

**INLAND REVENUE AUTHORITY
OF SINGAPORE**

**FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 31 MARCH 2022**

**INLAND REVENUE AUTHORITY OF SINGAPORE
STATEMENT BY THE MEMBERS OF THE BOARD
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

In our opinion, the financial statements of the Inland Revenue Authority of Singapore (the Authority) as set out on pages 1 to 36 are drawn up in accordance with the provisions of the Inland Revenue Authority of Singapore Act 1992, the Public Sector (Governance) Act 2018 and the 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 2022, 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

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TAN CHING YEE
CHAIRMAN
SINGAPORE

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NG WAI CHOONG
COMMISSIONER OF INLAND REVENUE /
CHIEF EXECUTIVE OFFICER
SINGAPORE

27 June 2022

**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 2022**

Report on the Audit of the Financial Statements

Opinion

The financial statements of the Inland Revenue Authority of Singapore (the Authority), set out on pages 1 to 36, have been audited under my direction. These financial statements comprise the statement of financial position as at 31 March 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018 (the PSG Act), the Inland Revenue Authority of Singapore Act 1992 (the IRAS 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 2022 and the results, changes in equity and cash flows of the Authority for the financial year ended on that date.

Basis for Opinion

The audit was conducted in accordance with Singapore Standards on Auditing (SSAs). The responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. As the Auditor-General, I am independent of the Authority and I exercise my duties and powers in accordance with the Constitution of the Republic of Singapore and the Audit Act 1966 (the Audit Act). Ethical requirements that are relevant to the audit and in line with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) have been fulfilled. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The management is responsible for the other information. The other information obtained at the date of this auditor's report is the Statement by the Members of the Board but does not include the financial statements and my auditor's report thereon.

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

In connection with the audit of the financial statements, the auditor's responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or the knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work performed on the other information obtained prior to the date of this auditor's report, there is a material misstatement of this other information, that fact will be reported. I have nothing to report in this regard.

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

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the PSG Act, the IRAS 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSAs, professional judgement is exercised and professional scepticism is maintained throughout the audit. An audit also includes:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtaining an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal controls.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I will draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls identified during the audit are communicated to those charged with governance.

Report on Other Legal and Regulatory Requirements

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 PSG Act, the IRAS Act and the requirements of any other written law applicable to moneys of or managed by the Authority; and
- (b) proper accounting and other records have been kept, including records of all assets of the Authority whether purchased, donated or otherwise.

Basis for Opinion

The audit was conducted in accordance with SSAs. The responsibilities under those standards are further described in the Auditor's Responsibilities for the Compliance Audit section of this report. As the Auditor-General, I am independent of the Authority and I exercise my duties and powers in accordance with the Constitution of the Republic of Singapore and the Audit Act. Ethical requirements that are relevant to the audit and in line with the ACRA Code have been fulfilled. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion on management's compliance.

Responsibilities of Management 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 PSG Act, the IRAS Act and the requirements of any other written law applicable to moneys of or managed by the Authority. This responsibility includes monitoring related compliance

requirements relevant to the Authority, and implementing internal controls as management determines are necessary to enable compliance with the requirements.

Auditor's Responsibilities for the Compliance Audit

My responsibility is to express an opinion on management's compliance based on the audit of the financial statements. The compliance audit was 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 PSG Act, the IRAS Act and the requirements of any other written law applicable to moneys of or managed by the Authority.

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 Authority's internal controls. Because of the inherent limitations in any internal control system, non-compliances may nevertheless occur and not be detected.

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GOH SOON POH
AUDITOR-GENERAL
SINGAPORE
27 June 2022

INLAND REVENUE AUTHORITY OF SINGAPORE
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

| | Note | FY2021/22 | FY2020/21 |
|--------------------------------------|-------------|------------------|------------------|
| | | S\$'000 | S\$'000 |
| Share capital | 3 | 7,823 | 7,823 |
| Accumulated surplus | | 933,020 | 867,252 |
| | | 940,843 | 875,075 |
| Represented by: | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 236,279 | 279,414 |
| Intangible assets | 5 | 24,653 | 15,959 |
| Development projects-in-progress | 6 | 57,161 | 44,005 |
| Prepayments | | 1,299 | 124 |
| Other non-current asset | 7 | - | 1 |
| | | 319,392 | 339,503 |
| Current assets | | | |
| Funds with fund managers | 8 | 526,796 | 514,061 |
| Trade and other receivables | 9 | 75,216 | 44,904 |
| Prepayments | | 6,201 | 4,611 |
| Cash and cash equivalents | 10 | 193,833 | 192,490 |
| | | 802,046 | 756,066 |
| Less: | | | |
| Current liabilities | | | |
| Trade and other payables | 11 | 78,235 | 84,199 |
| Lease liabilities | 12 | 42,809 | 38,503 |
| Advances and deposits | | 1,746 | 1,508 |
| Deferred income | 13 | 420 | 420 |
| Contribution payable to Government | | | |
| Consolidated Fund | 14 | 18,225 | 18,252 |
| Provision for unutilised leave | 15 | 17,987 | 18,528 |
| Provision for pension and gratuities | 16 | 1,145 | 1,523 |
| | | 160,567 | 162,933 |
| Net current assets | | 641,479 | 593,133 |
| Less: | | | |
| Non-current liabilities | | | |
| Lease liabilities | 12 | 3,093 | 39,309 |
| Deferred income | 13 | 1,252 | 1,672 |
| Provision for pension and gratuities | 16 | 15,683 | 16,580 |
| | | 940,843 | 875,075 |
| Trust Funds | | | |
| Net assets of: | | | |
| Senior Employment Credits Sub-Fund | 27 | 294,978 | 593,000 |
| Enabling Employment Credits Sub-Fund | 27 | 32,283 | 58,000 |

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

INLAND REVENUE AUTHORITY OF SINGAPORE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

| | Note | FY2021/22 S\$'000 | FY2020/21 S\$'000 |
|---|---------|----------------------|----------------------|
| Operating income | | | |
| Agency fee | | 508,760 | 442,135 |
| Other income | | 41,497 | 36,231 |
| | 17 | 550,257 | 478,366 |
| Less: | | | |
| Operating expenditure | | | |
| Manpower | 18 | 273,418 | 260,711 |
| Service and lease expenses | 12, 19 | 58,631 | 59,034 |
| Depreciation and amortisation | 4, 5, 7 | 61,935 | 60,337 |
| Maintenance of building and equipment | | 19,119 | 16,608 |
| Staff welfare and training | | 6,501 | 5,994 |
| Utilities and communication | | 4,891 | 5,498 |
| Property tax | 20 | 4,376 | 3,840 |
| Interest expenses on lease liabilities | 12 | 1,862 | 2,972 |
| Office and other supplies | | 2,695 | 1,849 |
| Public relations and events | | 689 | 865 |
| General expenses | | 2,255 | 989 |
| | | 436,372 | 418,697 |
| Operating surplus | | 113,885 | 59,669 |
| Net investment (loss)/income | 21 | (6,676) | 47,695 |
| Other comprehensive income | | | |
| <i>Item that will not be reclassified to Operating surplus</i> | | | |
| Actuarial gain | 16 | 418 | 307 |
| Surplus for the financial year before contribution to Government Consolidated Fund | | 107,627 | 107,671 |
| Less: | | | |
| Contribution to Government Consolidated Fund | 14 | 18,225 | 18,252 |
| Net surplus for the financial year, representing total comprehensive income for the financial year | | 89,402 | 89,419 |

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 2022

| | Note | Share Capital S\$'000 | Accumulated Surplus S\$'000 | Total S\$'000 |
|---|------|-----------------------------|-----------------------------------|------------------|
| Balance as at 1 April 2020 | | 7,823 | 781,370 | 789,193 |
| Total comprehensive income for the financial year | | - | 89,419 | 89,419 |
| Dividends | 22 | - | (3,537) | (3,537) |
| Balance as at 31 March 2021 | | 7,823 | 867,252 | 875,075 |
| Total comprehensive income for the financial year | | - | 89,402 | 89,402 |
| Dividends | 22 | - | (23,634) | (23,634) |
| Balance as at 31 March 2022 | | 7,823 | 933,020 | 940,843 |

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

INLAND REVENUE AUTHORITY OF SINGAPORE
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

| | Note | FY2021/22 S\$'000 | FY2020/21 S\$'000 |
|---|------|----------------------|----------------------|
| Cash flows from operating activities | | | |
| Agency fee and other income received | | 519,991 | 519,991 |
| Cash paid to employees and suppliers | | (368,707) | (348,699) |
| Contribution to Government Consolidated Fund | | (18,252) | (16,227) |
| Net cash from operating activities | | <u>133,032</u> | <u>155,065</u> |
| Cash flows from investing activities | | | |
| Proceeds from disposal of property, plant and equipment | | 5 | 17 |
| Interest income received | | 564 | 2,771 |
| Withdrawal of funds placed with fund managers | 8 | 80,000 | - |
| Funds placed with fund managers | 8 | (100,000) | - |
| Payment for purchase of property, plant and equipment and intangible assets | | (864) | (927) |
| Expenditure on development projects | | (53,358) | (47,883) |
| Net cash used in investing activities | | <u>(73,653)</u> | <u>(46,022)</u> |
| Cash flows from financing activities | | | |
| Dividends paid | 22 | (23,634) | (3,537) |
| Government grant received | | - | 1,499 |
| Repayment of lease liabilities | 12 | (32,569) | (35,585) |
| Interest paid | 12 | (1,833) | (3,114) |
| Net cash used in financing activities | | <u>(58,036)</u> | <u>(40,737)</u> |
| Net increase in cash and cash equivalents | | 1,343 | 68,306 |
| Cash and cash equivalents as at beginning of the financial year | | 192,490 | 124,184 |
| Cash and cash equivalents as at end of the financial year | 10 | <u>193,833</u> | <u>192,490</u> |

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 2022**

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 1992 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 Authority was also appointed as one of the trustees of Trust Fund for the Employment Credit Schemes on 29 January 2021. Details of the Trust Fund are disclosed in Note 27.

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 1992, the Public Sector (Governance) Act 2018 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.

Critical Accounting Estimates

The management's use of estimates and assumptions are integral to the valuation of property, plant and equipment and intangible assets, and the provision for pension and gratuities. The useful life and impairment of property, plant and equipment and intangible assets are reviewed on an annual basis as described in Notes 2.2, 2.3 and 2.6 to the financial statements. Details of the underlying assumptions that are made by management for the provision for pension and gratuities are as set out in Note 16 to the financial statements.

(d) Changes in accounting policies

On 1 April 2021, the Authority adopted the following amendments to SB-FRS mandatory for application for the financial year:

- COVID-19-Related Rent Concessions (Amendments to SB-FRS 116)

The application of these amendments to standards has no material effect on the Authority's financial statements for the current financial year.

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. Cost includes expenditure that is directly attributable to the acquisition of the items.

(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:

| | <u>Estimated Useful Lives</u> |
|---------------------------------|-------------------------------|
| Leasehold Land | 97 years |
| Building | 23 to 50 years |
| Building Systems & Improvements | 4 to 20 years |
| Computer Hardware | 2 to 5 years |
| Office Equipment | 5 years |
| Furniture & Fittings | 5 years |
| Motor Vehicles | 7 years |

Property, plant and equipment costing less than S\$6,000 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. On disposal of an item of intangible assets, the difference between the net disposal proceeds and its carrying amount is taken to the Statement of Comprehensive Income.

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 2 to 8 years. Computer software and development costs costing less than S\$6,000 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 to ensure that the amount, method and period of amortisation are consistent with previous estimates and that the expected pattern of consumption of the future economic benefits are embodied in the items of the intangible assets.

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. 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 Other Non-current Asset

Other non-current asset relates to club membership, which is being held on a long-term basis, and previously stated at cost less accumulated impairment losses. The Authority adopted the approach to depreciate the net carrying amount of the club membership as at 1 April 2017 on a straight-line basis over the remaining tenure. The asset has been fully depreciated during the year.

2.6 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 or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

For the purposes of impairment, an asset can either be identified as a cash-generating asset or a non-cash-generating asset. Cash-generating assets are assets held with the primary objective of generating cash inflows while non-cash-generating assets are assets other than cash-generating assets. Where it is unclear whether the primary objective of holding an asset is to generate cash inflows, the Authority will determine if the non-cash-generating component is an insignificant component of the asset as a whole. If it is determined to be insignificant or the non-cash-generating component cannot be distinguished from the cash-generating component, the asset will be identified as a cash-generating asset. The Authority does not have any non-financial assets that are identified as non-cash-generating assets.

An asset's recoverable amount is the higher of the 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 for cash-generating assets, 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.

2.7 Financial Assets

(a) Classification

The Authority classifies its financial assets in the following categories: amortised cost and fair value through profit or loss. The classification depends on the contractual cash flow characteristics of the financial assets and the business model under which they are held. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification when there is a change in business model under which they are held.

(i) Amortised cost

This category comprises non-equity financial assets that meet both of the following conditions:

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

They arise when the Authority provides money, goods or services directly to a debtor with no intention of trading the financial asset. Financial assets in this category are presented as current assets if they are due within 12 months after the financial year-end. For those that are due more than 12 months after the financial year-end, they are classified as non-current assets.

The Authority's trade and other receivables and cash and cash equivalents are classified as financial assets at amortised cost.

(ii) 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 shall be measured at fair value through profit or loss unless it is measured at amortised cost. On initial recognition, financial assets may be designated at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. 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.

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

(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. On derecognition of financial assets measured at amortised cost and fair value through profit or loss, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

(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 measured at fair value through profit or loss are subsequently carried at fair value. Financial assets measured at amortised cost 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 measured 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 earned on financial assets measured at fair value through profit or loss is also included in net investment income/(loss).

(e) Impairment

The Authority applies the simplified approach and recognises a loss allowance for expected credit losses on financial assets, excluding financial assets measured at fair value through profit or loss. The Authority measures the loss allowance for these financial assets at an amount equal to the lifetime expected credit losses. Lifetime expected credit losses are estimated based on the Authority's credit loss experience, adjusted for factors that are specific to the debtors and general economic conditions, taking into consideration both the current and the forecast direction of conditions. 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 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. A payable is derecognised when the obligation is discharged or cancelled or expired. The difference between the carrying amount of a payable (or part of a payable) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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 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 when the Authority satisfies a performance obligation by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to satisfy the performance obligation. Revenue may be recognised at a point in time or over time following the timing of satisfaction of the performance obligation.

(a) Agency fee from tax administration

The Authority acts as the agent of the Government in the administration 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.

Agency fee is determined based on an agreement and is recognised over the period when the services have been rendered.

(b) Income from administration of government schemes

The Authority acts on behalf of the Government in the administration of various government schemes.

Income is determined based on an agreement and is recognised over the period when the administrative services have been rendered. The portion of income that is related to transactional services, if any, is recognised at the point in time when the services have been performed.

(c) Income from property valuation related services

The Authority performs property valuation related services for other government agencies and the public.

Income is recognised at the point in time when the services have been performed.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Rental income

Rental income from operating leases are recognised on a straight-line basis over the lease term.

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 1956. 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 16. Discount rates used are the yields as at the 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 and interest costs on the provision for pension obligations that arise from the passage of time 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. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the financial year-end.

2.13 Leases

At inception of a contract, the Authority assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Where the Authority is the lessor

At inception or on modification of a contract that contains a lease component, the Authority allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Authority acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Authority makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is classified as a finance lease; if not, then it is classified as an operating lease. As part of this assessment, the Authority considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(b) Where the Authority is the lessee

At commencement or on modification of a contract that contains a lease component, the Authority allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Authority recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Authority by the end of the lease term or the cost of the right-of-use asset reflects that the Authority will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. In calculating the present value of lease payments, the Authority uses the incremental borrowing rate which is the cost of equity as defined under the Cost of Capital framework by the Ministry of Finance at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

Lease payments included in the measurement of the lease liability comprise fixed payments.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method and by reducing the carrying amount to reflect the lease payments made. It is also remeasured when there is a change in future lease payments arising from the revision of fixed payments. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Authority presents its right-of-use assets within 'property, plant and equipment' (Note 4) and lease liabilities as 'lease liabilities' (Note 12) in the statement of financial position.

The Authority has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Authority recognises the lease payment associated with these leases as an expense on a straight-line basis over the lease term.

2.14 Government Grants

Government grants are recognised at their fair values where there is reasonable assurance that the Authority will comply with the conditions attaching to them and the grants will be received. When the grants relate to compensation for expenses incurred, they are recognised in the Statement of Comprehensive Income in the same periods in which the expenses are recognised. Where the grants relate to assets, the grants are recognised as deferred income in the Statement of Financial Position. The deferred income is recognised in the Statement of Comprehensive Income on a systematic basis over the periods necessary to match the depreciation and amortisation of the assets, or when the assets are disposed or written off.

2.15 Trust Funds

Trust Funds are funds to which the Authority acts as trustee, administrator or agent but does not exercise control over.

The net assets of the funds held in trust are presented as separate line items at the bottom of the Statement of Financial Position with additional disclosures in the notes to the financial statements (Note 27), as prescribed by SB-FRS Guidance Note 3 *Accounting and Disclosures for Trust Funds*.

The receipts and disbursements relating to these funds are accounted for directly in these funds on a cash basis, in which funds received are accounted for when received, instead of when earned, and funds disbursed are accounted for when paid, instead of when incurred, and are disclosed in Note 27 accordingly.

2.16 New or Revised Accounting Standards Not Yet Effective

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

Effective for annual periods beginning on or after 1 January 2022

- Amendments to SB-FRS 103 *Business Combinations*
- Amendments to SB-FRS 16 *Property, Plant and Equipment*
- Amendments to SB-FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*
- Annual improvements to SB-FRSs 2018-2020
- Amendments to SB-FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- Amendments to SB-FRS 1 *Presentation of Financial Statements* and SB-FRS Practice Statement 2 *Making Materiality Judgements*

The management expects that the adoption of the above amendments to SB-FRS will have no material impact on the financial statements in the year of initial application.

3 SHARE CAPITAL

| | FY2021/22 Number of shares (in '000) | FY2021/22 S\$'000 | FY2020/21 Number of shares (in '000) | FY2020/21 S\$'000 |
|----------------|---|------------------------------|---|------------------------------|
| As at 31 March | 7,823 | 7,823 | 7,823 | 7,823 |

The shares are fully paid and are held by the Minister for Finance, a body incorporated by the Minister for Finance (Incorporation) Act 1959. The shares have no par value.

4 PROPERTY, PLANT AND EQUIPMENT

4.1 Property, Plant and Equipment for FY2021/22

| | Leasehold Land | Building | Building Systems & Improvements | Computer Hardware | Office Equipment | Furniture & Fittings | Motor Vehicles | Total |
|--|-------------------|----------|---------------------------------------|----------------------|---------------------|-------------------------|-------------------|----------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| COST | | | | | | | | |
| As at 1 April 2021 | 155,344 | 137,370 | 73,591 | 175,226 | 3,581 | 603 | 73 | 545,788 |
| Additions | - | - | 292 | 704 | - | - | - | 996 |
| Transfer from Development projects-in-progress (Note 6) | - | - | 8,154 | - | - | 81 | - | 8,235 |
| Disposals | - | (1,607) | (11,218) | (266) | (2,504) | (159) | - | (15,754) |
| Modification of lease (Note 12) | - | - | - | (66) | - | - | - | (66) |
| As at 31 March 2022 | 155,344 | 135,763 | 70,819 | 175,598 | 1,077 | 525 | 73 | 539,199 |
| ACCUMULATED DEPRECIATION | | | | | | | | |
| As at 1 April 2021 | 43,054 | 69,410 | 54,590 | 95,272 | 3,452 | 588 | 8 | 266,374 |
| Depreciation for the financial year | 1,595 | 4,670 | 3,770 | 42,006 | 38 | 14 | 13 | 52,106 |
| Disposals | - | (1,607) | (11,027) | (266) | (2,501) | (159) | - | (15,560) |
| As at 31 March 2022 | 44,649 | 72,473 | 47,333 | 137,012 | 989 | 443 | 21 | 302,920 |
| NET BOOK VALUE | | | | | | | | |
| As at 31 March 2022 | 110,695 | 63,290 | 23,486 | 38,586 | 88 | 82 | 52 | 236,279 |

4.2 Property, Plant and Equipment for FY2020/21

| | Leasehold Land | Building | Building Systems & Improvements | Computer Hardware | Office Equipment | Furniture & Fittings | Motor Vehicles | Total |
|---|-------------------|----------|---------------------------------------|----------------------|---------------------|-------------------------|-------------------|----------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| COST | | | | | | | | |
| As at 1 April 2020 | 155,344 | 137,104 | 68,777 | 201,489 | 3,572 | 939 | 109 | 567,334 |
| Additions | - | 771 | 4 | 751 | 69 | - | 73 | 1,668 |
| Transfer from Development projects-in-progress (Note 6) | - | - | 5,251 | - | - | - | - | 5,251 |
| Disposals | - | (505) | (441) | (25,908) | (60) | (336) | (109) | (27,359) |
| Modification of lease (Note 12) | - | - | - | (1,106) | - | - | - | (1,106) |
| As at 31 March 2021 | 155,344 | 137,370 | 73,591 | 175,226 | 3,581 | 603 | 73 | 545,788 |
| ACCUMULATED DEPRECIATION | | | | | | | | |
| As at 1 April 2020 | 41,460 | 66,024 | 51,648 | 78,234 | 3,458 | 918 | 109 | 241,851 |
| Depreciation for the financial year | 1,594 | 3,643 | 3,208 | 42,933 | 54 | 6 | 8 | 51,446 |
| Disposals | - | (257) | (266) | (25,895) | (60) | (336) | (109) | (26,923) |
| As at 31 March 2021 | 43,054 | 69,410 | 54,590 | 95,272 | 3,452 | 588 | 8 | 266,374 |
| NET BOOK VALUE | | | | | | | | |
| As at 31 March 2021 | 112,290 | 67,960 | 19,001 | 79,954 | 129 | 15 | 65 | 279,414 |

5 INTANGIBLE ASSETS

| | Internally Developed S\$'000 | Acquired S\$'000 | Total S\$'000 |
|---|---|-----------------------------|--------------------------|
| 5.1 <u>Intangible Assets for FY2021/22</u> | | | |
| COST | | | |
| As at 1 April 2021 | 251,108 | 13,713 | 264,821 |
| Additions | - | 905 | 905 |
| Transfer from Development projects-in-progress (Note 6) | 17,606 | 11 | 17,617 |
| Disposals | (5,370) | (840) | (6,210) |
| As at 31 March 2022 | 263,344 | 13,789 | 277,133 |
| ACCUMULATED AMORTISATION | | | |
| As at 1 April 2021 | 236,375 | 12,487 | 248,862 |
| Amortisation for the financial year | 8,954 | 874 | 9,828 |
| Disposals | (5,370) | (840) | (6,210) |
| As at 31 March 2022 | 239,959 | 12,521 | 252,480 |
| NET BOOK VALUE | | | |
| As at 31 March 2022 | 23,385 | 1,268 | 24,653 |
| 5.2 <u>Intangible Assets for FY2020/21</u> | | | |
| COST | | | |
| As at 1 April 2020 | 253,666 | 19,927 | 273,593 |
| Additions | - | 23 | 23 |
| Transfer from Development projects-in-progress (Note 6) | 5,277 | - | 5,277 |
| Disposals | (7,835) | (6,237) | (14,072) |
| As at 31 March 2021 | 251,108 | 13,713 | 264,821 |
| ACCUMULATED AMORTISATION | | | |
| As at 1 April 2020 | 236,302 | 17,742 | 254,044 |
| Amortisation for the financial year | 7,908 | 979 | 8,887 |
| Disposals | (7,835) | (6,234) | (14,069) |
| As at 31 March 2021 | 236,375 | 12,487 | 248,862 |
| NET BOOK VALUE | | | |
| As at 31 March 2021 | 14,733 | 1,226 | 15,959 |
| 5.3 | Intangible assets include the Inland Revenue Interactive Network, being the Authority's core tax administration system, with a Net Book Value of S\$11.7 million (FY2020/21: S\$6.3 million) and a remaining amortisation period of up to 3 years (FY2020/21: 4 years). | | |

6 DEVELOPMENT PROJECTS-IN-PROGRESS

| | FY2021/22 | FY2020/21 |
|--|------------------|------------------|
| | S\$'000 | S\$'000 |
| COST | | |
| As at 1 April | 44,005 | 9,924 |
| Additions | 39,008 | 44,609 |
| Transfer to Property, plant and equipment (Note 4) | (8,235) | (5,251) |
| Transfer to Intangible assets (Note 5) | (17,617) | (5,277) |
| As at 31 March | 57,161 | 44,005 |

7 OTHER NON-CURRENT ASSET

| | FY2021/22 | FY2020/21 |
|--------------------------------------|------------------|------------------|
| | S\$'000 | S\$'000 |
| COST | | |
| As at 31 March | 114 | 114 |
| ACCUMULATED IMPAIRMENT LOSSES | | |
| As at 31 March | (97) | (97) |
| ACCUMULATED DEPRECIATION | | |
| As at 1 April | (16) | (12) |
| Depreciation for the financial year | (1) | (4) |
| As at 31 March | (17) | (16) |
| NET BOOK VALUE | | |
| As at 31 March | - | 1 |

As stated in Note 2.5, the Authority has adopted the approach to depreciate the net carrying amount of the asset as at 1 April 2017 amounting to S\$17,600 on a straight-line basis over the remaining tenure of the membership.

8 FUNDS WITH FUND MANAGERS

| | FY2021/22 | FY2020/21 |
|---|------------------|------------------|
| | S\$'000 | S\$'000 |
| Unquoted unit trusts at fair value as at 31 March | 526,796 | 514,061 |

The unquoted unit trusts are managed by three fund managers appointed under the Accountant-General's Department's Demand Aggregate Schemes for Fund Management Services.

During the financial year, the Authority invested S\$100 million into unquoted unit trusts managed by one of the three fund managers, and partially disposed of unit trusts managed by another fund manager for a cash consideration of \$80 million.

The unquoted unit trusts are denominated in Singapore dollar.

9 TRADE AND OTHER RECEIVABLES

| | FY2021/22 | FY2020/21 |
|-------------------|------------------|------------------|
| | S\$'000 | S\$'000 |
| Trade receivables | 74,827 | 44,536 |
| Other receivables | 389 | 368 |
| As at 31 March | 75,216 | 44,904 |

Credit risk with respect to Trade and other receivables is limited as the receivables are mostly due from government entities and government-linked companies. These balances are unsecured, non-interest bearing and usually settled within 1 month from the invoice date and within credit terms granted to them.

10 CASH AND CASH EQUIVALENTS

| | FY2021/22 | FY2020/21 |
|---|------------------|------------------|
| | S\$'000 | S\$'000 |
| Deposits with Accountant-General's Department as at 31 March | 193,833 | 192,490 |

Deposits are placed with Accountant-General's Department under the Whole-of-Government Centralised Liquidity Management for cost efficiency and better credit risk management. The effective interest rate of Cash and cash equivalents is 0.29% (FY2020/21: 0.89%) per annum.

11 TRADE AND OTHER PAYABLES

| | FY2021/22 | FY2020/21 |
|---|------------------|------------------|
| | S\$'000 | S\$'000 |
| Payables for employee benefits | 50,510 | 46,945 |
| Trade payables | 13,470 | 20,777 |
| Other accrual for operating and capital expenditure | 14,255 | 16,477 |
| As at 31 March | <u>78,235</u> | <u>84,199</u> |

Trade and other payables are unsecured, non-interest bearing and usually paid within 1 month from the invoice date.

12 LEASES

Leases as lessee

The Authority leases data centre facilities. The leases typically run for a period of 5 years, with an option to renew the lease after that date.

Extension options

The data centre facilities leases contain extension options exercisable by the Authority for up to an additional 10 years. The Authority assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Authority reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

As at 31 March 2022, potential future (undiscounted) cash outflows of approximately S\$319.9 million (31 March 2021: \$319.9 million) have not been included in lease liabilities because it is not reasonably certain that the leases will be extended.

Information about leases for which the Authority is a lessee is presented below.

Net book value of Right-of-use assets

| | Computer hardware | Computer hardware |
|----------------------------------|--------------------------|--------------------------|
| | FY2021/22 | FY2020/21 |
| | S\$'000 | S\$'000 |
| As at 1 April | 73,204 | 108,926 |
| Additions | 704 | 751 |
| Modification of lease (Note 4) | (66) | (1,106) |
| Depreciation charge for the year | <u>(35,390)</u> | <u>(35,367)</u> |
| As at 31 March | <u>38,452</u> | <u>73,204</u> |

Carrying amount of Lease liabilities

| | Lease liabilities FY2021/22 S\$'000 | Lease liabilities FY2020/21 S\$'000 |
|--|--|--|
| As at 1 April | 77,812 | 113,910 |
| Additions | 704 | 751 |
| Modification of lease | (74) | (1,122) |
| Interest expenses on lease liabilities | 1,862 | 2,972 |
| Changes from financing cash flows: | | |
| Repayment of lease liabilities | (32,569) | (35,585) |
| Interest paid | (1,833) | (3,114) |
| As at 31 March | 45,902 | 77,812 |
| Amount payable within 1 year | 42,809 | 38,503 |
| Amount payable after 1 year | 3,093 | 39,309 |

Amount recognised in profit or loss

| | FY2021/22 S\$'000 | FY2020/21 S\$'000 |
|--|------------------------------|------------------------------|
| Interest expenses on lease liabilities | 1,862 | 2,972 |
| Expenses relating to short-term leases | 1,057 | 367 |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | 1,111 | 1,371 |

Amount recognised in statement of cash flows

| | FY2021/22 S\$'000 | FY2020/21 S\$'000 |
|--------------------------------------|------------------------------|------------------------------|
| Total cash outflow for leases | 36,347 | 40,218 |

Leases for which the Authority is a lessor

The Authority leases out part of its office building. The Authority has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

13 DEFERRED INCOME

The deferred income pertains to grants from the Ministry of Health for the development of computer software. The income recognised during the previous financial year also included grants for property tax rebate which was announced in the Resilience Budget on 26 March 2020.

| | FY2021/22 | FY2020/21 |
|--|------------------|------------------|
| | S\$'000 | S\$'000 |
| As at 1 April | 2,092 | 3,350 |
| Less: Recognised in profit or loss during the financial year | (420) | (1,258) |
| As at 31 March | 1,672 | 2,092 |
| Amount to be recognised within 1 year | 420 | 420 |
| Amount to be recognised after 1 year | 1,252 | 1,672 |

14 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 1989. 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% (FY2020/21: 17%) of the surplus, excluding Other comprehensive income, for the financial year.

15 PROVISION FOR UNUTILISED LEAVE

| | FY2021/22 | FY2020/21 |
|--|------------------|------------------|
| | S\$'000 | S\$'000 |
| As at 1 April | 18,528 | 11,940 |
| Net (utilisation)/provision made during the financial year | (541) | 6,588 |
| As at 31 March | 17,987 | 18,528 |

16 PROVISION FOR PENSION AND GRATUITIES

| | FY2021/22 S\$'000 | FY2020/21 S\$'000 |
|--|------------------------------------|------------------------------------|
| As at 1 April | 18,103 | 19,210 |
| Charged to expenditure on Manpower: | | |
| Current service costs | 57 | 11 |
| Interest costs | 358 | 295 |
| Actuarial (gain)/loss charged to Other comprehensive income: | | |
| From changes in demographic assumptions | 286 | 354 |
| From changes in financial assumptions | (704) | (661) |
| | <u>18,100</u> | <u>19,209</u> |
| Amount paid during the financial year | <u>(1,272)</u> | <u>(1,106)</u> |
| As at 31 March | <u>16,828</u> | <u>18,103</u> |
| Amount payable within 1 year | 1,145 | 1,523 |
| Amount payable after 1 year | 15,683 | 16,580 |

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

- (a) pensionable employees will retire at the age of 63 (FY2020/21: 62) and opt for pension to be paid as a lump sum upon retirement;
- (b) the discount rates for determining present value are:
 - 2.29% (FY2020/21: 0.93%) per annum for lump sum due to pensionable employees at retirement, and
 - 2.61% (FY2020/21: 2.08%) per annum for pensions due to pensioners who opted for monthly pensions;
- (c) the estimated future salary increases range from 0% to 9.50% (FY2020/21: 0% to 9.50%); and
- (d) the life expectancy for male and female pensioners range from 81.5 to 84.6 years (FY2020/21: 81.4 to 84.6 years) and 86.1 to 88.2 years (FY2020/21: 85.7 to 87.9 years) respectively.

If the discount rates change by 50 basis points with all other assumptions remaining constant, the impact on the Authority's pension liability as at 31 March will be as follows:

| | FY2021/22 S\$'000 | FY2020/21 S\$'000 |
|------------------|------------------------------------|------------------------------------|
| +50 basis points | (643) | (709) |
| -50 basis points | 680 | 751 |

If the life expectancy for male and female change 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:

| | FY2021/22 | FY2020/21 |
|-----------|------------------|------------------|
| | S\$'000 | S\$'000 |
| +0.3 year | 259 | 273 |
| -0.3 year | (261) | (275) |

17 OPERATING INCOME

| | FY2021/22 | FY2020/21 |
|---|------------------|------------------|
| | S\$'000 | S\$'000 |
| (a) Disaggregation of Revenue | | |
| <u>Types of services</u> | | |
| Agency fee from tax administration | 508,760 | 442,135 |
| Income from administration of government schemes | 18,627 | 15,607 |
| Income from property valuation related services | 4,231 | 3,995 |
| Others | 1,571 | 1,623 |
| | <u>533,189</u> | <u>463,360</u> |
| <u>Timing of recognition</u> | | |
| Over time | 526,906 | 457,704 |
| At a point in time | 6,283 | 5,656 |
| | <u>533,189</u> | <u>463,360</u> |
| (b) Rental income | 17,068 | 15,006 |
| (c) Grants - property tax rebates and cash grants | | |
| Grant Income | - | 518 |
| Less: Grant expense – rent concessions | - | (518) |
| | <u>-</u> | <u>-</u> |
| | <u>550,257</u> | <u>478,366</u> |

During the previous financial year, the Authority received grants for property tax rebates and cash grants from the Singapore Government to help businesses deal with the impact from the COVID-19 pandemic. The Authority was obliged to waive up to two months of rental to eligible tenants as part of the qualifying conditions of the grants. The Authority has transferred the grants to the tenants in the form of rental rebates during the previous financial year. In addition to the passing on of grants to its tenants, the Authority granted an additional two months of rental rebates to qualifying tenants amounting to \$189,789.

18 MANPOWER

Included in the expenditure on manpower is the following:

| | FY2021/22 | FY2020/21 |
|-----------------------------|------------------|------------------|
| | S\$'000 | S\$'000 |
| CPF contributions for staff | 28,485 | 28,645 |

19 SERVICE AND LEASE EXPENSES

Included in the expenditure on services and leases are the following:

| | FY2021/22 | FY2020/21 |
|---|------------------|------------------|
| | S\$'000 | S\$'000 |
| Data centre leasing charges | - | 8 |
| Infocomm technology outsourcing charges | 25,061 | 24,169 |
| Data centre operation charges | 7,332 | 7,359 |
| Computer equipment leasing charges | 2,168 | 1,730 |
| Audit fees: | | |
| Audit of agency accounts | 640 | 610 |
| Audit of corporate accounts | 335 | 320 |
| Board members' allowances | 214 | 212 |

20 PROPERTY TAX

| | FY2021/22 | FY2020/21 |
|-------------------------------------|------------------|------------------|
| | S\$'000 | S\$'000 |
| Property tax for the financial year | 4,376 | 4,573 |
| Property tax rebate | - | (733) |
| | <u>4,376</u> | <u>3,840</u> |

The property tax rebate in the previous financial year arose from the remission given by the Singapore Government under Section 6(8) of the Property Tax Act 1960 as part of the Resilience Budget announced on 26 March 2020.

21 NET INVESTMENT (LOSS)/INCOME

| | FY2021/22 | FY2020/21 |
|---|------------------|------------------|
| | S\$'000 | S\$'000 |
| Income from Funds with fund managers: | | |
| Fair value (loss)/gain | (7,264) | 46,349 |
| Investment expenses | (24) | (18) |
| | <u>(7,288)</u> | <u>46,331</u> |
| Interest income: | | |
| Deposits with Accountant-General's Department | 612 | 1,364 |
| Net investment (loss)/income | <u>(6,676)</u> | <u>47,695</u> |

Included in the fair value (loss)/gain are losses or gains arising from price movements of unquoted unit trusts classified as financial assets measured at fair value through profit or loss.

22 DIVIDENDS

| | FY2021/22 | FY2020/21 |
|---|------------------|------------------|
| | S\$'000 | S\$'000 |
| Dividend paid in respect of the previous financial year | 23,634 | 3,537 |

The dividend of S\$23,634,000 (FY2020/21: S\$3,537,000) was made in accordance with the Capital Management Framework for Statutory Boards outlined in Finance Circular Minute No. M26/2008.

23 COMMITMENTS**23.1 Capital Commitments**

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

| | FY2021/22 | FY2020/21 |
|---|------------------|------------------|
| | S\$'000 | S\$'000 |
| Development Projects approved and contracted for | 210,983 | 29,994 |
| Property, Plant and Equipment approved and contracted for | 1,835 | 475 |
| Intangible Assets approved and contracted for | 25 | - |
| | <u>212,843</u> | <u>30,469</u> |

23.2 Operating Lease Commitments – where the Authority is the lessor

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

| | FY2021/22 | FY2020/21 |
|--|------------------|------------------|
| | S\$'000 | S\$'000 |
| Related parties | | |
| - Not later than 1 year | 10,133 | 13,169 |
| - Later than 1 year but not later than 5 years | 823 | 5,912 |
| Non-related parties | | |
| - Not later than 1 year | 550 | 209 |
| - Later than 1 year but not later than 5 years | 309 | 135 |
| | <u>11,815</u> | <u>19,425</u> |

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 on expiry. None of the leases include contingent rental.

23.3 Lease Commitments – where the Authority is the lessee

The Authority's lease commitments relating to data centre facilities have been recognised as lease liabilities. As at 31 March, the future minimum lease payable under non-cancellable leases contracted for at the financial year-end but not recognised as lease liabilities due to the use of practical expedients, are as follows:

| | FY2021/22 | FY2020/21 |
|--|------------------|------------------|
| | S\$'000 | S\$'000 |
| Not later than 1 year | 1,818 | 1,268 |
| Later than 1 year but not later than 5 years | 2,185 | 1,029 |
| | <u>4,003</u> | <u>2,297</u> |

24 **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, and is the sole member of the Academy. The principal objects of the Academy are to promote education, research and information exchange in the field of taxation and other related fields of knowledge, for the purposes of educating the public, raising the overall competency of tax professionals for the benefit of the public and raising the vibrancy of the tax community in Singapore or elsewhere, providing taxation-related training for policymakers and tax administrators in Singapore and abroad, and serving as a strategic tool for engagement with foreign tax officials from the region.

The financial transactions of the Academy, a subsidiary of the Authority, are not consolidated as they are immaterial. The summarised financial information of the Academy, audited by Crowe Horwath First Trust LLP, are as follows:

| | FY2021/22 | FY2020/21 |
|----------------------------|------------------|------------------|
| | S\$'000 | S\$'000 |
| Assets | 4,152 | 4,103 |
| Liabilities | 409 | 821 |
| Revenue | 1,955 | 1,794 |
| Other Income | 36 | 38 |
| Total comprehensive income | 461 | 235 |

25 RELATED PARTY TRANSACTIONS

25.1 Significant Related Party Transactions

In addition to the information disclosed elsewhere in the financial statements, the significant transactions that took place between the Authority and related parties on terms agreed between the parties during the financial year are as follows:

| | FY2021/22 | FY2020/21 |
|---|------------------|------------------|
| | S\$'000 | S\$'000 |
| Ministry of Finance | | |
| - Agency fee income | 508,760 | 442,135 |
| - Rental income | 5,218 | 5,579 |
| - Reimbursement of service costs incurred | 11,163 | 11,512 |
| - Procurement of services | (4,838) | (8,150) |
| Other Ministries and Statutory Boards | | |
| - Rental income | 9,083 | 6,979 |
| - Other income | 11,446 | 5,803 |
| - Procurement of services | (13,373) | (9,493) |

25.2 Significant Related Party Account Balances

In addition to the information disclosed elsewhere in the financial statements, the significant account balances as at 31 March that the Authority has in relation to related parties are as follows:

| | FY2021/22 | FY2020/21 |
|--|------------------|------------------|
| | S\$'000 | S\$'000 |
| Ministry of Finance | | |
| - Trade receivables | 69,106 | 40,619 |
| Other Ministries and Statutory Boards | | |
| - Trade payables | (1,492) | (1,095) |
| - Other accruals for operating and capital expenditure | (956) | (636) |

25.3 Key Management Personnel Compensation

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

| | FY2021/22 | FY2020/21 |
|---|------------------|------------------|
| | S\$'000 | S\$'000 |
| Salaries and other short-term employee benefits | 9,779 | 8,144 |
| CPF contribution | 358 | 341 |
| Other long-term benefits | 3 | 2 |
| | <u>10,140</u> | <u>8,487</u> |

The Commissioner of Inland Revenue/Chief Executive Officer, Deputy Commissioners, Assistant Commissioners, and Chief Legal Officer are considered as key management personnel.

26 **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.

The funds are placed in unit trusts that are managed by the fund managers appointed under the Accountant-General's Department's Demand Aggregate Schemes for Fund Management Services. 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.

26.1 Interest Rate Risk

The exposure to risk of changes in interest rates relates primarily to interest-bearing assets and deposits with Accountant-General's Department (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 financial year-end.

26.2 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.

26.3 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:

| | FY2021/22 | FY2020/21 |
|-----|------------------|------------------|
| | S\$'000 | S\$'000 |
| +5% | 26,340 | 25,703 |
| -5% | (26,340) | (25,703) |

26.4 Credit Risk

The Authority's exposure to credit risk arises from 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. Deposits with AGD are placed with high credit quality financial institutions. Funds for investments are placed in unit trusts that are managed by licensed and reputable fund managers.

Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default, the exposure to credit risk arising from deposits with AGD, and Trade and other receivables are low. Therefore, the Authority determined that no impairment allowance is necessary.

26.5 Liquidity Risk

In the management of 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 following table presents the Authority's exposure to liquidity risk:

Exposure to liquidity risk

| | Carrying Amount S\$'000 | Contractual cash flows S\$'000 | 1 year or less S\$'000 | 1-5 years S\$'000 |
|---|--|---|---------------------------------------|------------------------------|
| 31 March 2022 | | | | |
| Non-derivative financial liabilities | | | | |
| Trade and other payables | 78,235 | 78,235 | 78,235 | - |
| Lease liabilities | 45,902 | 46,635 | 43,535 | 3,100 |
| 31 March 2021 | | | | |
| Non-derivative financial liabilities | | | | |
| Trade and other payables | 84,199 | 84,199 | 84,199 | - |
| Lease liabilities | 77,812 | 80,390 | 40,353 | 40,037 |

26.6 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, except for the Capital Management Framework for Statutory Boards outlined in Finance Circular Minute No. M26/2008.

26.7 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:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: valuation techniques based on observable inputs, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- 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 | Level 2 | Level 3 | Total |
|---|----------------|----------------|----------------|----------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Unquoted unit trusts at fair value | | | | |
| As at 31 March 2022 | - | 526,796 | - | 526,796 |
| As at 31 March 2021 | - | 514,061 | - | 514,061 |

The fair values of the unquoted unit trusts are derived based on the valuations obtained from fund managers.

There were no transfers between the levels during the financial year.

27 TRUST FUND FOR THE EMPLOYMENT CREDIT SCHEMES

The Trust Fund for the Special Employment Credit Scheme was first set up and constituted under a trust deed in 2012 for the purpose of a scheme which provides financial incentives to encourage employers to hire older Singaporean workers and to boost the employability of these older Singaporean workers.

As part of the Unity Budget announced on 18 February 2020, the Government introduced the Senior Employment Credit Scheme to support employers in implementing the key recommendations by the Tripartite Workgroup on older Singaporean workers on increasing the retirement and re-employment age, and the Enabling Employment Credit Scheme to support the employment of persons with disabilities. With the introduction of these two new schemes, an Amendment and Restatement Trust Deed for the Trust Fund for the Special Employment Credit Scheme between the Government, the Central Provident Fund Board, and the Authority took effect from January 2021 to stipulate powers and provisions of a new and expanded Trust Fund for the Employment Credit Schemes. There is a total of three sub-funds under the Trust Fund for the Employment Credit Schemes, namely:

- (a) Special Employment Credits Sub-Fund;
- (b) Senior Employment Credits Sub-Fund; and
- (c) Enabling Employment Credits Sub-Fund.

Under the Amendment and Restatement Trust Deed for the Trust Fund for the Special Employment Credit Scheme, the Authority was appointed as the trustee of the Senior Employment Credits Sub-Fund and the Enabling Employment Credits Sub-Fund with effect from 29 January 2021:

- (a) The Senior Employment Credits Sub-Fund receives funds from the Government and pays Senior Employment Credits to eligible beneficiaries, and operating

expenses incurred for the scheme and administration of the Senior Employment Credits Sub-Fund.

- (b) The Enabling Employment Credits Sub-Fund receives funds from the Government and pays Enabling Employment Credits to eligible beneficiaries, and operating expenses incurred for the scheme and administration of the Enabling Employment Credits Sub-Fund.

The two sub-funds invest in Special Singapore Government Securities after setting aside adequate cash flows for operational needs, and receive interest income on these securities.

The trust periods of the Senior Employment Credits Sub-Fund and the Enabling Employment Credits Sub-Fund will end on 31 December 2024 and 31 December 2027 respectively. At the expiration of the trust period of each sub-fund, all remaining assets of the sub-fund shall be returned to the Government pursuant to the Trust Deed for the Trust Fund for the Employment Credit Schemes.

| Senior Employment Credits Sub-Fund | FY2021/22 S\$'000 | FY2020/21 S\$'000 |
|---|------------------------------|------------------------------|
| Fund Balance | 294,978 | 593,000 |
| Represented by: | | |
| Special Singapore Government Securities | 278,630 | - |
| Cash | 16,348 | 593,000 |
| Net Assets | 294,978 | 593,000 |
| Receipts | | |
| Funds from Government | - | 593,000 |
| Interest Income | 1,166 | - |
| | 1,166 | 593,000 |
| Disbursements | | |
| Senior Employment Credits disbursed | 297,634 | - |
| Administrative fee for operating cost | 1,554 | - |
| | 299,188 | - |
| Net (disbursements)/receipts during the year | (298,022) | 593,000 |
| Fund balance as at the start date of the trust period and subsequent financial year ends | | S\$'000 |
| Fund balance as at 29 January 2021 | | - |
| Fund balance as at 31 March 2021 | | 593,000 |
| Fund balance as at 31 March 2022 | | 294,978 |

| Enabling Employment Credits Sub-Fund | FY2021/22 S\$'000 | FY2020/21 S\$'000 |
|---|------------------------------|------------------------------|
| Fund Balance | 32,283 | 58,000 |
| Represented by: | | |
| Special Singapore Government Securities | 30,581 | - |
| Cash | 1,702 | 58,000 |
| Net Assets | 32,283 | 58,000 |
| Receipts | | |
| Funds from Government | - | 58,000 |
| Interest Income | 113 | - |
| | 113 | 58,000 |
| Disbursements | | |
| Enabling Employment Credits disbursed | 24,318 | - |
| Administrative fee for operating cost | 1,512 | - |
| | 25,830 | - |
| Net (disbursements)/receipts during the year | (25,717) | 58,000 |
| Fund balance as at the start date of the trust period and subsequent financial year ends | | S\$'000 |
| Fund balance as at 29 January 2021 | | - |
| Fund balance as at 31 March 2021 | | 58,000 |
| Fund balance as at 31 March 2022 | | 32,283 |

28 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of the Authority on 27 June 2022.