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# URBAN REDEVELOPMENT AUTHORITY

Financial Statements  
for the financial year ended 31 March 2015

## INDEPENDENT AUDITOR'S REPORT TO URBAN REDEVELOPMENT AUTHORITY

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### Report on the Financial Statements

We have audited the accompanying financial statements of Urban Redevelopment Authority (the "Authority"), which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes in capital and reserves 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*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Urban Redevelopment Authority Act (Cap. 340) (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*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit 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 control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**INDEPENDENT AUDITOR'S REPORT TO  
URBAN REDEVELOPMENT AUTHORITY**

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**Report on the Financial Statements (Continued)**

*Opinion*

In our opinion, the financial statements of the Authority 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 2015, and the results, changes in capital and reserves and cash flows of the Authority for the financial year ended on that date.

**Report on Other Legal and Regulatory Requirements**

*Management's Responsibility for Compliance with Legal and Regulatory Requirements*

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the 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*

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

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.



**INDEPENDENT AUDITOR'S REPORT TO  
URBAN REDEVELOPMENT AUTHORITY**

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**Report on Other Legal and Regulatory Requirements (Continued)**

*Opinion*

In our opinion,

- (a) proper accounting and other records have been kept, including records of all assets of the Authority whether purchased, donated or otherwise;
- (b) the financial statements are in agreement with the accounting and other records and are prepared on a basis similar to that adopted for the preceding year; and
- (c) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Authority during the year are, in all material respects, in accordance with the provisions of the Act.

BDO LLP

**BDO LLP**  
Public Accountants and  
Chartered Accountants

Singapore  
22 June 2015

URBAN REDEVELOPMENT AUTHORITY

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Note	31 March 2015 \$'000	31 March 2014 \$'000
<b>Non-current assets</b>			
Property, plant and equipment	4	225,892	226,400
Infrastructural projects-in-progress	5	22,996	32,575
		<u>248,888</u>	<u>258,975</u>
<b>Current assets</b>			
Debtors and prepayments	7	45,153	44,836
Other financial assets	8	673,209	543,177
Cash and cash equivalents	9	283,886	427,250
		<u>1,002,248</u>	<u>1,015,263</u>
Less:			
<b>Current liabilities</b>			
Creditors and accrued operating expenses	10	57,701	76,229
Agency and other deposits		11,019	11,784
Contribution to Consolidated Fund	11	11,343	7,127
Deferred income	12	4,539	6,098
Other financial liabilities	8	6,672	205
		<u>91,274</u>	<u>101,443</u>
<b>Net current assets</b>		<u>910,974</u>	<u>913,820</u>
Less:			
<b>Non-current liabilities</b>			
Project advances		6,007	6,007
Provision for pensions and gratuities	13	3,567	3,972
Deferred income	12	2,455	3,572
		<u>12,029</u>	<u>13,551</u>
<b>Net assets</b>		<u>1,147,833</u>	<u>1,159,244</u>
<b>Capital and reserves</b>			
Capital account	14	27,692	27,692
Accumulated surplus		1,120,141	1,131,552
		<u>1,147,833</u>	<u>1,159,244</u>



PETER HO HAK EAN  
Chairman



NG LANG  
Chief Executive Officer

22 June 2015

*The accompanying notes form an integral part of these financial statements.*

URBAN REDEVELOPMENT AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Note	2014/2015 \$'000	2013/2014 \$'000
<b>Operating income</b>			
Income from planning and other services	15	80,333	81,749
Agency and consultancy fees	16	24,161	29,247
Income from development control	17	23,797	25,046
Parking fees and related charges	18	71,284	67,943
Rental income		8,245	8,214
Other operating income		1,605	1,798
		<u>209,425</u>	<u>213,997</u>
<b>Less:</b>			
<b>Operating expenses</b>			
Expenditure on manpower and staff benefits	20	106,669	98,163
Operating supplies and services		34,866	37,979
Temporary occupation licence fees	21	27,404	28,406
Depreciation of property, plant and equipment	4	11,288	12,748
Property and car park maintenance		11,955	11,924
		<u>192,182</u>	<u>189,220</u>
<b>Operating surplus</b>	22	17,243	24,777
<b>Non-operating surplus</b>			
Net income from bank deposits and investments	19	49,124	17,772
Other non-operating income /(loss)		323	(626)
		<u>49,447</u>	<u>17,146</u>
<b>Surplus before contribution to Consolidated Fund</b>		66,690	41,923
Contribution to Consolidated Fund	11	(11,343)	(7,127)
<b>Net surplus for the financial year, representing total comprehensive income for the financial year</b>		<u>55,347</u>	<u>34,796</u>

*The accompanying notes form an integral part of these financial statements.*

URBAN REDEVELOPMENT AUTHORITY

STATEMENT OF CHANGES IN CAPITAL AND RESERVES  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Note	Capital Account \$'000	Accumulated Surplus \$'000	Total \$'000
Balance at 1 April 2014		27,692	1,131,552	1,159,244
Total comprehensive income for the year		-	55,347	55,347
Transfer of completed infrastructural projects	5	-	(37,674)	(37,674)
Funding for government projects	23	-	(3,803)	(3,803)
Dividend paid	24	-	(25,281)	(25,281)
Balance at 31 March 2015		<u>27,692</u>	<u>1,120,141</u>	<u>1,147,833</u>
Balance at 1 April 2013		27,692	1,122,826	1,150,518
Total comprehensive income for the year		-	34,796	34,796
Transfer of completed infrastructural projects	5	-	(1,869)	(1,869)
Funding for government projects	23	-	(7,363)	(7,363)
Dividend paid	24	-	(16,838)	(16,838)
Balance at 31 March 2014		<u>27,692</u>	<u>1,131,552</u>	<u>1,159,244</u>

*The accompanying notes form an integral part of these financial statements.*

URBAN REDEVELOPMENT AUTHORITY

STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Note	2014/2015 \$'000	2013/2014 \$'000
<b>Cash flows from operating activities</b>			
Surplus before contribution to Consolidated Fund		66,690	41,923
Adjustments for:			
- Depreciation of property, plant and equipment		11,288	12,748
- Provision made for pensions and gratuities		481	1,048
- Deferred income recognised		(6,098)	(5,072)
- Income from bank deposits and investments		(49,124)	(17,772)
- Loss on disposal of property, plant and equipment		26	721
Operating cash flows before working capital changes		23,263	33,596
Change in operating assets and liabilities			
- Debtors and prepayments		5,326	(3,868)
- Agency and other deposits		(765)	1,683
- Creditors and accrued operating expenses		(22,546)	28,215
Payments for pensions and gratuities		(886)	(555)
Deferred income received		3,422	4,375
<b>Cash generated from operations</b>		7,814	63,446
Contribution to Consolidated Fund		(7,127)	(11,808)
<b>Net cash generated from operating activities</b>		687	51,638
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(6,475)	(2,955)
Proceeds from disposal of property, plant and equipment		3	66
Interest received		8,538	5,869
Dividend received		3,387	3,244
Net payment for sale and purchase of financial assets at fair value through profit or loss		(96,596)	(21,825)
<b>Net cash used in investing activities</b>		(91,143)	(15,601)
<b>Cash flows from financing activities</b>			
Funding for government projects		(3,803)	(7,363)
Payments made for infrastructural projects-in-progress		(24,443)	(13,408)
Proceeds from infrastructural projects-in-progress recovered		619	-
Dividend paid		(25,281)	(16,838)
<b>Net cash used in financing activities</b>		(52,908)	(37,609)
<b>Net change in cash and cash equivalents</b>		(143,364)	(1,572)
Cash and cash equivalents at beginning of financial year		427,250	428,822
Cash and cash equivalents at end of financial year	9	283,886	427,250

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



## URBAN REDEVELOPMENT AUTHORITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

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

#### 1. General

The Urban Redevelopment Authority (the "Authority") is a statutory board established in Singapore under the Urban Redevelopment Authority Act (Cap. 340). The supervisory ministry is the Ministry of National Development. The Authority is domiciled in Singapore with its principal place of business and registered office at 45 Maxwell Road, The URA Centre, Singapore 069118.

The principal activities of the Authority are to:

- (a) plan and facilitate the physical development of Singapore;
- (b) sell and manage land for the government;
- (c) undertake development projects on behalf of the government and other organisations;
- (d) manage car parks; and
- (e) carry out such other functions as imposed upon the Authority by or under the Urban Redevelopment Authority Act (Cap. 340) or any other written law.

These financial statements are presented in Singapore dollar, which is the Authority's functional currency. All values presented are rounded to the nearest thousand ("'\$'000") as indicated.

#### 2. Summary of significant accounting policies

##### 2.1 Basis of preparation

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in accounting policies below, and are drawn up in accordance with the provisions of the Urban Redevelopment Authority Act (Cap. 340) and Statutory Board Financial Reporting Standards ("SB-FRS").

The preparation of financial statements in compliance with SB-FRS requires management to make judgements, estimates and assumptions that affect the Authority's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have the most significant effect on the financial statements are disclosed in Note 3.

In the current financial year, the Authority adopted all the new and revised SB-FRSs and Interpretations of SB-FRS ("INT SB-FRS") that are effective from that date and are relevant to its operations. The adoption of these new and revised SB-FRSs and INT SB-FRSs does not result in changes to the Authority's accounting policies and has no material effect on the amounts reported for the current or prior years.

##### *SB-FRS and INT SB-FRS issued but not yet effective*

Certain new standards, amendments and interpretations to SB-FRSs have been issued and are relevant for the Authority's accounting periods beginning on or after 1 April 2015 or later periods and which the Authority has not early adopted. Management does not expect them to have any material impact on the Authority's financial position or financial performance when adopted.

2. Summary of significant accounting policies (Continued)

2.2 Financial instruments

Financial assets and financial liabilities are recognised in the Authority's Statement of Financial Position when the Authority becomes a party to the contractual provisions of the instrument.

(a) *Financial assets*

The Authority's financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

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

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

The Authority's investments in marketable securities and forward foreign exchange contracts are classified in the "financial assets at fair value through profit or loss" category. This category has two sub-categories: "financial assets held for trading", and those "designated as fair value through profit or loss at inception". A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as FVTPL at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with a documented investment strategy. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period. Financial assets designated as FVTPL upon initial recognition shall not be reclassified out of this category. Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing more than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are classified within "Cash and cash equivalents" and "Debtors and prepayments" (excluding prepayments) in the Statement of Financial Position. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

(iii) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

2. Summary of significant accounting policies (Continued)

2.2 Financial instruments (Continued)

(a) *Financial assets* (Continued)

(iii) Impairment of financial assets (Continued)

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(iv) Derecognition of financial assets

The Authority derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition, any difference between the carrying amount and the sum of proceeds received is recognised in the profit or loss.

(b) *Financial liabilities and equity instruments*

(i) Classification as debt or equity

Financial liabilities and equity instruments issued by the Authority are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

(ii) Financial liabilities

Financial liabilities are classified as financial liabilities "at fair value through profit or loss" and "Creditors and accrued operating expenses" (excluding advances).

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading; or it is designated as such upon initial recognition.

2. Summary of significant accounting policies (Continued)

2.2 Financial instruments (Continued)

(b) *Financial liabilities and equity instruments*

(iii) Creditors

Creditors are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

(iv) Equity instruments

Shares issued to the Minister for Finance are classified as equity. Any incremental cost directly attributable to the issuance of new shares are deducted against the capital account.

(v) Derecognition of financial liabilities

The Authority derecognises financial liabilities when, and only when, the Authority's obligations are discharged, cancelled or expired. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

(c) *Fair value of financial assets and financial liabilities*

The fair values of the equity shares are determined based on quoted market prices at the end of the reporting period. The quoted market price used for the equity shares held by the Authority is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair values of the bonds are determined through quotes from dealers.

The fair value of the unit trusts is determined based on the unit trusts' net asset values provided by the fund managers at the last market day of the reporting period. The net asset values approximate the fair value as the unit trusts comprise mainly quoted equities and bonds whose fair values are based on the quoted market prices at the last market day of the financial year.

The fair value of forward foreign exchange contracts is determined based on WM Reuters Fixing Rate.

The fair value of fixed income and equity futures contracts is determined based on quoted market prices at the end of the reporting period.

The Authority classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

2. Summary of significant accounting policies (Continued)

2.3 Forward foreign exchange contracts, fixed income and equity futures contracts

Forward foreign exchange contracts, fixed income and equity futures contracts (collectively as "derivatives") are classified as financial assets/liabilities at fair value through profit or loss. A derivative is initially recognised at fair value on the date it is entered into and is subsequently re-measured at fair value at the end of each financial year.

Changes in fair value of derivatives are included in the profit or loss in the financial year in which the changes in fair value arise.

2.4 Operating leases

Leases of assets where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Receipts and payments made under operating leases are recognised in the profit or loss on a straight-line basis over the period of the lease.

Assets leased out under operating leases are included in property, plant and equipment.

2.5 Property, plant and equipment

(a) *Measurement*

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Authority.

(b) *Depreciation*

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives or lease term, generally as follows:

	<u>Useful lives</u>
Leasehold land	Over the lease period of 99 years
Buildings (including covered car parks)	25 to 50 years
Plant and machinery installed in buildings	10 to 20 years
Surface car parks	5 years
Information Technology ("IT") equipment	3 to 5 years
Other assets	3 to 10 years

Other assets consist of Singapore City Gallery exhibits, motor vehicles, office furniture, fittings and fixtures, office equipment, machinery and other equipment.

No depreciation is provided on projects-in-progress.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revisions are included in profit or loss when the changes arise.

**2. Summary of significant accounting policies (Continued)**

**2.5 Property, plant and equipment (Continued)**

*(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 associated with the items, will flow to the Authority and the cost of the item can be measured reliably. All other repair and maintenance expense are recognised in profit or loss when incurred.

*(d) Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

**2.6 Infrastructural projects-in-progress**

Project cost incurred by the Authority is recognised as an asset at cost in the Statement of Financial Position as its accumulated surplus is used to fund these projects. Upon completion of the projects, the assets will be transferred to the designated government agencies as contribution to the government, with a corresponding reduction against the Authority's accumulated surplus.

Any recovery of cost through reimbursement is directly deducted from the cost incurred.

**2.7 Impairment of non-financial assets**

At the end of each reporting period, the Authority reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Authority estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2. Summary of significant accounting policies (Continued)

2.8 Provisions

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

Provision for pensions and gratuities is made for the payment of pension benefits to pensionable officers under the provisions of the Pensions Act (Cap. 225) and to eligible staff employed under the contract scheme.

The cost of pension benefit due to pensionable officers is determined based on the expected payouts to be made by the Authority in respect of services rendered by these pensionable officers up to the end of the reporting period.

2.9 Income recognition

Income comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Authority's activities. Income is presented, net of goods and services tax, rebates and discounts.

(a) *Rendering of services*

Revenue from rendering of services, including income from planning and other services, agency and consultancy fees and income from development control are recognised during the financial year in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed.

(b) *Parking fees and related charges*

Season parking fees are accounted for on a time proportion basis. Other parking fees and related charges are accounted for when transacted.

(c) *Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

(d) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

(e) *Rental income*

Rental income from operating leases on property, plant and equipment is recognised on a straight line basis over the lease term.

2. Summary of significant accounting policies (Continued)

2.10 Employee compensation

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Authority pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Authority has no further payment obligations once the contributions have been paid. The Authority's contributions are recognised in profit or loss when they are due.

(b) *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 end of the reporting period.

2.11 Foreign currency transactions and translation

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of changes in value.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Authority's accounting policies which are described in Note 2, these estimates and underlying assumptions are reviewed on an ongoing basis.

3.1 Critical judgements made in applying the entity's accounting policies

Management is of the opinion that there are no critical judgements (other than those involving estimates) that have a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

(a) *Revenue recognition for parking coupon sharing with Housing and Development Board ("HDB")*

The basis of estimation for revenue recognition of parking coupon income sharing with the Housing and Development Board is disclosed in Note 18.



3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(b) *Recognition of agency fees from selling land*

The Authority earns agency fees from selling land for the government. Agency fees are recognised progressively upon receipt of land price in phases from the successful tenderer. Upon receipt of the full land price, a significant portion of the agency revenue will be recognised. The remaining agency revenue will be deferred and recognised over the subsequent three years. The Authority estimates the portion of agency fees to be deferred and the years of deferment based on past experience. The total agency revenue recognised during the financial year was \$12,995,000 (2013/2014: \$16,422,000).

(c) *Depreciation of leasehold land and buildings*

Leasehold land and buildings are depreciated on a straight-line basis over their estimated economic useful lives. Management estimates the useful lives of these leasehold land and buildings to be generally within 25 to 99 years. The carrying amount of the Authority's leasehold land and buildings at 31 March 2015 was \$195,773,000 (31 March 2014: \$200,072,000).

(d) *Fair value measurement*

A number of assets and liabilities included in the Authority's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Authority's financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

URBAN REDEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

4. Property, plant and equipment

	Leasehold land \$'000	Buildings \$'000	Plant and machinery \$'000	Surface car parks \$'000	IT equipment \$'000	Other assets \$'000	Projects-in- progress \$'000	Total \$'000
<b>Cost</b>								
At 1 April 2014	153,151	116,839	38,465	40,273	26,300	19,922	636	395,586
Additions	-	-	-	881	1,633	629	7,695	10,838
Adjustments	-	-	-	(27)	-	-	(2)	(29)
Transfers	-	-	319	1,313	686	971	(3,289)	-
Disposals/write off	-	-	(7,166)	(255)	(6,082)	(168)	-	(13,671)
At 31 March 2015	153,151	116,839	31,618	42,185	22,537	21,354	5,040	392,724
<b>Accumulated depreciation</b>								
At 1 April 2014	25,047	44,871	30,897	36,518	18,892	12,961	-	169,186
Depreciation charge	1,626	2,673	1,275	1,585	2,367	1,762	-	11,288
Disposals/write off	-	-	(7,137)	(255)	(6,082)	(168)	-	(13,642)
At 31 March 2015	26,673	47,544	25,035	37,848	15,177	14,555	-	166,832
<b>Net book value</b>								
At 31 March 2015	126,478	69,295	6,583	4,337	7,360	6,799	5,040	225,892

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4. Property, plant and equipment (Continued)

Cost	Leasehold land \$'000	Buildings \$'000	Plant and machinery \$'000	Surface car parks \$'000	IT equipment \$'000	Other assets \$'000	Projects-in- progress \$'000	Total \$'000
At 1 April 2013	153,151	116,839	38,468	40,360	25,536	19,891	4,469	398,714
Additions	-	-	-	36	1,518	78	1,302	2,934
Adjustments	-	-	-	(47)	(37)	-	-	(84)
Transfers	-	-	-	-	3,855	497	(4,352)	-
Disposals/write off	-	-	(3)	(76)	(4,572)	(544)	(783)	(5,978)
At 31 March 2014	153,151	116,839	38,465	40,273	26,300	19,922	636	395,586
<b>Accumulated depreciation</b>								
At 1 April 2013	23,420	42,198	29,622	34,500	21,190	10,699	-	161,629
Depreciation charge	1,627	2,673	1,276	2,094	2,274	2,804	-	12,748
Disposals/write off	-	-	(1)	(76)	(4,572)	(542)	-	(5,191)
At 31 March 2014	25,047	44,871	30,897	36,518	18,892	12,961	-	169,186
<b>Net book value</b>								
At 31 March 2014	128,104	71,968	7,568	3,755	7,408	6,961	636	226,400

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4. Property, plant and equipment (Continued)

Land parcels with reversionary interest from past sale of sites were not included in the above assets schedule as these are carried at zero cost as management is of the view that it is difficult to reliably estimate the final future value of these land parcels when they revert back to the Authority in due course. The Authority had a total of 46 land parcels of which 42 land parcels were with nominal value of \$1 each. These are land parcels that have 4 years or less of reversionary interest. The value of the other 4 land parcels with longer periods of reversionary interest was estimated at \$22,397,000 (31 March 2014: \$20,195,000). The Authority's in-house professional valuer has estimated the value, based on current market conditions by using the implied land value from the prevailing Development Charge sector rates on the area of the land parcels, and discounting the future value of the 4 land parcels to its present value based on the remaining number of years of the unexpired land sale tenure. The fair value of the 4 land parcels are classified under Level 3 of the fair value hierarchy.

5. Infrastructural projects-in-progress

The amounts incurred were mainly for city enhancement at Civic district (31 March 2014: Woodlands Waterfront and new pedestrian bridge at Marina Bay).

	31 March 2015 \$'000	31 March 2014 \$'000
Beginning of financial year	32,575	21,904
Additions	28,714	12,540
Cost recovered from Ministry of National Development	(619)	-
Transfer upon completion	(37,674)	(1,869)
End of financial year	<u>22,996</u>	<u>32,575</u>

6. Staff loans

	31 March 2015 \$'000	31 March 2014 \$'000
Outstanding staff loans	<u>11</u>	<u>27</u>

As at 31 March 2015, staff loans are repayable within 1 to 23 months (31 March 2014: 1 to 35 months). The interest rates ranged from 0% to 4.25% (31 March 2014: 0% to 4.25%).

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7. Debtors and prepayments

	31 March 2015 \$'000	31 March 2014 \$'000
Operating debtors	20,665	29,756
Recoverables		
- agency projects	7,298	3,977
- others	296	311
Accrued interest and dividend receivables	4,563	2,308
Prepayments	3,138	3,263
Other debtors	3,789	5,194
Amount due from brokers	1,832	-
Receivables for sale of investments (Note 8)	3,561	-
Staff loans (Note 6)	11	27
Debtors and prepayments	<u>45,153</u>	<u>44,836</u>
Less: Prepayments	(3,138)	(3,263)
Add: Cash and cash equivalents (Note 9)	283,886	427,250
Total loans and receivables	<u>325,901</u>	<u>468,823</u>

The Authority's operating debtors are mostly government agencies, other statutory boards and its supervisory ministry, the Ministry of National Development (Note 26). A majority of the Authority's operating debtors and recoverables are neither past due nor impaired and are due from the Ministry of National Development. The credit period given to the Authority's debtors is 30 days (31 March 2014: 30 days).

The ageing analysis of operating debtors past due and not impaired is as shown below. No allowance has been made for these debtors as management believes that there has not been a significant change in credit quality and the amounts are still considered recoverable.

	31 March 2015 \$'000	31 March 2014 \$'000
Past due 0 to 30 days	242	386
Past due 31 to 60 days	34	28
Past due 61 to 90 days	9	5
	<u>285</u>	<u>419</u>

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8. Other financial assets/(liabilities)

Financial assets/(liabilities) are measured in accordance with the accounting policies as set out in Notes 2.2 and 2.3.

Other financial assets/(liabilities) include the following:

	31 March 2015 \$'000	31 March 2014 \$'000
<u>Financial assets at fair value through profit or loss</u>		
Quoted marketable securities:		
- bonds	425,822	141,051
- equity shares	112,229	96,488
- equity futures contracts	1	-
- fixed income futures contracts	175	-
Unit trusts	129,946	303,523
Forward foreign exchange contracts	5,036	2,115
	673,209	543,177
<u>Financial liabilities at fair value through profit or loss</u>		
Equity futures contracts	(3)	-
Fixed income futures contracts	(539)	-
Forward foreign exchange contracts	(6,130)	(205)
	(6,672)	(205)
	666,537	542,972

(a) At the end of the reporting period, financial assets/(liabilities) at fair value through profit or loss comprised financial assets/(liabilities) classified as held for trading and designated as at fair value through profit or loss at inception of \$584,528,000 and \$82,009,000 respectively (31 March 2014: \$541,755,000 and \$1,217,000 respectively).

(b) Bonds included in quoted marketable securities had a weighted average effective interest rate of 1.35% per annum (31 March 2014: 1.39% per annum). As at 31 March 2015, the bonds tenure ranged approximately from 8 days to 58.5 years (31 March 2014: 73 days to 4.9 years). Included in bonds are perpetual securities of \$7,160,000 (31 March 2014 : Nil) with no fixed redemption date.

(c) Equity futures contracts are used for efficient portfolio management to track benchmark performance arising from investments in quoted equities. The notional principal amounts of the outstanding equity futures contracts as at 31 March 2015 is \$589,000 (31 March 2014: Nil).

At 31 March 2015, the settlement dates on equity futures contracts ranged between 29 days to 80 days (31 March 2014: Nil).

(d) Fixed income futures contracts are used to hedge interest rate risks arising from investments in quoted bonds. The notional principal amounts of the outstanding fixed income futures contracts as at 31 March 2015 is \$33,932,000 (31 March 2014: Nil).

At 31 March 2015, the settlement dates on fixed income futures contracts ranged between 69 days to 80 days (31 March 2014: Nil).

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8. Other financial assets/(liabilities) (Continued)

- (e) Foreign exchange contracts are used to hedge foreign exchange risks arising from investments in quoted bonds and equities. The notional principal amounts of outstanding forward foreign exchange contracts as at 31 March 2015 is \$375,419,000 (31 March 2014: \$85,417,000).

Total outstanding foreign exchange contracts comprise mainly contracts involving United States dollar and Euro, with notional principals which amounted to \$205,771,000 and \$76,794,000 respectively (31 March 2014: United States dollar and Japanese yen of \$59,551,000 and \$8,317,000 respectively).

At 31 March 2015, the settlement dates on forward foreign exchange contracts ranged between 2 days to 2.73 years (31 March 2014: 4 days and 5.65 months). The Authority will settle the foreign exchange contracts on a net basis.

- (f) Financial assets at fair value through profit or loss denominated in foreign currencies amounted to \$501,646,000 as at 31 March 2015 (31 March 2014: \$202,903,000). The foreign currency exposure arises primarily from the Authority's investment in unit trusts, quoted bonds and equity shares of which approximately 53% and 17% are denominated in United States dollar and Euro respectively (31 March 2014: approximately 57% and 8% in United States dollar and Japanese yen respectively). The remaining investments are held in various currencies which are individually not significant.
- (g) Included in the Authority's financial assets at fair value through profit or loss were Singapore Government Securities and bonds issued by the Singapore statutory boards which amounted to \$38,952,000 (31 March 2014: \$41,305,000).
- (h) The financial assets at fair value through profit or loss as at 31 March 2015 included an investment portfolio managed internally amounting to \$82,009,000 (31 March 2014: \$1,217,000). The portfolio as at 31 March 2015 comprised mainly foreign corporate bonds, and bonds issued by the Singapore Government and Singapore statutory boards. (31 March 2014: mainly forward foreign exchange contracts).

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8. Other financial assets/(liabilities) (Continued)

Financial assets/(liabilities) managed by external fund managers comprised the following:

	31 March 2015 \$'000	31 March 2014 \$'000
<i>Financial assets/(liabilities) at fair value through profit or loss</i>		
Quoted marketable securities:		
- bonds	342,464	141,051
- equity shares	112,229	96,488
- equity futures contracts	(2)	-
- fixed income futures contracts	(364)	-
Unit trusts	129,946	303,523
Forward foreign exchange contracts	255	693
	584,528	541,755
<i>Other financial assets/(liabilities)*</i>		
Cash and bank balances	7,555	12,690
Amount due from brokers	1,832	-
Interest, dividend receivables and recoverables	2,574	1,181
Receivables for sale of investments	3,561	-
Payables for purchase of investments	(408)	(5,098)
	15,114	8,773
	599,642	550,528

\*These items have been included in the respective current assets and liabilities categories in the Statement of Financial Position.

9. Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprised the following:

	31 March 2015 \$'000	31 March 2014 \$'000
Cash and bank balances	19,432	41,875
Cash with Accountant-General's Department	256,899	372,685
Cash and bank balances held by fund managers	7,555	12,690
Cash and cash equivalents per Statement of Cash Flows	283,886	427,250



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9. Cash and cash equivalents (Continued)

- (a) Included in cash and bank balances was an amount of \$17,516,000 (31 March 2014: \$32,679,000) relating to collections on behalf of the Ministry of National Development and other government agencies, and classified as part of "Creditors and accrued operating expenses" (Note 10) and "Agency and other deposits".
- (b) Cash with the Accountant-General's Department ("AGD") comprises \$132,171,000 (31 March 2014: \$219,984,000) that are managed by AGD under the Centralised Liquidity Management ("CLM") and \$124,728,000 (31 March 2014: \$152,701,000) managed under the Statutory Board Approved Funds ("SBAF"). Under the CLM, cash is managed centrally to achieve greater efficiency. Under the SBAF, funds approved for infrastructural projects are placed with AGD and will not be subject to dividend payment (Note 24).
- (c) Cash and cash equivalents denominated in foreign currencies amounted to \$3,681,000 (31 March 2014: \$1,174,000) and were denominated mainly in United States dollar and Euro (31 March 2014: United States dollar and Euro). The cash in foreign currencies were held in relation to the Authority's investment in quoted equity shares and bonds.

10. Creditors and accrued operating expenses

	31 March 2015 \$'000	31 March 2014 \$'000
Collections on behalf of the Ministry of National Development and government agencies		
- sale of sites tender deposits	15,545	-
- development charges and parking fees	3,050	38,482
- others	711	455
Operating creditors	9,042	7,091
Advances received	3,327	3,887
Accrued operating expenses and other creditors	13,730	18,036
Payables for infrastructural projects-in-progress	6,374	2,103
Payables for purchase of investments	644	5,231
Payables for property, plant and equipment	5,278	944
Creditors and accrued operating expenses	<u>57,701</u>	<u>76,229</u>
Less: Advance received	(3,327)	(3,887)
Add: Agency and other deposits	11,019	11,748
Financial liabilities at amortised cost	<u>65,393</u>	<u>84,090</u>

In addition to project advances of \$6,007,000 (31 March 2014: \$6,007,000) disclosed as a non-current liability on the Statement of Financial Position, an amount of \$3,460,000 (31 March 2014: \$4,400,000) included in "Operating creditors", "Advances received" and "Accrued operating expenses and other creditors", totalling \$9,467,000 (31 March 2014: \$10,407,000) relates to agency projects.

Other than collections on behalf of the Ministry of National Development and government agencies, the average credit period is 30 days (31 March 2014: 30 days).

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11. Contribution to Consolidated Fund

The contribution to the Consolidated Fund is made in accordance with Section (3)(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act (Cap. 319A). Contribution for the financial year is determined based on 17% (2013/2014: 17%) of the surplus for the financial year.

12. Deferred income

This comprises development application processing fees received for which decisions have not been committed and the portion of agency fees received on sale of sites which are deferred for services to be performed in future financial years.

	31 March 2015 \$'000	31 March 2014 \$'000
Presented as:		
Current - to be recognised within 12 months	4,539	6,098
Non-current - to be recognised after 12 months	2,455	3,572
	<u>6,994</u>	<u>9,670</u>

Movements in deferred income account were as follows:

	31 March 2015 \$'000	31 March 2014 \$'000
Beginning of financial year	9,670	10,367
Income deferred during the financial year	3,422	4,375
Transfer to profit or loss	(6,098)	(5,072)
End of financial year	<u>6,994</u>	<u>9,670</u>

13. Provision for pensions and gratuities

Movements in provision for pensions and gratuities were as follows:

	31 March 2015 \$'000	31 March 2014 \$'000
Beginning of financial year	3,972	3,479
Provision made during financial year	481	1,048
Provision utilised during financial year	(886)	(555)
End of financial year	<u>3,567</u>	<u>3,972</u>

The Authority is only liable for the pension costs for the period of service completed by the officers. The total pension costs are shared between the Authority and the government.

URBAN REDEVELOPMENT AUTHORITY

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13. Provision for pensions and gratuities (Continued)

The officers are entitled to select one of the following pension options upon retirement:

- (i) Full pension without any gratuity;
- (ii) Reduced pension together with a gratuity; or
- (iii) Fully commuted pension gratuity without pension.

The amounts due to pensionable officers are determined based on their last drawn salaries and the pensionable service period served with the Authority at the time of retirement. This assumes all pensionable officers work till retirement and opt for fully commuted pension gratuity without pension upon retirement. The pension option chosen for the provision is based on historical trends. For retired pensioners who are receiving monthly pension, provision is based on payment of the actual monthly pension up to their life expectancy as per data provided by the Department of Statistics, Singapore.

14. Capital account

The balance in this account represents:

- (a) the value of certain leasehold land of the former Urban Renewal Department under the Ministry of National Development and some adjacent state land vested in the Authority when it was established;
- (b) the net book value of movable assets transferred from the former Planning Department and the Research and Statistics Unit under the Ministry of National Development upon their amalgamation with the Authority on 1 September 1989; and
- (c) 1,000 shares of one dollar each issued to the Minister for Finance, a body corporate incorporated under the Minister for Finance (Incorporation) Act (Cap. 183) for equity injection of \$1,000 on 23 February 2009.

15. Income from planning and other services

	2014/2015	2013/2014
	\$'000	\$'000
Income from planning and other services from government agencies		
- planning and other services rendered to the Ministry of National Development	60,343	57,190
- place management	4,673	9,390
- promotion of architecture and urban design excellence	3,342	4,238
- others	11,975	10,931
	<u>80,333</u>	<u>81,749</u>

16. Agency and consultancy fees

The Authority sells and manages land for the government, manages car parks and undertakes development projects on behalf of the government and earns agency and consultancy fees for the provision of these services.

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NOTES TO THE FINANCIAL STATEMENTS  
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17. Income from development control

The income from development control includes sale of approved plans, search fees, lodgement fees and development application processing fees collected under subsidiary legislation made under the Planning Act (Cap. 232) and administrative charges for planning clearance for projects submitted by government departments and ministries.

18. Parking fees and related charges

Included in parking fees and related charges is income from the sale of car park coupons. The Authority operates the common car park coupon system jointly with Housing and Development Board ("HDB") from 1 September 1981. The total annual coupon sales proceeds is shared between the Authority and HDB based on management's best estimate of the usage of coupons in the car parks managed by each party using an agreed sharing formula. Each party's share of the coupon sales proceeds is subject to adjustment that may arise from joint coupon income surveys carried out at periodic intervals that are mutually agreed by both parties.

19. Net income from bank deposits and investments

	2014/2015 \$'000	2013/2014 \$'000
Interest income from bank deposits	1,559	1,932
<i>Investments*</i>		
Gain from sale of investments	31,684	2,917
Dividend income	3,442	3,291
Interest income	9,006	3,844
Fair value (loss)/gain arising from financial assets		
- designated as at fair value through profit or loss	(575)	1,321
- held for trading	(1,132)	4,624
Foreign exchange gain - net	6,548	778
Income from investments	48,973	16,775
Fund management expenses	(1,408)	(935)
	47,565	15,840
Net income from bank deposits and investments	49,124	17,772

\*Investments comprise financial assets at fair value through profit or loss (Note 8).

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20. Expenditure on manpower and staff benefits

	2014/2015	2013/2014
	\$'000	\$'000
Salaries, allowances and bonus	93,379	86,190
Employer's contribution to Central Provident Fund	10,693	9,508
Hospital and medical expenses	837	911
Staff welfare expenses	503	453
Other staff costs	1,257	1,101
	<u>106,669</u>	<u>98,163</u>

21. Temporary occupation licence fees

The Authority pays temporary occupation licence fees to other state-controlled entities for the use of land belonging to the State and other statutory boards for kerbside and off-street parking.

22. Operating surplus

In addition to those disclosed elsewhere in the notes to the statement of comprehensive income, the following items had been included in arriving at operating surplus:

	2014/2015	2013/2014
	\$'000	\$'000
Board members' allowances	225	225
Operating lease expenses	<u>3</u>	<u>3</u>

23. Funding for government projects

The Authority provides funding for government projects which are implemented by government agencies under the programme to develop Singapore into a vibrant and distinctive global city. The funding is recognised in the financial year when they become payable upon receipt of invoice. This amount was recorded as a reduction in the Authority's accumulated surplus during the financial year as this was a contribution to the government. Out of the \$3,803,000 (2013/2014: \$7,363,000) incurred during the financial year, \$2,961,000 (2013/2014: \$5,155,000) was to fund the Gardens by the Bay project.

24. Dividend paid

Dividend is recognised in the financial year in which it is approved by the Board. During the financial year, a dividend of \$25,281,000 (2013/2014: \$16,838,000) was paid to the Minister for Finance, a body corporate incorporated under the Minister for Finance (Incorporation) Act (Cap. 183), in respect of the results for the financial year ended 31 March 2014.

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25. Commitments

(a) Capital commitments

Capital expenditures contracted for at the end of the reporting period but not recognised in the financial statements are analysed as follows:

	31 March 2015 \$'000	31 March 2014 \$'000
Infrastructural projects	63,553	19,062
Property, plant and equipment	20,950	2,866
Amounts approved and contracted for	<u>84,503</u>	<u>21,928</u>

(b) Operating lease receivables - where the Authority is a lessor

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

	31 March 2015 \$'000	31 March 2014 \$'000
Not later than one year	7,963	3,091
Between one and five years	6,703	4,403
	<u>14,666</u>	<u>7,494</u>

Operating lease receivables represent mainly rental receivable by the Authority for leasing of its office spaces at The URA Centre and The URA Centre East Wing. Generally, the leases are negotiated for a term of 3 years and rentals are fixed over the lease terms.

26. Significant related party transactions

The Authority is a statutory board domiciled in Singapore under the Urban Redevelopment Authority Act (Cap. 340) (Note 1). As a statutory board, all Government ministries, organs of state and statutory boards are deemed related parties of the Authority.

In addition to those disclosed, the Authority had the following significant transactions with its supervisory ministry, the Ministry of National Development, and other related parties during the year:

	2014/2015 \$'000	2013/2014 \$'000
<b>Income</b>		
Ministry of National Development		
- Income from planning and other services	76,130	76,658
- Agency and consultancy fees	10,414	12,282

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26. Significant related party transactions (Continued)

	2014/2015 \$'000	2013/2014 \$'000
<b>Income (Continued)</b>		
Housing and Development Board		
- Income from development control	2,781	3,127
Competition Commission of Singapore		
- Rental income	1,164	933
Ministry of Law		
- Agency and consultancy fees	8,485	11,350
- Rental income	4,647	670
<b>Expenditure</b>		
Singapore Land Authority		
- Temporary occupation licence fees	26,834	27,839
Infocomm Development Authority of Singapore		
- Operating supplies and services	2,873	3,867
Ministry of Finance		
- Operating supplies and services	1,081	1,589
National Parks Board		
- Property and car park maintenance	1,406	589
<b>Amounts due from related parties</b>		
- Ministry of National Development	18,311	27,367
<b>Amount due to a related party</b>		
- Housing and Development Board	2,267	8,035

The amounts outstanding are unsecured and will be settled in cash. No expense has been recognised in the year for bad or doubtful debts in respect of the amounts due from related parties.

Key management personnel compensation is as follows:

	2014/2015 \$'000	2013/2014 \$'000
Salaries and other short-term employee benefits	4,814	4,666
Employer's contribution to Central Provident Fund	167	146
	4,981	4,812

Key management personnel refers to employees designated as Group Directors and above who have the authority and responsibility for planning, directing and controlling the activities of the Authority.

**27. Financial risks and capital risks management**

The main risks arising from the Authority's activities are market risk (including foreign currency, interest rate and price risks), credit risk and liquidity risk.

There has been no change to the Authority's exposure to these financial risks or the manner in which it manages and measures the risk.

**27.1 Market risk**

(a) Foreign currency risk

The Authority has exposure to foreign exchange risk as a result of investments in foreign currency denominated assets and liabilities. The main foreign currency for these investments is the United States dollar. Foreign currency contracts are used to hedge foreign exchange exposure as and when required. Significant financial assets and liabilities denominated in currencies other than the Singapore dollar are disclosed in Notes 8 and 9 to the financial statements.

*Sensitivity analysis*

A 10% weakening/strengthening in the Singapore dollar against the United States dollar with all other variables being held constant is expected to increase/decrease the net surplus of the Authority by \$6,608,000 (31 March 2014: \$5,624,000).

Management is of the view that the above sensitivity analysis may not be representative of the inherent foreign exchange risk as year-end exposure may not reflect the actual exposure and circumstances during the financial year.

(b) Interest rate risk

As the Authority maintains most of its cash and cash equivalents with the Accountant-General's Department ("AGD") under the Centralised Liquidity Management ("CLM") and the Statutory Board Approved Fund ("SBAF") and does not have any interest bearing liabilities, its exposure to interest rate risk is insignificant. The interest rates for cash under the CLM are based on deposit rates determined by the financial institutions where the cash is deposited and are expected to move in tandem with market interest rate movements. There is no interest earned for cash under the SBAF.

(c) Price risk

The Authority is exposed to price risk arising from financial assets at fair value through profit or loss.

Further details of these investments can be found in Note 8 to the financial statements.

*Sensitivity analysis*

In respect of financial assets at fair value through profit or loss, except bonds, if prices increase or decrease by 5% with all other variables being held constant, the Authority's net surplus for the financial year ended 31 March 2015 would increase/decrease by \$12,109,000 (31 March 2014: \$20,001,000).

In respect of bonds classified as held for trading, if the interest rate decreases/increases by 50 basis points, and all other variables are held constant, the Authority's net surplus for the financial year ended 31 March 2015 would increase/decrease by \$12,115,000 (31 March 2014: \$1,721,000).



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27. Financial risks and capital risks management (Continued)

27.2 Credit risk

Credit risk arises from transactions with debtors and financial institutions. The maximum exposure at the end of the financial year, in relation to each class of financial asset is the fair value of those assets in the Statement of Financial Position.

Cash and cash equivalents, unit trust and equities are placed with high credit quality financial institutions. Bonds held for investment are of at least a Moody's grading of Baa3 or its equivalent. Cash with AGD are placed with high credit quality financial institutions, and are available upon request.

There is no significant concentration of credit risk except as disclosed in Note 7 where the major customers are government bodies. There is also consistent monitoring of the credit quality of the customers.

27.3 Liquidity risk

In managing the liquidity risk, the Authority ensures that it maintains sufficient cash and flexibility in funding to finance its operations.

*Liquidity risk analysis*

The following table details the remaining contractual maturity of the Authority's financial liabilities (including derivative financial liabilities). The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Authority can be required to settle the liabilities. The table includes both interest and principal cash flows.

	On demand or within 1 year	Between 1 and 5 years	Total
	\$'000	\$'000	\$'000
<b>31 March 2015</b>			
Agency and other deposits	11,019	-	11,019
Creditors and accrued operating expenses	54,374	-	54,374
Forward foreign exchange contracts	1,888	4,242	6,130
Equity futures contracts	3	-	3
Fixed income futures contracts	539	-	539
	<u>67,823</u>	<u>4,242</u>	<u>72,065</u>
<b>31 March 2014</b>			
Agency and other deposits	11,784	-	11,784
Creditors and accrued operating expenses	72,342	-	72,342
Forward foreign exchange contracts	205	-	205
	<u>84,331</u>	<u>-</u>	<u>84,331</u>

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27. Financial risks and capital risks management (Continued)

27.4 Capital risk management policies and objectives

The capital structure of the Authority consists of capital account and accumulated surplus. The Authority manages its capital to ensure it will be able to continue as a going concern and in accordance with the Capital Management Framework formulated by the Ministry of Finance. The framework sets out the basis of equity contribution by the government to the Authority and the principle of dividend distribution to the government. The Authority's overall strategy remains unchanged from the previous financial year.

28. Fair value of financial assets and financial liabilities

The carrying amounts of "Cash and cash equivalents", "Debtors and prepayments" (excluding prepayments) and "Creditors and accrued operating expenses (excluding advances) approximate their fair values due to relative short term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in Note 8 to the financial statements.

	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>31 March 2015</b>				
<b>Recurring fair value measurements</b>				
<b>Financial assets</b>				
<u>Financial assets at fair value through profit or loss</u>				
Bonds	425,822	-	425,822	-
Equity shares	112,229	112,229	-	-
Unit trusts	129,946	-	129,946	-
Equity futures contracts	1	1	-	-
Fixed income contracts	175	175	-	-
Forward foreign exchange contracts	5,036	-	5,036	-
<b>Total</b>	<b>673,209</b>	<b>112,405</b>	<b>560,804</b>	<b>-</b>
<b>Financial liabilities</b>				
<u>Financial liabilities at fair value through profit or loss</u>				
Equity futures contracts	(3)	(3)	-	-
Fixed income contracts	(539)	(539)	-	-
Forward foreign exchange contracts	(6,130)	-	(6,130)	-
<b>Total</b>	<b>(6,672)</b>	<b>(542)</b>	<b>(6,130)</b>	<b>-</b>

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28. Fair value of financial assets and financial liabilities (Continued)

	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>31 March 2014</b>				
<b>Recurring fair value measurements</b>				
<b>Financial assets</b>				
<u>Financial assets at fair value through profit or loss</u>				
Bonds	141,051	-	141,051	-
Equity shares	96,488	96,488	-	-
Unit trusts	303,523	-	303,523	-
Forward foreign exchange contracts	2,115	-	2,115	-
<b>Total</b>	<b>543,177</b>	<b>96,488</b>	<b>446,689</b>	<b>-</b>
<b>Financial liabilities</b>				
<u>Financial liabilities at fair value through profit or loss</u>				
Forward foreign exchange contracts	(205)	-	(205)	-
<b>Total</b>	<b>(205)</b>	<b>-</b>	<b>(205)</b>	<b>-</b>

There was no transfer between Level 1 and Level 2 of the fair value hierarchy during the current and previous financial years.

The financial instruments included in Level 1 are quoted on active markets and their fair values are based on quoted market prices at the reporting date.

The financial instruments included under Level 2 comprise bonds, unit trusts and forward foreign exchange contracts.

The fair value of all these financial instruments are determined through quotes from dealers, net asset values from fund managers, marked to market based on WM Reuters Fixing Rate. The financial instruments have been classified as level 2 in the current and previous financial years.

There have been no changes in the valuation techniques of the various classes of financial instruments during the financial year.

29. Reclassifications and comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with current year's financial statements.

Hospital, medical and staff welfare expenses amounting to \$1,364,000 has been reclassified from "Operating supplies and services" to "Expenditure on manpower and staff benefits".

Expenditure on manpower amounting to \$96,799,000 has been reclassified to "Expenditure on manpower and staff benefits".

The reclassifications have no effect on the statement of financial position.

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29. Reclassifications and comparative figures (Continued)

The items were reclassified as follows:

	After reclassification 2013/2014 \$'000	Previously reported 2013/2014 \$'000
<u>Statement of comprehensive income</u>		
Expenditure on manpower	-	96,799
Expenditure on manpower and staff benefits	98,163	-
Operating supplies and services	37,979	39,343

30. Authorisation of financial statements

These financial statements were authorised for issue by the Board on 22 June 2015.