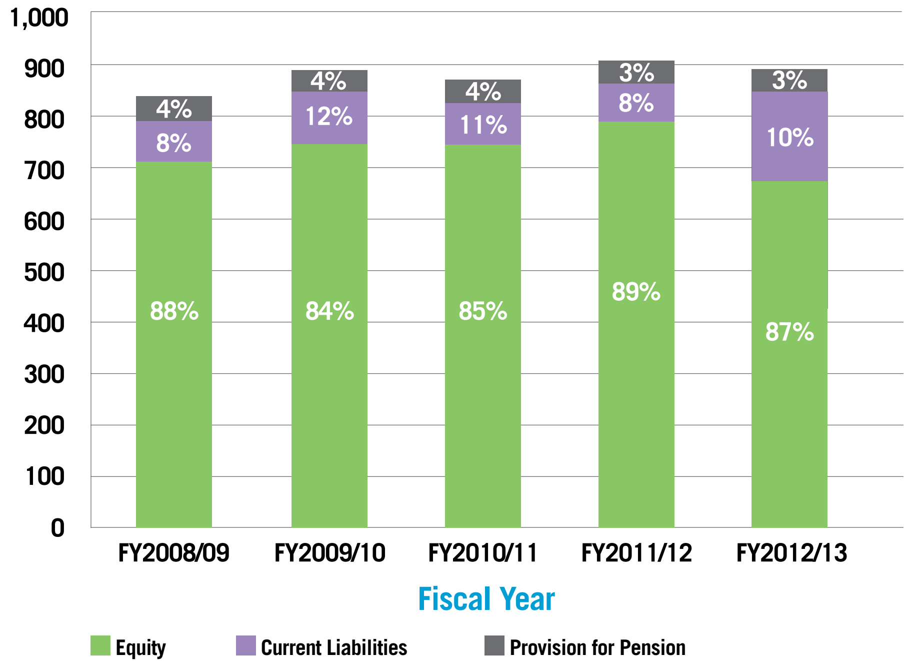
TOTAL ASSETS

S$ Million



TOTAL LIABILITIES AND EQUITIES

S$ Million



INLAND REVENUE AUTHORITY OF SINGAPORE

Statement by the Members of the Board

For the financial year ended 31 March 2013

In our opinion, the financial statements of the Inland Revenue Authority of Singapore as set out on pages 65 to 90 are drawn up in accordance with the provisions of the Inland Revenue Authority of Singapore Act (Cap. 138A, 2012 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 2013, 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

25 June 2013

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 2013

REPORT ON THE FINANCIAL STATEMENTS

The accompanying financial statements of the Inland Revenue Authority of Singapore (the "Authority"), set out on pages 65 to 90, have been audited under my directions. These financial statements comprise the statement of financial position as at 31 March 2013, 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, 2012 Revised Edition) (the "Act") and Statutory Board Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 2013 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 2013

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

25 June 2013

Statement of Financial Position

For the financial year ended 31 March 2013

	Note	FY2012/13 S$'000	FY2011/12 S$'000
Share capital	3	**6,911**	6,911
Accumulated surplus		**748,957**	789,585
		755,868	796,496
Represented by:			
Non-current assets			
Property, plant and equipment	4	**239,390**	244,269
Intangible assets	5	**43,154**	46,449
Development projects-in-progress	6	**12,579**	14,403
Other non-current asset	7	**19**	25
		295,142	305,146
Current assets			
Funds with fund managers	8	**426,947**	438,985
Trade and other receivables	10	**69,506**	18,566
Prepayments		**3,401**	4,191
Cash and cash equivalents	11	**76,097**	133,785
		575,951	595,527

Statement of Financial Position

For the financial year ended 31 March 2013

	Note	FY2012/13 S$'000	FY2011/12 S$'000
Less:			
Current liabilities			
Trade and other payables	12	**69,550**	55,820
Advances and deposits		**1,848**	2,127
Contribution payable to Government Consolidated Fund	13	**17,366**	15,390
		88,764	73,337
Net current assets		**487,187**	522,190
Less:			
Non-current liabilities			
Provision for pension and gratuities	14	**26,461**	30,840
		755,868	796,496

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

Statement of Comprehensive Income

For the financial year ended 31 March 2013

	Note	FY2012/13 S$'000	FY2011/12 S$'000 (Restated)
Operating surplus			
Agency fee		**365,342**	332,507
Other income		**35,974**	34,561
		401,316	367,068
Less:			
Operating expenditure			
Manpower	15	**176,489**	168,591
Services	16	**78,070**	54,572
Depreciation and amortisation	4, 5	**36,861**	40,576
Maintenance of building and equipment		**10,201**	8,321
Utilities and communication		**8,538**	9,212
Staff welfare and training		**7,169**	6,720
Property tax		**3,668**	3,609
Office and other supplies		**2,397**	3,719
Public relations and events		**1,997**	1,869
Grants and subsidies		**1,690**	483
General expenses		**499**	396
		327,579	298,068

Statement of Comprehensive Income

For the financial year ended 31 March 2013

	Note	FY2012/13 S$'000	FY2011/12 S$'000 (Restated)
Operating surplus		**73,737**	69,000
Other comprehensive income			
Actuarial losses	14	**(137)**	(1,441)
Investment income	17	**30,526**	24,999
Investment expenses		**(1,974)**	(2,029)
		28,415	21,529
Surplus for the financial year before contribution to Government Consolidated Fund		**102,152**	90,529
Less:			
Contribution to Government Consolidated Fund	13	**17,366**	15,390
Net surplus for the financial year, representing total comprehensive income for the financial year		**84,786**	75,139

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

Statement of Changes in Equity

For the financial year ended 31 March 2013

	Note	Share Capital S$'000	Accumulated Surplus S$'000	Total S$'000
Balance as at 1 April 2011		1,001	736,553	737,554
Total comprehensive income for the financial year		-	75,139	75,139
Dividends	18	-	(22,107)	(22,107)
Equity injection	3	5,910	-	5,910
Balance as at 31 March 2012		6,911	789,585	796,496
Total comprehensive income for the financial year		-	84,786	84,786
Dividends	18	-	(125,414)	(125,414)
Balance as at 31 March 2013		**6,911**	**748,957**	**755,868**

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

Statement of Cash Flows

For the financial year ended 31 March 2013

	Note	FY2012/13 S$'000	FY2011/12 S$'000
Cash flows from operating activities			
Agency fee and other income received		**351,148**	414,546
Cash paid to employees and suppliers		**(276,774)**	(272,365)
Contribution to Government Consolidated Fund		**(15,390)**	(14,869)
Net cash from operating activities		**58,984**	127,312
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**529**	27
Interest income received		**817**	634
Withdrawal from funds placed with fund managers		**40,000**	-
Payment for purchase of property, plant and equipment and intangible assets		**(2,484)**	(2,143)
Expenditure incurred for development projects		**(30,120)**	(24,648)
Net cash from/(used in) investing activities		**8,742**	(26,130)
Cash flows from financing activities			
Dividends paid	18	**(125,414)**	(22,107)
Equity injection	3	**-**	5,910
Net cash used in financing activities		**(125,414)**	(16,197)
Net (decrease)/increase in cash and cash equivalents		**(57,688)**	84,985
Cash and cash equivalents as at beginning of the financial year		**133,785**	48,800
Cash and cash equivalents as at end of the financial year	11	**76,097**	133,785

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

INLAND REVENUE AUTHORITY OF SINGAPORE

Notes to the Financial Statements

For the financial year ended 31 March 2013

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.

INLAND REVENUE AUTHORITY OF SINGAPORE

Notes to the Financial Statements

For the financial year ended 31 March 2013

(d) Changes in accounting policies

On 1 April 2012, the Authority has early adopted the revised SB-FRS 19 Employee Benefits. The revised SB-FRS requires all actuarial gains or losses on defined benefit plans to be recognised in other comprehensive income. Previously, the Authority accounted for actuarial gains and losses in expenditure on manpower. Following the adoption of this standard, the Authority classified actuarial gains and losses from expenditure on manpower to other comprehensive income. The effect of the adoption of the standard is an increase in operating surplus and a decrease in other comprehensive income in FY2012/13 by S$137,000 (FY2011/12: S$1,441,000). There is no impact to the Authority's surplus for the financial year.

The adoption of other new or revised SB-FRS and Interpretations of SB-FRS mandatory for application from 1 April 2012 did not result in changes to the Authority's accounting policies and has no material effect on the Authority's financial statements.

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.

INLAND REVENUE AUTHORITY OF SINGAPORE

Notes to the Financial Statements

For the financial year ended 31 March 2013

(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

INLAND REVENUE AUTHORITY OF SINGAPORE

Notes to the Financial Statements

For the financial year ended 31 March 2013

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.

Derivatives are also categorised as held for trading. 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 debt and equity securities under fund with fund managers are classified as financial assets at fair value through profit or loss. Funds with fund managers is presented net of financial liabilities as the Authority manages and evaluates the performance of its investment with fund managers in its entirety in accordance with the approved investment strategy.

(ii) Loans and receivables

Loans and receivables comprise trade and other receivables, prepayments 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.

INLAND REVENUE AUTHORITY OF SINGAPORE

Notes to the Financial Statements

For the financial year ended 31 March 2013

(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 theeffective interest method.

Realised and unrealised gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" are included 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 included in interest and dividend income respectively.

(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.

INLAND REVENUE AUTHORITY OF SINGAPORE

Notes to the Financial Statements

For the financial year ended 31 March 2013

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 14. 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.

All actuarial gains and losses arising from changes in principal assumptions and current service costs of the pensionable employees are recognised in other comprehensive income and expenditure on manpower respectively in the Statement of 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.

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Notes to the Financial Statements

For the financial year ended 31 March 2013

(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 SB-FRS (including its consequential amendments) and interpretations which have been issued as of the financial year-end date but not yet effective:

- SB-FRS 112 Disclosure of Interests in Other Entities
- SB-FRS 113 Fair Value Measurements
- Amendment to SB-FRS 1 Presentation of Financial Statements
- Amendment to SB-FRS 16 Property, Plant and Equipment

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

3 SHARE CAPITAL

	FY2012/13 Number of shares (in '000)	FY2012/13 S$'000	FY2011/12 Number of shares (in '000)	FY2011/12 S$'000
As at 1 April	**6,911**	**6,911**	1,001	1,001
Equity injection	**-**	**-**	5,910	5,910
As at 31 March	**6,911**	**6,911**	6,911	6,911

Equity injection in FY2011/12 was made pursuant to the Capital Management Framework for Statutory Boards under Finance Circular Minute No. M26/2008.

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.

INLAND REVENUE AUTHORITY OF SINGAPORE

Notes to the Financial Statements

For the financial year ended 31 March 2013

4 Property, Plant and Equipment

4.1 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 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

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Notes to the Financial Statements

For the financial year ended 31 March 2013

4 Property, Plant and Equipment

4.2 Property, Plant and Equipment for FY2011/12

	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 2011	155,344	137,271	56,869	40,264	4,654	13,256	231	407,889
Reclassifications	-	-	15	(5,135)	(173)	158	-	(5,135)
Additions	-	-	264	770	25	-	-	1,059
Transfer from Development projects-in-progress (Note 6)	-	-	-	5,650	157	-	-	5,807
Disposals	-	-	-	(11,219)	(461)	(12,002)	-	(23,682)
As at 31 March 2012	155,344	137,271	57,148	30,330	4,202	1,412	231	385,938
ACCUMULATED DEPRECIATION								
As at 1 April 2011	27,111	41,639	39,286	29,579	4,434	12,950	39	155,038
Reclassifications	-	-	10	(2,706)	(125)	115	-	(2,706)
Depreciation for the year	1,595	2,754	2,525	5,822	136	156	31	13,019
Disposals	-	-	-	(11,219)	(461)	(12,002)	-	(23,682)
As at 31 March 2012	28,706	44,393	41,821	21,476	3,984	1,219	70	141,669
NET BOOK VALUE								
As at 31 March 2012	126,638	92,878	15,327	8,854	218	193	161	244,269

INLAND REVENUE AUTHORITY OF SINGAPORE

Notes to the Financial Statements

For the financial year ended 31 March 2013

5 INTANGIBLE ASSETS

	FY2012/13 S$'000	FY2011/12 S$'000
COST		
As at 1 April	**218,586**	207,510
Reclassification from Computer Hardware (Note 4)	**-**	5,135
Additions	**95**	525
Transfer from Development projects-in-progress (Note 6)	**20,875**	6,736
Disposals	**(391)**	(1,320)
As at 31 March	**239,165**	218,586
ACCUMULATED AMORTISATION		
As at 1 April	**172,137**	143,194
Reclassification from Computer Hardware (Note 4)	**-**	2,706
Amortisation for the year	**24,265**	27,557
Disposals	**(391)**	(1,320)
As at 31 March	**196,011**	172,137
NET BOOK VALUE		
As at 31 March	**43,154**	46,449

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$19,940,000 (FY2011/12: S$4,048,000).

6 DEVELOPMENT PROJECTS-IN-PROGRESS

	FY2012/13 S$'000	FY2011/12 S$'000
COST		
As at 1 April	**14,403**	5,931
Expenditure incurred	**33,892**	24,340
Transfer to Property, Plant and Equipment (Note 4)	**(5,147)**	(5,807)
Transfer to Intangible Assets (Note 5)	**(20,875)**	(6,736)
Charged to Statement of Comprehensive Income	**(9,694)**	(3,325)
As at 31 March	**12,579**	14,403

7 OTHER NON-CURRENT ASSET

	FY2012/13 S$'000	FY2011/12 S$'000
COST	**114**	114
Less: Accumulated impairment losses	**(95)**	(89)
Net carrying amount	**19**	25

During the financial year, an impairment loss of S$6,000 (FY2011/12: S$1,000) was recognised in the Statement of Comprehensive Income to write down the carrying amount of the non-current asset to its recoverable amount.

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Notes to the Financial Statements

For the financial year ended 31 March 2013

8 FUNDS WITH FUND MANAGERS

	FY2012/13 S$'000	FY2011/12 S$'000
Debt securities	**331,606**	332,754
Equity securities	**86,092**	88,079
Net forward foreign exchange contracts (Note 9)	**758**	94
	418,456	420,927
Others:		
Cash and cash equivalents	**14,345**	23,826
Interest and other receivables	**9,566**	22,905
Other payables	**(15,420)**	(28,673)
	426,947	438,985

The debt and equity securities under Funds with fund managers are denominated in the following currencies:

	FY2012/13 S$'000	FY2011/12 S$'000
Debt securities denominated in:		
US dollar	**168,644**	173,402
Singapore dollar	**80,601**	79,109
Euro	**37,729**	30,363
Japanese yen	**15,144**	17,097
Canadian dollar	**11,773**	16,186
Other currencies	**17,715**	16,597
	331,606	332,754

	FY2012/13 S$'000	FY2011/12 S$'000
Equity securities denominated in:		
Hong Kong dollar	**20,023**	22,126
US dollar	**19,357**	20,022
Singapore dollar	**18,926**	17,726
Australian dollar	**6,555**	6,101
British pound	**5,610**	6,641
Other currencies	**15,621**	15,463
	86,092	88,079

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Notes to the Financial Statements

For the financial year ended 31 March 2013

9 FINANCIAL DERIVATIVES

As part of risk management activities, the fund managers use financial derivatives to manage risks. Derivative financial instruments are categorised as held for trading. The use of derivative instruments is governed by the Authority's investment guidelines.

The fair value of the financial derivatives as at 31 March is as follows:

	FY2012/13 S$'000	FY2011/12 S$'000
Forward foreign exchange contracts (Note 8)		
- with positive fair value	**1,050**	243
- with negative fair value	**(292)**	(149)
	758	94

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

	FY2012/13 S$'000	FY2011/12 S$'000
Forward foreign exchange contracts		
- sales	**150,264**	165,955
- purchases	**(150,264)**	(165,955)

10 TRADE AND OTHER RECEIVABLES

	FY2012/13 S$'000	FY2011/12 S$'000
Trade receivables	**68,694**	18,065
Other receivables	**812**	501
	69,506	18,566

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.

11 CASH AND CASH EQUIVALENTS

	FY2012/13 S$'000	FY2011/12 S$'000
Deposits with Accountant-General's Department	**76,097**	133,705
Cash and bank balances	**-**	80
	76,097	133,785

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 0.69% (FY2011/12: 0.64%) per annum.

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Notes to the Financial Statements

For the financial year ended 31 March 2013

12 TRADE AND OTHER PAYABLES

	FY2012/13 S$'000	FY2011/12 S$'000 (Restated)
Payables for employee benefits	**42,671**	38,990
Trade payables	**14,649**	6,503
Other accrual for operating expenses	**12,230**	10,327
	69,550	55,820

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

13 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% (FY2011/12: 17%) of the surplus for the financial year.

14 PROVISION FOR PENSION AND GRATUITIES

	FY2012/13 S$'000	FY2011/12 S$'000 (Restated)
Balance as at 1 April	**32,573**	33,549
Current service costs charged to expenditure on Manpower	**960**	1,930
Actuarial losses charged to Other comprehensive income	**137**	1,441
	33,670	36,920
Amount paid during the financial year	**(3,281)**	(4,347)
Balance as at 31 March	**30,389**	32,573
Amount payable within 1 year	**3,928**	1,733
Amount payable after 1 year	**26,461**	30,840

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 0.23% to 1.54% per annum, depending on the tenure of the related pension obligations, and 2.40% (FY2011/12: 2.46%) per annum for pensions due to pensioners who opted for monthly pensions;

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For the financial year ended 31 March 2013

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

(d) the life expectancy for male and female pensioners range from 79.6 to 83.3 years (FY2011/12: 79.3 – 83.1 years) and 84.3 to 86.8 years (FY2011/12: 84.1 – 86.5 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:

	FY2012/13 S$'000
+5%	(202)
-5%	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:

	FY2012/13 S$'000
+0.3 year	184

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

	FY2012/13 S$'000	FY2011/12 S$'000
Key management personnel	1,068	1,016

15 MANPOWER

Included in the expenditure on Manpower is the following:

	FY2012/13 S$'000	FY2011/12 S$'000
CPF contributions for staff	**18,697**	16,801

16 SERVICES

Included in the expenditure on Services are the following:

	FY2012/13 S$'000	FY2011/12 S$'000
Data centre operation charges	**32,080**	20,287
Infocomm technology outsourcing charges	**19,916**	15,472
Rental expense of data centre	**6,496**	4,558
Audit fees		
Audit of agency accounts	**525**	477
Audit of corporate accounts	**300**	273
Board members' allowances	**187**	168

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Notes to the Financial Statements

For the financial year ended 31 March 2013

17 INVESTMENT INCOME

	FY2012/13 S$'000	FY2011/12 S$'000
Income from Funds with fund managers:		
Interest income	**13,776**	15,273
Dividends	**2,106**	2,550
Fair value gains	**13,678**	6,524
Total investment income	**29,560**	24,347
Interest income:		
Deposits with Accountant-General's Department	**966**	652
	30,526	24,999

Included in the Fair value gains 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".

18 DIVIDENDS

	FY2012/13 S$'000	FY2011/12 S$'000
Dividends paid in respect of the previous financial year	**125,414**	22,107

The payment comprises S$25,414,000 (FY2011/12: S$22,107,000) made in accordance with the Capital Management Framework for Statutory Board outlined in Finance Circular Minute No. M26/2008 and a special payout of S$100,000,000 (FY2011/12: Nil).

19 COMMITMENTS

19.1 Capital Commitments

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

	FY2012/13 S$'000	FY2011/12 S$'000
Approved and contracted for	**11,633**	31,096
Approved but not contracted for	**30,510**	37,394
	42,143	68,490

19.2 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:

	FY2012/13 S$'000	FY2011/12 S$'000
Not later than 1 year	**9,160**	18,567
Later than 1 year but not later than 5 years	**946**	7,985
	10,106	26,552

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.

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19.3 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:

	FY2012/13 S$'000	FY2011/12 S$'000
Not later than 1 year	**7,405**	5,950
Later than 1 year but not later than 5 years	**1,248**	1,753
	8,653	7,703

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.

20 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:

	FY2012/13 S$'000	FY2011/12 S$'000
Assets	**1,487**	1,243
Liabilities	**452**	426
Revenue	**1,893**	1,622
Total comprehensive income	**217**	75

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:

	FY2012/13 S$'000	FY2011/12 S$'000
Agency fees from		
- Ministry of Finance	**365,342**	332,507
Other income from		
- Ministries and Statutory Boards	**26,255**	27,990

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Notes to the Financial Statements

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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:

	FY2012/13 S$'000	FY2011/12 S$'000
Trade receivables		
- Ministry of Finance	**63,524**	12,902
- Ministries and Statutory Boards	**1,154**	2,531
Advances and deposits		
- Ministries and Statutory Boards	**1,403**	1,521

21.3 Key Management Personnel Compensation

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

	FY2012/13 S$'000	FY2011/12 S$'000 (Restated)
Salaries and other short-term employee benefits	**7,629**	7,075
Post-employment benefits	**469**	495
Other long-term benefits	**2**	1
	8,100	7,571

22 FINANCIAL RISK MANAGEMENT

The Authority's activities expose it to market risk (including interest rate risk, currency risk and 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 uses financial instruments such as currency forwards and interest rate futures to hedge certain financial risk exposures.

The Authority invests its surplus funds to meet future capital replacements. Funds are mainly placed with external fund managers under a mandate approved by the Investment Committee. These fund managers are given discretion in managing their portfolio, subject to the investment guidelines set out in the fund management agreements.

22.1 Market Risk

Market risk is the risk arising from changes in market prices, such as interest rates, foreign exchange rates and equity prices. 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 exposure to risk of changes in interest rates relates primarily to fair value of the investments in debt securities managed by the fund managers. Interest rate risk is mitigated by investing in fixed rate instruments over longer tenure.

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For the financial year ended 31 March 2013

The fair value of debt securities as at 31 March over varying periods of maturity are as follows:

Maturity	FY2012/13 S$'000	FY2011/12 S$'000
Not more than 3 years	**69,903**	62,026
3 years but not more than 5 years	**69,160**	79,113
5 years or more	**192,543**	191,615
	331,606	332,754

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

	FY2012/13 S$'000	FY2011/12 S$'000
+100 basis points	**(18,695)**	(18,365)
-100 basis points	**18,695**	18,365

(b) Currency risk

The monetary assets and liabilities of the Authority are denominated primarily in Singapore dollars except for Funds with fund managers (Notes 8 and 9). The exposure to foreign exchange risk in the investment portfolio is minimised by hedging where appropriate.

If the foreign currencies change against the Singapore dollar by 5% with all other variables remaining constant, the impact on the Authority's surplus for the financial year will be as follows:

	FY2012/13 S$'000	FY2011/12 S$'000
+5%	**(9,153)**	(9,516)
-5%	**10,080**	10,519

(c) Equity price risk

The Authority is exposed to equity price risk arising from the investments in equity securities managed by the fund managers. These securities are listed in the stock exchanges. The Authority manages this risk through diversification.

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

	FY2012/13 S$'000	FY2011/12 S$'000 (Restated)
+5%	**4,305**	4,404
-5%	**(4,305)**	(4,404)

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22.2 Credit Risk

The Authority's exposure to credit risk arises from cash, fixed deposits, trade and other receivables and debt securities. 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 10. Cash and fixed deposits are placed with well rated financial institutions.

Debt securities are managed by licensed fund managers. 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.

	FY2012/13 S$'000	FY2011/12 S$'000
AAA & above	**146,404**	156,327
AA+, AA & AA-	**17,876**	26,468
A+, A & A-	**49,627**	61,839
BBB+ & below	**117,699**	88,120
	331,606	332,754

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 Funds with fund managers comprise debt and equity securities that can be liquidated readily when required. The Authority does not have a significant exposure to liquidity risk as at the financial year-end date.

22.4 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.

22.5 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. The current bid price and current ask price is used for financial assets and financial liabilities respectively;

(b) Level 2: valuation techniques based on observable inputs, either directly (that is, as prices) or indirectly (that is, derived from prices). This category includes instruments valued using: quoted market price in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data; and

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For the financial year ended 31 March 2013

(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. No financial instruments of the Authority are 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 2013				
Debt securities	55,353	276,253	-	331,606
Equity securities	86,092	-	-	86,092
Forward foreign exchange contracts	-	758	-	758
	141,445	277,011	-	418,456

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
As at 31 March 2012				
Debt securities	64,670	268,084	-	332,754
Equity securities	88,079	-	-	88,079
Forward foreign exchange contracts	-	94	-	94
	152,749	268,178	-	420,927

23 COMPARATIVE INFORMATION

During the financial year, the Authority has reclassified some line items to better reflect the nature of these items and to adopt the revised SB-FRS 19 Employee Benefits as described in Note 2.1. As a result, the affected notes to the financial statements have been amended. Comparative figures have been restated accordingly to enhance comparability with the current year's financial statements.

24 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of the Authority on 25 June 2013.