Singapore Examinations and Assessment Board and its subsidiary

Annual Financial Statements
31 March 2013

BOARD INFORMATION

Board members

Chairman

Ms Ho Peng
Director-General of Education, Ministry of Education

Members

Mr Ahsanul Kalam Bin Mohamed Sani
Global Bid Manager, Dimension Data Asia Pacific Pte Ltd

Mr Paul Beh
President, Asia Pacific Reed Exhibitions Pte Ltd

SAC Lim Kok Thai
Director (Operations), Singapore Police Force

BG Ngien Hoon Ping
Director of Joint Operations, Singapore Armed Forces, Ministry of Defence

Mr Ong Peng Tsin
Chairman, InfoComm Investments Pte Ltd

Ms Tan Lay Choo
Chief Executive, Singapore Examinations & Assessment Board

Professor Tan Oon Seng
Dean, Teacher Education, Office of Teacher Education, National Institute of Education

Professor Tan Thaim Soon
President, Singapore Institute of Technology

Mr Wong Siew Hoong
Deputy Director-General of Education Curriculum, Ministry of Education

Registered office

298 Jalan Bukit Ho Swee
Singapore 169565

Banker

DBS Bank Ltd

Auditor

Ernst & Young LLP

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STATEMENT BY THE SINGAPORE EXAMINATIONS AND ASSESSMENT BOARD

In our opinion, the accompanying Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes In Equity and the Consolidated Statement of Cash Flows of the Singapore Examinations and Assessment Board ("the Board") and its subsidiary (collectively "the Group"), together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Board and of the Group as at 31 March 2013 and of the results and changes in equity of the Board and the Group and cash flows of the Group for the financial year then ended.

On behalf of the Board:

Ho Peng
Chairman

Tan Lay Choo
Chief Executive

Singapore
16 July 2013

Report on the financial statements

We have audited the accompanying financial statements of the Singapore Examinations and Assessment Board ("the Board") and its subsidiary (collectively, "the Group"), which comprise the statements of financial position of the Group and the Board as at 31 March 2013, the statements of comprehensive income and statements of changes in equity of the Group and the Board and consolidated cash flow statement of the Group for the 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 Singapore Examinations and Assessment Act, Cap 299A and Statutory Board Financial Reporting Standards ("SB-FRS") 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board'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.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Board are properly drawn up in accordance with the provisions of the Act and the Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group and the Board as at 31 March 2013 and the results, changes in equity of the Group and the Board and the cash flows of the Group for the 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.

Opinion

In our opinion:

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

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

Ernst & Young LLP
Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
16 July 2013

SINGAPORE EXAMINATIONS AND ASSESSMENT BOARD AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION
FOR THE FINANCIAL ENDED 31 MARCH 2013

		The Board		The Group	
		2013	2012	2013	2012
	Note	$	$	$	$
ASSETS LESS LIABILITIES					
Non-current assets					
Plant and equipment	4	3,319,656	5,521,510	3,319,656	5,521,510
Subsidiary	5	2	2	–	–
		3,319,658	5,521,512	3,319,656	5,521,510
Current assets					
Trade and other receivables	6	1,292,132	2,539,733	1,321,700	2,604,004
Prepayments		265,946	259,698	265,946	259,698
Amount owing by subsidiary	7	50,617	32,283	–	–
Derivatives	8	–	331,771	–	331,771
Cash and cash equivalents	9	76,017,315	66,613,114	77,012,330	67,460,472
		77,626,010	69,776,599	78,599,976	70,655,945
Less:					
Current liabilities					
Trade and other payables	10	12,707,334	4,991,721	12,716,274	4,997,067
Income received in advance		819,379	1,426,999	819,379	1,426,999
Grants received in advance	11	1,716,738	3,217,033	1,716,738	3,217,033
Provision for contribution to Consolidated Fund	12	514,522	1,088,857	514,522	1,088,857
Derivatives	8	646,573	–	646,573	–
Current tax payable		–	–	5,480	6,074
		16,404,546	10,724,610	16,418,966	10,736,030
Net current assets		61,221,464	59,051,989	62,181,010	59,919,915
Less:					
Non-current liabilities					
Obligations in respect of pension scheme	13	4,478,323	4,240,436	4,478,323	4,240,436
		4,478,323	4,240,436	4,478,323	4,240,436
Net assets		60,062,799	60,333,065	61,022,343	61,200,989
Equity					
Capital account	14	9,626,713	9,626,713	9,626,713	9,626,713
Accumulated surplus		51,082,659	50,374,581	52,042,203	51,242,505
Hedging reserve	15	(646,573)	331,771	(646,573)	331,771
Total Equity		60,062,799	60,333,065	61,022,343	61,200,989

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

SINGAPORE EXAMINATIONS AND ASSESSMENT BOARD AND ITS SUBSIDIARY

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Note	The Board		The Group	
		2013	2012	2013	2012
		$	$	$	$
Revenue					
Examination fees		34,569,729	33,357,721	34,569,729	33,357,721
Other operating income	16	7,255,967	8,126,176	7,362,484	8,215,292
		41,825,696	41,483,897	41,932,213	41,573,013
Less: Cost and operating expenses					
Examination and outsourcing fees		(20,446,786)	(19,009,964)	(20,446,786)	(19,009,964)
Staff costs	17	(20,057,651)	(19,323,638)	(20,057,651)	(19,323,638)
Depreciation of plant and equipment	4	(2,579,265)	(2,690,401)	(2,579,265)	(2,693,824)
Other operating expenses	18	(26,245,589)	(26,928,619)	(26,257,374)	(26,942,798)
Finance costs – bank term loan		–	(4,817)	–	(4,817)
Total operating expenses		(69,329,291)	(67,957,439)	(69,341,076)	(67,975,041)
Operating deficit		(27,503,595)	(26,473,542)	(27,408,863)	(26,402,028)
Non-operating income					
Interest income – fixed deposits		439,913	569,122	442,281	570,641
Operating deficit before grants and contribution to Consolidated Fund and taxation		(27,063,682)	(25,904,420)	(26,966,582)	(25,831,387)
Operating grants	11	30,090,282	32,309,459	30,090,282	32,309,459
Net surplus before contribution to Consolidated Fund and taxation		3,026,600	6,405,039	3,123,700	6,478,072
Contribution to Consolidated Fund	19	(514,522)	(1,088,857)	(514,522)	(1,088,857)
Taxation	20	–	–	(5,480)	(5,418)
Net surplus for the year		2,512,078	5,316,182	2,603,698	5,383,797
Other comprehensive income:					
Net movement on cash flow hedges					
(Loss)/gain arising during the year from foreign currency forward contracts		(978,344)	331,771	(978,344)	331,771
Total comprehensive income for the year		1,533,734	5,647,953	1,625,354	5,715,568

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

SINGAPORE EXAMINATIONS AND ASSESSMENT BOARD AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Note	Capital Account (Note 14) $	Accumulated Surplus $	Hedging Reserve (Note 15) $	Total $
The Board					
Balance at 31 March 2011		9,237,115	45,817,399	–	55,054,514
Issue of shares		389,598	–	–	389,598
Dividend paid		–	(759,000)	–	(759,000)
Surplus for the year		–	5,316,182	–	5,316,182
Net movement on cash flow hedges		–	–	331,771	331,771
Total comprehensive income for the year		–	5,316,182	331,771	5,647,953
Balance at 31 March 2012		9,626,713	50,374,581	331,771	60,333,065
Dividend paid	21	–	(1,804,000)	–	(1,804,000)
Surplus for the year		–	2,512,078	–	2,512,078
Net movement on cash flow hedges		–	–	(978,344)	(978,344)
Total comprehensive income for the year		–	2,512,078	(978,344)	1,533,734
Balance at 31 March 2013		9,626,713	51,082,659	(646,573)	60,062,799
The Group					
Balance at 31 March 2011		9,237,115	46,617,708	–	55,854,823
Issue of shares		389,598	–	–	389,598
Dividend paid		–	(759,000)	–	(759,000)
Surplus for the year		–	5,383,797	–	5,383,797
Net movement on cash flow hedges		–	–	331,771	331,771
Total comprehensive income for the year		–	5,383,797	331,771	5,715,568
Balance at 31 March 2012		9,626,713	51,242,505	331,771	61,200,989
Dividend paid	21	–	(1,804,000)	–	(1,804,000)
Surplus for the year		–	2,603,698	–	2,603,698
Net movement on cash flow hedges		–	–	(978,344)	(978,344)
Total comprehensive income for the year		–	2,603,698	(978,344)	1,625,354
Balance at 31 March 2013		9,626,713	52,042,203	(646,573)	61,022,343

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	2013 $	2012 $
Cash flow from operating activities		
Operating deficit before grants and contribution to consolidated fund and taxation	(26,966,582)	(25,831,387)
Adjustments:		
Obligation in respect of pension scheme	264,218	1,237,275
Gain on disposal of plant and equipment	(1,975)	(13,314)
Depreciation of plant and equipment	2,579,265	2,693,824
Interest expense	–	4,817
Interest income	(442,282)	(570,641)
Operating deficit before working capital changes	(24,567,356)	(22,479,426)
Decrease/(increase) in trade and other receivables	1,282,304	(1,818,541)
Increase in prepayments	(6,248)	(66,865)
Increase in trade and other payables	7,719,207	1,212,611
Decrease in income received in advance	(607,620)	(336,931)
Cash flows used in operations	(16,179,713)	(23,489,152)
Payment of pension scheme	(26,331)	(26,331)
Interest received	442,282	570,641
Interest paid	–	(4,817)
Payment to consolidated fund	(1,088,857)	(2,000,629)
Income tax paid	(6,074)	(6,247)
Net cash flows used in operating activities	(16,858,693)	(24,956,535)
Cash flows from investing activities		
Purchase of plant and equipment	(377,411)	(674,755)
Proceeds from disposal of plant and equipment	1,975	28,167
Net cash flows used in investing activities	(375,436)	(646,588)
Cash flows from financing activities		
Capital contribution received	–	389,598
Grants received from government	28,589,987	32,964,040
Repayments of loan	–	(1,048,632)
Dividend paid	(1,804,000)	(759,000)
Net cash flows generated from financing activities	26,785,987	31,546,006
Net increase in cash and cash equivalents	9,551,858	5,942,883
Cash and cash equivalents at beginning of the financial year (Note 9)	67,460,472	61,517,589
Cash and cash equivalents at end of the financial year (Note 9)	77,012,330	67,460,472

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. GENERAL INFORMATION

The Singapore Examinations and Assessment Board ("SEAB" or the "Board") was established under the Singapore Examinations and Assessment Board Act 2003 on 1 April 2004 as a statutory board. SEAB, formerly the Examinations Division of the Ministry of Education ("MOE"), was formed to develop and conduct national examinations in Singapore and to provide other examination and assessment services, locally as well as overseas. SEAB will collaborate with MOE on all national examinations.

The registered office and principal place of operations of the Board is at 298 Jalan Bukit Ho Swee, Singapore 169565.

The primary functions and duties of the Board are:

i) To develop and devise national examinations which would support and promote the goals and objectives of Singapore's education systems;

ii) To organise and conduct the national examinations;

iii) To serve as the examining authority for any of the national examinations or such modules or components of any of the national examinations as the Board may, in consultation with the Minister, determine;

iv) To publish and disseminate information on matters relating to the Board's functions and duties;

v) To provide advisory and consultancy services and training in Singapore or elsewhere on matters relating to the national examinations and assessment generally, and;

vi) To carry out such other functions and duties as are imposed upon the Board under the Singapore Examinations and Assessment Board Act 2003 or any other written law.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Statutory Board Financial Reporting Standards ("SB-FRS") promulgated by the Accountant-General and the provisions of the Singapore Examinations and Assessment Board Act, Cap 299A (the "Act").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements of the Board and the Group are presented in Singapore dollars (SGD or $).

The accounting policies have been consistently applied by the Board and the Group and are consistent with those used in the previous financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and interpretation of SB-FRS ("INT SB-FRS") that are effective for annual periods beginning on or after 1 April 2012. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Board.

2.3 SB-FRS and INT SB-FRS issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 1 Presentation of Items of Other Comprehensive Income	1 July 2012
Revised FRS 19 Employee Benefits	1 January 2013
FRS 113 Fair Value Measurements	1 January 2013
Amendments to FRS 107 Disclosures – Offsetting of Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 101 – Government Loans	1 January 2013
Improvements to FRSs 2012	
- Amendment to FRS 1 Presentation of Financial Statements	1 January 2013
- Amendment to FRS 16 Property, Plant and Equipment	1 January 2013
- Amendment to FRS 32 Financial Instruments: Presentation	1 January 2013
- Amendment to FRS 34 Interim Financial Reporting	1 January 2013
- Amendment to FRS 101 First-time Adoption of International Financial Reporting Standards	1 January 2013
Revised FRS 27 Separate Financial Statements	1 January 2014
Revised FRS 28 Investments in Associates and Joint Ventures	1 January 2014
FRS 110 Consolidated Financial Statements	1 January 2014
FRS 111 Joint Arrangements	1 January 2014
FRS 112 Disclosure of Interests in Other Entities	1 January 2014
Amendments to FRS 32 Offsetting of Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 110 Consolidated Financial Statements	1 January 2014
Amendments to FRS 111 Joint Arrangements	1 January 2014
Amendments to FRS 112 Disclosure of Interests in Other Entities	1 January 2014
Amendments to FRS 110 Consolidated Financial Statements, FRS 111 Joint Arrangements and FRS 112 Disclosure of Interests in Other Entities – Transition Guidance	1 January 2014
Amendments to FRS 110, FRS 112 and FRS 27, Investment Entities	1 January 2014

The Board expects that the adoption of the above pronouncements will not have a significant impact on the financial statements in the period of initial application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation

The financial statements of the Group include the financial statements of the Board and its subsidiary made up to the end of the financial year. Information on its subsidiary is given in Note 5.

All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only. The results of subsidiary acquired or disposed of during the financial year are included or excluded from the consolidated income statement from the effective date in which control is transferred to the Group or in which control ceases, respectively.

2.5 Functional currency

Items included in the financial statements in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Singapore Dollars, which is the Board's functional currency.

The Board and the subsidiary determine its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Board and its subsidiary and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.6 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to write-off the cost of these assets over their estimated useful lives as follows:

Mechanical and electrical equipment	5 years
Furniture and fittings	5 years
Office equipment	5 years
Personal computers	3 years
Audio visual equipment	5 years
Computer and communication systems	5 years
Renovation	3 years

Development project-in-progress is not depreciated until assets are completed and ready for use.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Plant and equipment (cont'd)

Subsequent expenditure relating to plant and equipment that have 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 Board and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the year of acquisition and no depreciation is provided in the year of disposal respectively. Fully depreciated plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual lives are reviewed and adjusted as appropriate, at each reporting date as a change in estimates.

2.7 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Subsidiary

A subsidiary is an entity over which the Board has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Board's separate financial statements, investment in subsidiary is accounted for at cost less impairment losses. On disposal of investment in subsidiary, the difference between disposal proceed and the carrying amount of the investment is taken to profit or loss.

2.9 Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loan and receivables include trade and other receivables and amount owing by subsidiary. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write back is recognised in the profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

For the purpose of presentation in the financial statements, cash and cash equivalents comprise cash at bank, cash held under CLM scheme, fixed deposits with financial institutions and cash balances with the Accountant-General Department which are subject to an insignificant risk of change in value.

2.11 Impairment of financial assets

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

a) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.13 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants to meet the current year's operating expenses are recognised as income in the financial year in which the operating expenses are incurred.

Where the grant relates to an asset, the fair value is recognised as grant received in advance on the balance sheet and is amortised and charged in the statement of comprehensive income over the period necessary to match the depreciation of the assets purchased with the related grants. Upon disposal of plant and equipment, the balance of the related deferred capital grants is recognised in the statement of comprehensive income to match the net book value of the assets written-off.

2.14 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial liabilities (cont'd)

(a) Financial liabilities at fair value through profit or loss

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

(b) Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.15 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.16 Employee benefits

(a) Defined contribution plan

The Board participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Board makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlement to annual leave is recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Employee benefits (cont'd)

(c) Obligations in respect of pension scheme

The Board operates an unfunded defined benefit scheme for certain pensionable officers transferred to the Board on 1 April 2004. The provision has been calculated based on a percentage of pensionable emoluments for its serving pensionable officers each year as required by the Accountant-General's Department. The cost of providing for retirement benefits is charged or credited to the income and expenditure statement over the remaining service lives of the related employees participating in the defined benefit scheme as part of the staff costs and is included in the Statements of Financial Position as non-current liabilities.

Cost of providing defined benefit retirement benefits scheme ("the SEAB Pension Scheme") is determined using the projected unit credit method, with actuarial valuations being carried out.

The present value of obligation for all pensionable employees is determined by projecting each active officer's benefits accrued from the starting date of their service with the Board (i.e. 1 April 2004) up to the valuation date, allowing for salary increases of 2.5% per annum and the probability of earlier exists, and discounted using a long-term discount rate of 2.4% per annum. The obligations to existing pensioners under the SEAB Pension Scheme are calculated as the present value of pensions payable to the pensioners for their remaining lifetime.

Past service cost is recognised immediately to the extent that the benefits are already vested since the starting date of the pensionable employees' service with the Board.

2.17 Leases

Leases where the lessor effectively retains substantially all the risk and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.18 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue and the cost of transactions can be reliably measured, regardless of when the payment is made. No revenue is recognised if there are significant uncertainties regarding recovery of the considerations due, associated costs or the possible return of fee revenue.

The following specific recognition criteria must also be met before revenue is recognised:

Income from examinations fees is recognised in the income statements when the services are rendered. Income that is received in advance of service being rendered is deferred and reflected as revenue received in advance included under other payables.

Interest income is recognised using the effective interest method.

Revenue from professional services is recognised upon rendering such services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Board; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Board.

Contingent liabilities and assets are not recognised on the balance sheet of the Board, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.20 Derivative financial instrument & hedging

The Group uses derivative financial instruments such as forward currency contracts to hedge its risk associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently re-measured at fair value.

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Derivative financial instrument & hedging (continued)

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income in cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss in other expenses.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecasted transactions and firm commitments.

2.21 Capital

Proceeds from issuance of shares are recognised as capital in equity.

2.22 Statutory contribution to consolidated fund

In lieu of income tax, the Board is required to make contribution to the Consolidated Fund based on the net surplus of the Board (before donations) for the financial year. The contribution rate used to compute the amount is pegged at the statutory corporate income rate of the preceding year of assessment.

2.23 Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.24 Related parties

The Board is established as a statutory board and is an entity related to the Government of Singapore. The Board's related parties refer to Government-related entities including Ministries, Organs of State and other Statutory Boards. The Board applies the exemption in Paragraph 25 of SB-FRS 24 Related Party Disclosures, and required disclosures are limited to the following information to enable users of the Board's financial statements to understand the effect of related party transactions on the financial statements:

(i) the nature and amount of each individually significant transaction with Ministries, Organs of State and other Statutory Boards; and

(ii) for other transactions with Ministries, Organs of State and other Statutory Boards that are collectively but not individually significant, a qualitative or quantitative indication of their extent.

3. SIGNIFICANT ACCOUTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with SB-FRS requires the use of judgements, estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and area involving a high degree of judgements are described below:

(b) Obligation in respect of pension scheme

In computing the obligations in respect of pension scheme, the Board made certain assumptions and estimates with regards to the employee's retirement age, the most likely pension scheme the employee will opt in, the employee's current potential assessment, and the maximum full annual pension salary entitlement. The Board has carried out an actuarial valuation in determining the present value of obligations in respect of pension scheme by allowing for salary increases of 2.5% per annum and the probability of earlier exits, and discounted using a long-term discount rate of 2.4% (2012: 2.4%) per annum.

(c) Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 5 years. The carrying amount of both the Board's and the Group's plant and equipment at 31 March 2013 was $3,319,656 (2012: $5,521,510). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(d) Allowance for bad and doubtful debts

Allowances for bad and doubtful debts are based on an assessment of recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balance may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

4. PLANT AND EQUIPMENT

	Mechanical and electrical equipment $	Furniture and fittings $	Office equipment $	Personal computer $	Audio visual equipment $	Computer and communication systems $	Development project-in-progress $	Renovation $	Total $
The Board									
Cost									
As at 31 March 2011	1,198,020	423,656	1,491,789	1,034,702	209,467	17,399,411	2,440	1,207,703	22,967,188
Additions	25,998	31,730	21,112	16,877	7,794	4,900	458,013	108,331	674,755
Disposals/Written off	–	–	(27,467)	(338,411)	(1,001)	–	–	–	(366,879)
Capitalisation transfer	23,000	4,800	100,000	29,747	35,118	87,725	(460,453)	180,063	–
As at 31 March 2012	1,247,018	460,186	1,585,434	742,915	251,378	17,492,036	–	1,496,097	23,275,064
Additions	38,843	34,976	136,666	70,043	38,255	35,000	–	23,628	377,411
Disposals/Written off	–	(3,930)	(109,909)	(72,646)	(23,194)	(7,560,577)	–	–	(7,770,256)
As at 31 March 2013	1,285,861	491,232	1,612,191	740,312	266,439	9,966,459	–	1,519,725	15,882,219
Accumulated depreciation									
At 31 March 2011	1,066,782	411,784	802,298	822,226	147,288	11,032,166	–	1,132,635	15,415,179
Depreciation for the year	53,903	9,322	228,105	182,020	26,881	2,077,822	–	112,348	2,690,401
Disposals/Written off	–	–	(27,467)	(323,558)	(1,001)	–	–	–	(352,026)
As at 31 March 2012	1,120,685	421,106	1,002,936	680,688	173,168	13,109,988	–	1,244,983	17,753,554
Depreciation for the year	51,078	15,910	252,678	48,474	30,652	2,077,122	–	103,351	2,579,265
Disposals/Written off	–	(3,930)	(109,909)	(72,646)	(23,194)	(7,560,577)	–	–	(7,770,256)
As at 31 March 2013	1,171,763	433,086	1,145,705	656,516	180,626	7,626,533	–	1,348,334	12,562,563
Net book value									
As at 31 March 2013	114,098	58,146	466,486	83,796	85,813	2,339,926	–	171,391	3,319,656
As at 31 March 2012	126,333	39,080	582,498	62,227	78,210	4,382,048	–	251,114	5,521,510

4. PLANT AND EQUIPMENT (CONT'D)

The Group	Mechanical and electrical equipment $	Furniture and fittings $	Office equipment $	Personal computer $	Audio visual equipment $	Computer and communication systems $	Development project-in-progress $	Renovation $	Total $
Cost									
At 31 March 2011	1,198,020	423,656	1,494,781	1,047,624	209,467	17,401,490	2,440	1,207,703	22,985,181
Additions	25,998	31,730	21,112	16,877	7,794	4,900	458,013	108,331	674,755
Disposals/Written off	–	–	(27,467)	(338,411)	(1,001)	–	–	–	(366,879)
Capitalisation transfer	23,000	4,800	100,000	29,747	35,118	87,725	(460,453)	180,063	–
As at 31 March 2012	1,247,018	460,186	1,588,426	755,837	251,378	17,494,115	–	1,496,097	23,293,057
Additions	38,843	34,976	136,666	70,043	38,255	35,000	–	23,628	377,411
Disposals/Written off	–	(3,930)	(109,909)	(72,646)	(23,194)	(7,560,577)	–	–	(7,770,256)
As at 31 March 2013	1,285,861	491,232	1,615,183	753,234	266,439	9,968,538	–	1,519,725	15,900,212
Accumulated depreciation									
At 31 March 2011	1,066,782	411,784	805,140	833,203	147,288	11,032,917	–	1,132,635	15,429,749
Depreciation for the year	53,903	9,322	228,255	183,965	26,881	2,079,150	–	112,348	2,693,824
Disposals/Written off	–	–	(27,467)	(323,558)	(1,001)	–	–	–	(352,026)
As at 31 March 2012	1,120,685	421,106	1,005,928	693,610	173,168	13,112,067	–	1,244,983	17,771,547
Depreciation for the year	51,078	15,910	252,678	48,474	30,652	2,077,122	–	103,351	2,579,265
Disposals/Written off	–	(3,930)	(109,909)	(72,646)	(23,194)	(7,560,577)	–	–	(7,770,256)
As at 31 March 2013	1,171,763	433,086	1,148,697	669,438	180,626	7,628,612	–	1,348,334	12,580,556
Net book value									
As at 31 March 2013	114,098	58,146	466,486	83,796	85,813	2,339,926	–	171,391	3,319,656
As at 31 March 2012	126,333	39,080	582,498	62,227	78,210	4,382,048	–	251,114	5,521,510

5. INVESTMENT IN SUBSIDIARY

	The Board	
	2013	**2012**
	$	$
Unquoted equity investments, at cost	2	2

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2013	2012
Held by the Board:				
Sigma Assessment Services Pte Ltd [i]	Singapore	Provide training, organising workshops and consultancy work	100	100

[i] Audited by James Chan & Partners LLP

6. TRADE AND OTHER RECEIVABLES

	The Board		The Group	
	2013	**2012**	**2013**	**2012**
	$	$	$	$
Trade receivables	824,436	1,855,415	851,432	1,918,167
Fixed deposit interest receivable	179,449	162,106	180,521	162,106
Staff study loan	35,006	45,002	35,006	45,002
Other receivables	253,241	477,210	254,741	478,729
Total other receivables	467,696	684,318	470,268	685,837
Total trade and other receivables	1,292,132	2,539,733	1,321,700	2,604,004

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days' terms. The Board and the Group have significant concentration of credit risk. One debtor constitutes 99% (2012: 99%) of the total trade receivables.

Staff study loan

Study loan relates to an interest-free study loan of $50,000 granted to a staff. Upon completion of course of study, the staff has to serve the Board or any body or organisation as directed by the Board for a period of 5 years. The study loan is to be repaid in equal instalments from 28 Oct 2011 to 27 Oct 2016. The fair value of the study loan has not been adjusted as the difference between the carrying amount and fair values are not significant to the Board.

7. AMOUNT OWING BY SUBSIDIARY

	The Board	
	2013	2012
	$	$
Amount owing by subsidiary		
- Trade	50,617	32,283
	50,617	32,283

8. DERIVATIVES

	The Board and the Group					
	2013 $			2012 $		
	Contract/ Notional Amount	Assets	Liabilities	Contract/ Notional Amount	Assets	Liabilities
Forward currency contracts	13,823,140	–	(646,573)	29,190,890	331,771	–

Forward currency contracts are used to hedge foreign currency risk arising from the Board's expected future payments denominated in GBP for which the Board has highly probable forecasted transactions.

9. CASH AND CASH EQUIVALENTS

	The Board		The Group	
	2013	2012	2013	2012
	$	$	$	$
Cash and bank balances	3,697,513	9,028	3,889,713	56,386
Cash with Accountant-General's Department ("AGD")	5,297,939	7,772,714	5,297,939	7,772,714
Cash held under CLM scheme	67,021,863	58,831,372	67,021,863	58,831,372
Fixed deposits	–	–	802,815	800,000
Total cash and cash equivalents	76,017,315	66,613,114	77,012,330	67,460,472

Cash held under the Centralised Liquidity Management ("CLM") scheme and cash and bank balances earn interest at floating rates based on daily bank deposit rates.

Cash with AGD does not earn any interest.

9. CASH AND CASH EQUIVALENTS (CONT'D)

Cash and cash equivalents are denominated in the following currencies:

	The Board		The Group	
	2013	2012	2013	2012
	$	$	$	$
Singapore Dollar	72,714,947	66,604,053	73,709,962	67,451,411
Sterling Pound	3,302,368	9,061	3,302,368	9,061
	76,017,315	66,613,114	77,012,330	67,460,472

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	The Group	
	2013	2012
	$	$
Cash and bank balances	76,209,515	66,660,472
Fixed deposits	802,815	800,000
	77,012,330	67,460,472

10. TRADE AND OTHER PAYABLES

	The Board		The Group	
	2013	2012	2013	2012
	$	$	$	$
Trade payables	8,744,168	1,455,323	8,744,168	1,455,323
GST payable	53,754	26,214	55,828	27,235
Accrued expenses	3,394,586	3,187,990	3,401,452	3,192,315
Other payables	514,826	322,194	514,826	322,194
	12,707,334	4,991,721	12,716,274	4,997,067

Trade payables/other payables
These amounts are non-interest bearing. Trade payables are normally settled on 30 – 90 days terms.

Trade and other payables are denominated in the following currencies:

	The Board		The Group	
	2013	2012	2013	2012
	$	$	$	$
Singapore Dollar	4,938,601	4,495,712	4,947,541	4,501,058
Sterling Pound	7,535,948	496,009	7,535,948	496,009
Australian Dollar	216,937	–	216,937	–
United States Dollar	15,848	–	15,848	–
	12,707,334	4,991,721	12,716,274	4,997,067

11. GRANTS RECEIVED IN ADVANCE

	The Board and the Group	
	2013	**2012**
	$	$
Balance at beginning	3,217,033	2,562,452
Grants received	28,589,987	32,964,040
Transferred to income and expenditure account during the year – operating grants	(30,090,282)	(32,309,459)
Balance at end	1,716,738	3,217,033

	2013	**2012**
	$	$
Total grants received since inception of the Board	268,551,097	239,961,110

12. PROVISION FOR CONTRIBUTION TO CONSOLIDATED FUND

	The Board and the Group	
	2013	**2012**
	$	$
Balance at beginning	1,088,857	2,000,629
Payment during the year	(1,088,857)	(2,000,629)
Provision for the year	514,522	1,088,857
Balance at end	514,522	1,088,857

13. OBLIGATION IN RESPECT OF PENSION SCHEME

	The Board and the Group	
	2013	2012
	$	$
Balance at beginning	4,240,436	3,029,492
Payment during the year	(26,331)	(26,331)
Provision for the year	264,218	1,237,275
Balance at end	4,478,323	4,240,436

The amount recognised in the income and expenditure statement are as follows:

	The Board and the Group	
	2013	2012
	$	$
Current service cost	148,667	105,154
Interest cost	115,551	87,948
Net actuarial loss recognised in the year	–	1,044,173
	264,218	1,237,275

The principal assumptions used in respect of the Board's and the Group's obligations in respect of the pension scheme were as follows:

	The Board and the Group	
	2013	2012
	%	%
Discount rate	2.4	2.4
Expected rate of salary increases	2.5	2.5

The retirement age is assumed to be 60 and the employee has completed 10 years of public service or when employee has completed 33.33 years of public service, whichever is earlier.

14. CAPITAL ACCOUNT

	The Board and the Group			
	2013		2012	
	No. of shares	$	No. of shares	$
Issued and fully paid ordinary shares				
At 1 April	9,626,713	9,626,713	9,237,115	9,237,115
Issue of ordinary shares	–	–	389,598	389,598
At 31 March	9,626,713	9,626,713	9,626,713	9,626,713

With effect from 1 September 2004, the Ministry of Finance ("MOF") implemented a new debt-equity financing framework for statutory boards. Under this framework, the Government would fund 40% of the project costs as equity injection and the Board would fund the remaining 60% through loan.

Ministry of Finance is entitled to receive dividends annually, computed based on the cost of equity applied to the Board's equity base. The shares carry neither rights nor par value.

15. HEDGING RESERVE

Hedging reserve records the portion of the fair value changes (net of tax) on derivative financial instruments designated as hedging instruments in cash flow hedges that are determined to be an effective hedge.

16. OTHER OPERATING INCOME

	The Board		The Group	
	2013	2012	2013	2012
	$	$	$	$
Professional services	1,656,406	1,769,448	1,696,041	1,804,363
Others (including non-national exams projects)	5,599,561	6,356,728	5,666,443	6,410,929
	7,255,967	8,126,176	7,362,484	8,215,292

17. STAFF COSTS

	The Board		The Group	
	2013	2012	2013	2012
	$	$	$	$
Key management personnel				
Salaries and related costs	1,400,555	1,198,230	1,400,555	1,198,230
CPF contribution	57,859	39,386	57,859	39,386
Pension benefits	32,813	105,687	32,813	105,687
	1,491,227	1,343,303	1,491,227	1,343,303
Other than key management personnel				
Salaries and related costs	16,681,892	15,341,564	16,681,892	15,341,564
CPF contribution	1,653,127	1,507,183	1,653,127	1,507,183
Pension benefits	231,405	1,131,588	231,405	1,131,588
	18,566,424	17,980,335	18,566,424	17,980,335
	20,057,651	19,323,638	20,057,651	19,323,638

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Departmental directors are considered key management personnel.

18. OTHER OPERATING EXPENSES

	The Board		The Group	
	2013	2012	2013	2012
	$	$	$	$
Examinations administrative expenses	12,012,564	11,527,662	12,012,664	11,527,712
Maintenance of office premises and information systems	4,865,227	5,066,050	4,865,227	5,066,185
General and administrative expenses	9,367,798	10,334,907	9,379,483	10,348,901
	26,245,589	26,928,619	26,257,374	26,942,798

18. OTHER OPERATING EXPENSES (CONT'D)

Included in other operating expenses are:

	The Board and the Group	
	2013	**2012**
	$	$
Directors' fees	117,742	79,155
Exchange (gain)/loss	(186,215)	643,305
Operating lease rentals	4,157,141	3,991,537
Gain on disposal of property, plant and equipment	(1,975)	(13,314)

19. CONTRIBUTION TO CONSOLIDATED FUND

Under Section 13(1)(e) and the First Schedule of the Singapore Income Tax Act, Chapter 134, the income of the Board is exempt from income tax.

In lieu of income tax, the Board is required to make contribution to the Government Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act (Chapter 319A).

The contribution for the current financial year amounted to 17% (2012: 17%) of surplus before contribution to Consolidated Fund.

20. TAXATION

	The Group	
	2013	**2012**
	$	$
Current taxation	5,480	5,418

20. TAXATION (CONT'D)

The tax expense on the results of the financial year varies from the amount that would arise using the Singapore standard rate of income tax due to the following:

	The Group	
	2013	**2012**
	$	$
Net surplus before contribution to Consolidated Fund and taxation	3,123,700	6,478,072
Tax at statutory rate of 17%	531,029	1,101,272
Tax effect on the Board's contribution to Consolidated Fund	(514,522)	(1,088,857)
Tax effect on non-deductible expenses	–	582
Over provision of prior year	–	(655)
Singapore statutory stepped income exemption	(8,678)	(6,924)
CIT rebate	(2,349)	–
	5,480	5,418

21. DIVIDENDS

	The Board and the Group	
	2013	**2012**
	$	$
Declared and paid during the financial year :		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2013: 18.74 cents (2012: 8.22) per share	1,804,000	759,000

22. COMMITMENTS

Operating lease commitments – as lessee

The Board and the Group have entered into lease agreements for its office premises at various locations with Singapore Land Authority. These non-cancellable leases have lease terms of more than one year.

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	The Board and the Group	
	2013	**2012**
	$	$
Not later than one year	3,348,822	2,759,862
Later than one year and not later than five years	2,133,036	504,774
	5,481,858	3,264,636

The leases on the Board's and the Group's premises on which rentals are payable will expire latest on 31 December 2014 and the current rent payable on the lease range from $56,086 to $122,641 per month respectively which are subject to revision on renewal.

Other commitments

The Board has an arrangement for the use of computer equipment and related services under an agreement for a Standard ICT Operating Environment ("SOE") which was entered into between the Government and a service provider. The Board pays a monthly fee for the use of those equipment and related services. For the financial year ended 31 March 2013, $635,767 (2012: $563,993) was recognised in the statement of comprehensive income.

23. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

Categories of financial instruments

	The Board		The Group	
	2013	**2012**	**2013**	**2012**
	$	$	$	$
Trade and other receivables	1,292,132	2,539,733	1,321,700	2,604,004
Amount owing by subsidiary	50,617	32,283	–	–
Cash and cash equivalents	76,017,315	66,613,114	77,012,330	67,460,471
Total loans and receivables	77,360,064	69,185,130	78,334,030	70,064,475
Trade and other payables	12,707,334	4,991,721	12,716,274	4,997,067
Total financial liabilities carried at amortised cost	12,707,334	4,991,721	12,716,274	4,997,067

23. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

The Board and the Group

The Board's and the Group's financial risk management policies set out their overall strategies and its risk management philosophy. The Board and the Group are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Board's and the Group's overall risk management programme focuses on the unpredictability of foreign exchange, particularly between SGD and GBP and seeks to minimise adverse effect from the unpredictability of currency fluctuation between 2 currencies on the Board's and the Group's financial performance. The Board and the Group use forward foreign exchange contracts to hedge certain risk exposures.

The Board and the Group have written policies and guidelines, which set out its general risk management philosophy. There have been no change to the Board's and the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Board's and the Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short-term deposits), the Board and the Group minimise credit risk by dealing exclusively with reputable financial institutions and with the Account-General's Department.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The carrying amount of cash and cash equivalent, trade and other receivables represent the Board's and the Group's maximum exposure to credit risk. No other financial assets carrying significant exposures to credit risk except as disclosed above.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Based on historical default rates, the Board and the Group believe that no impairment allowance is necessary in respect of trade receivables not past due or past due but not impaired. These receivables are mainly arising by customers that have a good credit record with the Board and the Group.

(b) Liquidity Risk

Liquidity risk is the risk that the Board and the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Board's and the Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Board's and the Group's objective is to maintain a level of cash and cash equivalents deemed adequate by management to finance the Board operations.

23. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

(b) Liquidity Risk (cont'd)

The table below summarises the maturity profile of the Board's and the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	2013 $	2012 $
The Board	**One year or less**	**One year or less**
Financial assets:		
Trade and other receivables	1,292,132	2,539,733
Amount owing by subsidiary	50,617	32,283
Derivatives	–	331,771
Cash and cash equivalents	76,017,315	66,613,114
Total undiscounted financial assets	77,360,064	69,516,901
Financial liabilities:		
Trade and other payables	12,707,334	4,991,721
Derivatives	646,573	–
Total undiscounted financial liabilities	13,353,907	4,991,721
Total net undiscounted financial assets	64,006,157	64,525,180

	2013 $	2012 $
The Group	**One year or less**	**One year or less**
Financial assets:		
Trade and other receivables	1,321,700	2,604,004
Derivatives	–	331,771
Cash and cash equivalents	77,012,330	67,460,472
Total undiscounted financial assets	78,334,030	70,396,247
Financial liabilities:		
Trade and other payables	12,716,274	4,997,067
Derivatives	646,573	–
Total undiscounted financial liabilities	13,362,847	4,997,067
Total net undiscounted financial assets	64,971,183	65,399,180

23. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

(c) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly from payment due to an overseas examination board.

As a result, the Board is exposed to movements in foreign currency exchange rates arising from normal trading transactions, primarily with respect to Sterling pound (GBP). Where appropriate, foreign currency forward contracts are entered into to manage exposure to movements in foreign currency exchange rates on specific transactions. The risk management policy is to substantially enter into foreign exchange contracts for payment anticipated.

As at 31 March 2013, the Board and the Group have the following forward foreign exchange contracts commitments to meet expected future payments up to March 2014:

	The Board and the Group	
	2013	**2012**
	$	$
Sterling Pound	13,823,140	29,190,890

Cash flow hedges

At 31 March 2013, the Group held foreign currency forward contracts, designated as hedges of expected future payments to an overseas examination board in the United Kingdom for which the Group has highly probable forecasted transactions. The foreign currency forward contracts are being used to hedge the foreign currency risk of expected future payments.

	The Board and the Group	
	2013	**2012**
	$	$
Foreign currency forward contracts		
Net unrealised (loss)/gain	(978,344)	331,771

The terms of the foreign currency forward contracts have been negotiated to match expected future payments. There were no highly probable transactions for which hedge accounting has been claimed that have not occurred and no significant element of hedge ineffectiveness requiring recognition in profit or loss.

As at 31 March 2013, a net unrealised loss of $978,344 (2012: gain of $331,771) was recognised in other comprehensive income. This arose from changes in the fair value of its forward foreign exchange contract commitments to hedge against expected future cash flow payments up to March 2014.

24. CAPITAL MANAGEMENT

The primary objective of the Board and the Group's capital management is to ensure that it safeguards the Board and the Group's ability as a going concern and to provide capacity to support the Board and the Group's future development.

The Board is required to comply with the Capital Management Framework for Statutory Boards detailed in Finance Circular Minute M26/2008, including the need to declare annual dividends to the Ministry of Finance (MOF) in returns for the equity injection. The Group's capital structure is based on the Ministry of Finance recommended debt-equity ratio of 60-40.

No changes were made in the objectives, policies or processes during the years ended 31 March 2013 and 31 March 2012.

25. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 March 2013 were authorised for issue by members of the Board on 16 July 2013.