FINANCIAL STATEMENTS

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STATEMENT BY THE MEMBERS OF THE BOARD

In our opinion, the accompanying financial statements of the funds managed by the Board as set out on pages 4 to 82 are drawn up so as to give a true and fair view of the net assets of the funds managed by the Board as at 31 December 2014, and the changes in these fund balances and cash flows for the financial year then ended.

On behalf of the Board

Chiang Chie Foo
Chairman

Ng Chee Peng
Chief Executive Officer

15 April 2015

INDEPENDENT AUDITOR'S REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE CENTRAL PROVIDENT FUND BOARD

Report on the financial statements of the funds managed by the Board

We have audited the accompanying financial statements of the funds managed by the Central Provident Fund Board (the "Board"), which comprise the statement of net assets of funds managed by the Board as at 31 December 2014, the statement of changes in fund balances and the statement of cash flows of the funds for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 82.

Management's responsibility for the financial statements

The management of the Board is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Central Provident Fund Act, (Chapter 36, Revised Edition 2013) (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 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 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.

Opinion

In our opinion, the financial statements of the funds managed by the Board 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 net assets of the funds managed by the Board as at 31 December 2014 and the changes in these fund balances and cash flows for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE CENTRAL PROVIDENT FUND BOARD

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, investments 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, investments 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, investments 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, investments 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 and Young LLP
Public Accountants and
Chartered Accountants

Singapore
15 April 2015

STATEMENT OF NET ASSETS OF FUNDS
AS AT 31 DECEMBER 2014

	Note	2014 S$'000	2013 S$'000
Central Provident Fund			
Total assets			
Property, plant and equipment	3	97,010	100,007
Intangible assets	4	17,850	22,641
Investment property	5	70,300	69,000
Investments	6	274,979,277	252,643,383
Debtors and other receivables	7	2,628,078	2,352,662
Cash and cash equivalents	8	320,482	458,877
		278,112,997	255,646,570
Total liabilities			
Creditors, accruals and provisions	9	335,497	383,510
		335,497	383,510
Net assets of the Central Provident Fund	17	**277,777,500**	**255,263,060**
Insurance Funds			
Net assets			
Home Protection Fund	20	**1,436,149**	**1,233,653**
MediShield Fund	20	**732,446**	**613,262**
Lifelong Income Fund	20	–	–
Dependants' Protection Residual Fund	21	–	–
Other Funds			
Net assets of Trust Funds	22	**2,710,818**	**3,371,721**

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

STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 S$'000	2013 S$'000
Central Provident Fund			
Fund balances as at 1 January		255,263,060	232,509,917
Add:			
Contributions (net of refunds) by members	10	27,916,624	26,467,104
Government grants to members	11	1,654,728	1,909,767
Dividends from Special Discounted Shares		150,776	153,176
Income from investments	12	10,170,698	9,331,343
Net change in fair value of available-for-sale financial assets		46,218	(127,905)
Change in fair value of investment property	5	81	9,500
Interest income from bank deposits		2,231	4,068
Other operating income	13	117,218	102,790
		40,058,574	37,849,843
Less:			
Withdrawals (net of refunds) by members	14	17,297,772	14,862,449
General and administrative expense	15	6,832	6,903
Other operating expenses	16	239,530	227,348
		17,544,134	15,096,700
Net increase in the Central Provident Fund		22,514,440	22,753,143
Fund balances as at 31 December	17	**277,777,500**	**255,263,060**
Represented by:			
Members' accounts	17	275,363,930	252,968,636
General moneys of the Fund	17	49,559	48,564
Accumulated surplus	17	2,310,795	2,238,862
Fair value reserve	17	53,216	6,998
	17	**277,777,500**	**255,263,060**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 S$'000	2013 S$'000
Central Provident Fund			
Cash flows from operating activities			
Net increase in the Central Provident Fund		**22,514,440**	**22,753,143**
Adjustments for:			
Income from investments	12	(10,170,698)	(9,331,343)
Net change in fair value of available-for-sale financial assets		(46,218)	127,905
Change in fair value of investment property	5	(81)	(9,500)
Interest income from bank deposits		(2,231)	(4,068)
Income from transfers of property, plant and equipment	23 (iv)	(536)	–
Gain from sale of property, plant and equipment		–	(1,419)
Depreciation and amortisation	16	23,631	23,421
Property, plant and equipment written off		327	1,084
Intangible assets written off		1,186	5,297
Cash generated before changes in operating assets and liabilities		**12,319,820**	**13,564,520**
Changes in operating assets and liabilities:			
Debtors and other receivables		(12,311)	1,599
Creditors, accruals and provisions		13,141	44,652
Cash received for liabilities transferred from the dissolved Dependants' Protection Residual Fund		–	15,646
Net acquisition of special issues of Singapore Government securities		(21,706,332)	(22,390,587)
Net placement of advance deposits		(450,979)	(227,199)
Cash used in operations		**(9,836,661)**	**(8,991,369)**
Interest received from held-to-maturity financial assets and bank deposits		9,834,951	9,064,655
Net cash (used in) / from operating activities		**(1,710)**	**73,286**
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(2,810)	(3,947)
Payments for purchase of intangible assets		(9,095)	(10,435)
Subsequent expenditure on investment property		(442)	–
Acquisition of available-for-sale financial assets		(190,718)	(383,294)
Proceeds from sale of property, plant and equipment		–	1,126
Proceeds from sale of investment property		–	163,071
Proceeds from sale of available-for-sale financial assets		22,619	–
Redemption and capital reduction of available-for-sale financial assets		34,222	25,673
Interest received from available-for-sale financial assets		55,816	48,909
Dividends received	12	20,569	14,047
Net cash used in investing activities		**(69,839)**	**(144,850)**
Net decrease in cash and cash equivalents		**(71,549)**	**(71,564)**
Cash and cash equivalents as at 1 January		273,464	345,028
Cash and cash equivalents as at 31 December	8	**201,915**	**273,464**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1. Domicile and activities

Central Provident Fund Board (the "Board") is a statutory board established under the Central Provident Fund Act (Chapter 36, Revised Edition 2013) (the "Act") under the purview of the Ministry of Manpower. As a statutory board, the Board is subject to the directions of the Ministry of Manpower and is required to implement policies as determined by the Ministry of Manpower and other Government ministries such as the Ministry of Finance from time to time.

The office address of the Board is 79 Robinson Road, CPF Building, Singapore 068897.

Funds managed by the Board

As set out in the Act, the Board is the trustee of the Central Provident Fund ("CPF") and the administrator of the Home Protection Fund, MediShield Fund and Lifelong Income Fund (collectively known as the "Insurance Funds").

The principal activities of the Board include the collection of CPF contributions, the processing of withdrawals of CPF savings by members under the various schemes and the administration of the Home Protection Fund, MediShield Fund and Lifelong Income Fund.

The Board is also appointed as the trustee of, and administers the Deferment Bonus Fund, CPF LIFE Bonus Fund, Trust Fund for the Special Employment Credit Scheme, Trust Fund for the Workfare Special Bonus Scheme and other trust funds received from the Government (collectively known as "Trust Funds"). Details of the Trust Funds are disclosed in note 22.

Central Provident Fund

The Central Provident Fund is established by the Act. It is the national social security savings scheme of Singapore, jointly supported by employees, employers and the Government. All contributions authorised under the Act are paid into the CPF and all payments authorised under the Act are paid out of the CPF.

Insurance Funds

(a) The **Home Protection Fund** is set up under section 33 of the Act to account for premiums received, claims paid for home mortgage insurance cover and operating expenses incurred under the Home Protection Insurance Scheme.

(b) The **MediShield Fund** is set up under section 56 of the Act to account for premiums received, claims paid for medical insurance cover and operating expenses incurred under the MediShield Scheme.

(c) The **Lifelong Income Fund** is set up under section 27N of the Act to account for premiums received, monthly payouts made and operating expenses incurred under the Lifelong Income Scheme. The Lifelong Income Scheme is designed to provide the insured member a monthly payout, starting from the annuity payout start age of the insured member, for as long as the member is alive. Investment of moneys in the Lifelong Income Fund is governed by section 27N(3) of the Act.

The assets and liabilities of the Insurance Funds are subjected to the requirements of the Act and CPF Regulations governing the Insurance Funds. These assets and liabilities are segregated from each other, and from those of the CPF, and can only be withdrawn in accordance with the relevant legislation.

2. Summary of significant accounting policies

2.1 Basis of preparation

In its capacity as trustee and administrator of the respective funds, all operating expenses of the Board are charged against the respective funds. Consequently, all the financial transactions of the Board are reported under the respective funds accordingly. The Board does not separately have any assets or liabilities.

The financial statements of the funds managed by the Board have been prepared in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards ("SB-FRS"). SB-FRS include Statutory Board Financial Reporting Standards, Interpretations of SB-FRS and SB-FRS Guidance Notes as promulgated by the Accountant-General. The presentation of the financial statements of the Board is in accordance with SB-FRS 26 *Accounting and Reporting by Retirement Benefit Plan*.

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

The financial statements are presented in Singapore Dollars (S$) which is the functional currency of the funds managed by the Board. All financial information presented in Singapore Dollars has been rounded to the nearest thousand (S$'000), except when otherwise stated.

The preparation of financial statements in conformity with SB-FRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 19.1 and 20.9 – Valuation of financial instruments
Note 20.7 – Valuation of insurance contract liabilities

The key assumptions concerning the future and other key sources of estimations that have significant risks of resulting in material adjustments to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

Note 5 – Valuation of investment property
Note 20.7 – Valuation of insurance contract liabilities
Note 20.9 – Valuation of financial instruments

Assumptions and estimates made by management are based on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of management. Such changes are reflected in the assumptions when they occur.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

2.3 Basis of recognition of contributions, withdrawals, Government grants, interest and other income

Based on the Act and CPF Regulations:

(a) Contributions, Government grants and dividends from Special Discounted Shares are recognised when received and credited directly to the members' accounts.

(b) Withdrawals by members are recognised when authorised and debited from the members' accounts.

(c) Penalty interest on late contributions is recognised when received.

(d) Interest payable to members is recognised as it accrues.

Interest income from investments and interest income from bank deposits are recognised as they accrue, using the effective interest method.

Dividends from investments are recognised when the shareholder's right to receive payments has been established.

Agency fees and income from other services provided are recognised when the services have been rendered.

Rental income arising from operating leases on property, plant and equipment and investment property is accounted for on a straight-line basis over the terms of the leases.

2.4 Operating expenses

All operating expenses incurred by the Board and relating to the CPF, Home Protection Fund, MediShield Fund and Lifelong Income Fund are charged to the respective funds when incurred.

All operating expenses of trust funds are taken up in the respective trust funds when paid.

2.5 Insurance contracts

Insurance contracts issued under the Home Protection Insurance Scheme, MediShield Scheme and Lifelong Income Scheme work on the principle of risk transfer. Insurance contracts are those contracts under which the Insurance Funds accept significant insurance risks from the insured member by agreeing to compensate the insured member or other beneficiary, if a specified uncertain future event adversely affects the insured member.

The Board is not required to unbundle any insurance contract as the accounting policy recognises all insurance premiums, claims and benefit payments, expenses and valuation of actuarial liabilities, through the changes in fund balances of the Insurance Funds.

2.6 Basis of recognition and measurement of insurance premiums, claims, benefits incurred and insurance contract liabilities

(a) Premiums

Premiums from insured members are recognised on their respective due dates. Premiums not received on the due date are recognised as revenue with the corresponding outstanding premiums receivable reported in the statement of net assets of the Insurance Funds.

(b) Claims and benefits incurred

Claims include surrenders, death claims and claims incurred under other claim events. Surrenders are recorded when the obligation to make the payout arises. Death claims and payments on other claim events are recorded when notified. Annuity payouts from the Lifelong Income Fund are recognised when due.

(c) Insurance contract liabilities

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined using assumptions considered appropriate for the policies in force. The actuarial valuation basis is determined by the Board based on the advice of the independent actuarial advisers to the Board.

2.7 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenses incurred that are directly attributable to the acquisition of the asset. Costs of dismantlement, removal or restoration are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

The cost of an item of property, plant and equipment below S$2,000 is recognised as an expense in the statement of changes in fund balances during the year in which the cost is incurred.

Subsequent costs incurred for an asset are recognised in the carrying amount of the asset, or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the funds managed by the Board and the cost of the item can be measured reliably. Costs of day-to-day servicing of property, plant and equipment are recognised as an expense when incurred.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed at the end of each year and adjusted prospectively, if appropriate, to ensure that they reflect the expected economic benefits derived from these assets.

Property, plant and equipment are depreciated on a straight-line basis, over their estimated useful lives as follows:

	Estimated useful life
Leasehold land	period of the lease
Buildings	50 years or period of the lease, whichever is shorter
Building renovation and improvement	remaining life of the building
Machinery and equipment	4 to 10 years
Furniture and fittings	8 years
Data processing equipment	3 to 5 years

Assets classified as construction-in-progress are not depreciated, as these assets are not available for use.

The carrying amount of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected from its use. Any gain or loss on derecognition of the asset is included in the statement of changes in fund balances in the year the asset is derecognised.

2.8 Intangible assets

Intangible assets consist of computer software and application system, including those under development. They are measured at cost less accumulated amortisation and any accumulated impairment losses. Cost includes expenses incurred directly to bring the asset to use or to develop the computer software or application system.

The cost of an intangible asset below S$2,000 is recognised as an expense in the statement of changes in fund balances during the year in which the cost is incurred.

Subsequent costs which enhance or extend the performance of computer software or application system beyond its original specifications and which can be reliably measured are recognised as capital improvements and recognised in the carrying amount of the asset. Costs associated with the support and maintenance of computer software and application systems are recognised as an expense when incurred.

The residual values, useful lives and amortisation methods of intangible assets are reviewed at the end of each year and adjusted prospectively, if appropriate, to ensure that they reflect the expected economic benefits derived from these assets.

Intangible assets are amortised on a straight-line basis, over their estimated useful lives ranging from 3 to 5 years from the date they are available for use.

Intangible assets under development are not amortised, as these assets are not available for use.

The carrying amount of intangible assets is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

An intangible asset is derecognised upon disposal or when no future economic benefit is expected from its use. Any gain or loss on derecognition of the asset is included in the statement of changes in fund balances in the year the asset is derecognised.

2.9 Investment property

Investment property is commercial property held either to earn rental income, that is, occupied less than 10% by the Board, or for capital appreciation, or both.

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value, determined annually by an independent professional valuer on the highest-and-best-use basis. Gains or losses arising from changes in the fair value of investment property are included in the statement of changes in fund balances in the year in which they arise.

Investment property is subjected to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised. Costs of day-to-day servicing of investment property are recognised as an expense when incurred.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of the investment property is recognised in the statement of changes in fund balances in the year of retirement or disposal.

The accounting policy for rental income arising from operating leases on investment property is set out in note 2.3.

2.10 Impairment of non-financial assets

The Board assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Board makes an estimate of the recoverable amount of the asset.

The recoverable amount of an asset is the higher of its fair value less costs of disposal 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 groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, the value in use, of the asset, is used as the recoverable amount.

In assessing value in use, the estimated future cash flows expected to be generated by the continuing use of the asset and from its ultimate disposal are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the statement of changes in fund balances.

The Board also assesses at each reporting date as to whether there is an indication that an asset previously assessed to be impaired, may no longer be so. If any indication exists, the Board makes an estimate of the recoverable amount of the asset. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of the asset 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 or amortisation, had no impairment loss been recognised previously. Such reversal is recognised in the statement of changes in fund balances unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.11 Leases

When the Board is the lessee

Operating lease payments are recognised as an expense in the statement of changes in fund balances on a straight-line basis over the lease term.

When the Board is the lessor

Leases where the Board effectively retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Assets leased out under operating leases include property, plant and equipment, and investment property.

The accounting policy for rental income is set out in note 2.3.

2.12 Financial instruments

(a) Non-derivative financial assets

Initial recognition and measurement

Loans and receivables, and deposits are recognised initially on the date that they originated.

All other financial assets, including assets designated at fair value through profit or loss, are recognised initially on the trade date, which is the date that the Board, as trustee and administrator of the funds, becomes a party to the contractual provisions of the financial instrument.

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 into the following categories:

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

A financial asset is classified as financial asset at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if such investments are managed and traded based on their fair value in accordance with the documented risk management and investment strategy of the Board. Attributable transaction costs are recognised as an expense when incurred.

After initial recognition, financial assets at fair value through profit or loss are measured at fair value, and the changes are recognised in the statement of changes in fund balances.

(ii) Held-to-maturity financial assets

If there is positive intention and ability to hold the financial assets to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets comprise investments in special issues of Singapore Government securities and advance deposits placed with the Accountant-General through the Monetary Authority of Singapore.

Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity financial assets not close to their maturity would result in the reclassification of all held-to-maturity financial assets as available-for-sale. It would also prevent the financial assets to be classified as held-to-maturity for the current and the following two years. The adjustment on measurement from amortised cost to fair value on the date of the reclassification is recognised in the fair value reserve.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise debtors, other receivables, cash and cash equivalents.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets comprise debt securities and equity securities.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Any gains and losses from changes in fair value of the financial assets are recognised in the statement of changes in fund balances and presented in the fair value reserve. Impairment losses, foreign exchange gains and losses, and interest calculated using the effective interest method, are recognised in the statement of changes in fund balances.

Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the asset has expired, or when the rights to receive the contractual cash flows on the financial asset are transferred in a transaction, in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial assets that is created or retained is recognised as a separate asset or liability.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in the statement of changes in fund balances.

When an available for sale financial asset is derecognised, the cumulative gain or loss is reclassified from fair value reserve to the statement of changes in fund balances.

(b) Non-derivative financial liabilities

Initial recognition and measurement

Financial liabilities, including liabilities designated at fair value through profit or loss, are initially recognised on the trade date, which is the date that the Board, as trustee and administrator of the funds, become a party to the contractual provisions of the financial instrument.

Non-derivative financial liabilities comprise creditors and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent measurement

Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of changes in fund balances when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, or is cancelled, or expires.

(c) Derivative financial instruments

The Insurance Funds hold derivative financial instruments to hedge their foreign currency risk and interest rate risk exposures. Hedge accounting is not adopted.

Derivatives are recognised initially at fair value, attributable transaction costs are recognised as an expense when incurred.

Subsequent to initial recognition, derivatives are measured at fair value, and the changes are recognised in the statement of changes in fund balances.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of net assets when, and only when, there are legal rights to offset the amounts, and intention to either settle on a net basis or to realise the assets and settle the liabilities simultaneously.

2.13 Fair value of assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

(a) Fair value measurement of financial instruments

The fair value of an instrument is measured using quoted prices in an active market for that instrument, where available. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, its fair value is established using a valuation technique.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument, that is, without modification, or based on a valuation technique whose variables include only data from observable markets.

(b) Fair value hierarchy

The Board categorises fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: unadjusted quoted prices in active markets for individual assets or liabilities.
- Level 2: valuation techniques on observable inputs either directly, that is, as prices, or indirectly, that is, derived from prices. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and unobservable inputs have a significant effect on the valuation of the instrument. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between instruments.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

2.14 Impairment of financial assets

The Board assesses at the end of each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

(a) Financial assets carried at amortised cost: Loans and receivables, held-to-maturity financial assets

The Board considers evidence of impairment for loans and receivables, and held-to-maturity financial assets at both the individual asset level and collectively. All individually significant loans and receivables, and held-to-maturity financial assets are assessed for specific impairment. All individually significant loans and receivables, and held-to-maturity financial assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not identified.

Loans and receivables and held-to-maturity financial assets that are not individually significant and not specifically impaired, are collectively assessed for impairment by grouping together loans and receivables, and held-to-maturity financial assets with similar credit risk characteristics.

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

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

In assessing collective impairment, the Board uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for the judgment made by management as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

If there is objective evidence that an impairment loss on a financial asset carried at amortised cost has been incurred, the amount of loss is measured as difference between the carrying amount of the financial asset and the present value of the estimated future cash flows discounted at the original effective interest rate of the financial asset. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

Impairment losses on financial assets carried at amortised cost are recognised as an expense, and charge to an allowance account against the loans and receivables, or held-to-maturity financial assets. Interest on the impaired asset continues to be recognised. When the asset becomes uncollectible, the carrying amount of the impaired financial asset 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.

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 the statement of changes in fund balances.

(b) Available-for-sale financial assets

In the case of equity securities classified as available-for-sale, objective evidence of impairment includes:

(i) significant financial difficulty of the issuer or obligor,

(ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity securities may not be recovered; and

(iii) a significant or prolonged decline in the fair value of the investment below its costs. "Significant" is to be evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost, net of any principal repayment and amortisation, and its current fair value, less any impairment loss previously recognised in the statement of changes in fund balances, is transferred from fair value reserve and recognised in the statement of changes in fund balances. Reversals of impairment losses in respect of equity securities are not recognised in the statement of changes in fund balances; increase in their fair values after impairment are recognised directly in the fair value reserve.

In the case of debt securities classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost, as set out in note 2.14(a). However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of changes in fund balances. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of changes in fund balances, the impairment loss is reversed in the statement of changes in fund balances.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and bank deposits. Cash at banks managed by the Board on behalf of trust funds and Government ministries is excluded from cash and cash equivalents in the statement of cash flows.

2.16 Foreign currency transactions and balances

Transactions in foreign currencies are measured and are recorded on initial recognition in Singapore Dollars at exchange rates at the dates of the transactions. Monetary assets and monetary liabilities denominated in foreign currencies are translated to Singapore Dollars at the exchange rate at the end of the year.

Foreign currency exchange gains or losses on monetary items is the difference between the amortised costs of the monetary items, reported in Singapore Dollars, at the start of the year, adjusted for effective interest and payments during the year, and the amortised costs of the monetary items, translated from foreign currency to Singapore Dollars, at the exchange rate at the end of the year.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the year are recognised in the statement of changes in fund balances.

Non-monetary assets and non-monetary liabilities measured at fair value in foreign currencies are translated to Singapore Dollars using the exchange rates at the date when the fair value was measured. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transactions.

2.17 Provisions

A provision is recognised when the Board has a present obligation, legal or constructive, as a result of a past event, and it is probable that the Board will be required to settle that obligation. Provisions are estimated, based on the best estimate of the expenditure required to settle the obligations, taking into consideration the time value of money.

Provisions are reviewed at the end of each year 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.

2.18 Employee benefits

(a) Defined contribution plans

Contributions on the salaries of the employees of the Board are made to the CPF as required by law. The CPF contributions are recognised as expenses in the period when the employees rendered their services.

(b) Short-term employee benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related benefits are provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Board has a present legal or constructive obligation to pay the amount as a result of past service rendered by the employee and the obligation can be reliably estimated.

(c) Employees' leave entitlements

Employees' entitlements to annual leave are recognised when they accrue to the employees. A liability is recognised for leave earned by the employees as a result of services rendered up to the reporting date.

2.19 Trust Funds

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

The assets and liabilities of these funds held in trust are presented as a line item at the bottom of the statement of net assets with additional disclosures in the notes to the financial statements (as set out in note 22), as prescribed by SB-FRS Guidance Note 3 *Accounting and Disclosures for Trust Funds*.

The receipts and disbursements relating to these funds are accounted for directly in these funds on a cash basis, in which funds received are accounted for when received, instead of when earned, and funds disbursed are accounted for when paid, instead of when incurred, and recognised in the statement of receipts and disbursements accordingly (as set out in notes 22.1 to 22.5).

2.20 Related party

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Board if that person:

- (i) has control or joint control over the Board;
- (ii) has significant influence over the Board; or
- (iii) is a member of the key management personnel of the Board.

(b) An entity is related to the Board if any of the following conditions applies:

- (i) the entity and the Board are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Board or an entity related to the Board. If the Board is itself such a plan, the sponsoring employers are also related to the Board;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Government-related entities are entities that are controlled, jointly controlled or significantly influenced by the Singapore Government.

2.21 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
SB-FRS 19 *Amendments to SB-FRS 19 Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to SB-FRSs (January 2014)	1 July 2014
Improvements to SB-FRSs (February 2014)	1 July 2014
SB-FRS 16, SB-FRS 38 *Amendments to SB-FRS 16 and SB-FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation*	1 July 2016

Management expects that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

3. Property, plant and equipment

	Note	Leasehold land	Buildings	Building renovation and improvement	Machinery and equipment	Furniture and fittings	Data processing equipment	Construction-in-progress	Total
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Cost									
At 1 January 2013		32,423	99,439	19,430	61,211	1,095	26,117	476	240,191
Additions		–	–	34	347	46	3,334	225	3,986
Disposals / written off		–	–	–	(8,508)	(77)	(7,021)	–	(15,606)
Transfer		–	–	–	678	–	603	(678)	603
At 31 December 2013		32,423	99,439	19,464	53,728	1,064	23,033	23	229,174
Additions		–	–	–	1,334	92	5,779	–	7,205
Written off		–	–	–	(446)	(41)	(5,407)	–	(5,894)
Transfer to investment property	5	–	–	–	–	–	–	(23)	(23)
Adjustment		–	–	(115)	–	–	–	–	(115)
At 31 December 2014		**32,423**	**99,439**	**19,349**	**54,616**	**1,115**	**23,405**	**–**	**230,347**
Accumulated depreciation									
At 1 January 2013		7,607	50,825	7,083	52,211	783	14,928	–	133,437
Depreciation for the year		322	2,632	728	2,316	67	3,747	–	9,812
Disposals / written off		–	–	–	(8,508)	(54)	(5,960)	–	(14,522)
Transfer		–	–	–	–	–	440	–	440
At 31 December 2013		7,929	53,457	7,811	46,019	796	13,155	–	129,167
Depreciation for the year		323	2,631	721	2,165	59	3,838	–	9,737
Written off		–	–	–	(444)	(38)	(5,085)	–	(5,567)
At 31 December 2014		**8,252**	**56,088**	**8,532**	**47,740**	**817**	**11,908**	**–**	**133,337**
Carrying amount									
At 1 January 2013		24,816	48,614	12,347	9,000	312	11,189	476	106,754
At 31 December 2013		24,494	45,982	11,653	7,709	268	9,878	23	100,007
At 31 December 2014		**24,171**	**43,351**	**10,817**	**6,876**	**298**	**11,497**	**–**	**97,010**

Depreciation charges amounting to S$131,000 (2013: S$283,000), S$2,000 (2013: S$3,000) and S$1,000 (2013: nil) were allocated to Home Protection Fund, MediShield Fund and Lifelong Income Fund respectively. The remaining depreciation charge of S$9,603,000 (2013: S$9,526,000) was accounted for under the Central Provident Fund.

4. Intangible assets

	Computer software / application system	Computer software / application system under development	Total
	S$'000	S$'000	S$'000
Cost			
At 1 January 2013	69,228	9,077	78,305
Additions	1,360	4,612	5,972
Written off	(270)	(5,219)	(5,489)
Transfer	4,562	(5,165)	(603)
At 31 December 2013	74,880	3,305	78,185
Additions	3,532	7,026	10,558
Written off	(2,023)	(72)	(2,095)
Transfer	7,069	(7,069)	–
At 31 December 2014	**83,458**	**3,190**	**86,648**
Accumulated amortisation			
At 1 January 2013	42,190	–	42,190
Amortisation charge for the year	13,986	–	13,986
Written off	(192)	–	(192)
Transfer	(440)	–	(440)
At 31 December 2013	55,544	–	55,544
Amortisation charge for the year	14,163	–	14,163
Written off	(909)	–	(909)
At 31 December 2014	**68,798**	**–**	**68,798**
Carrying amount			
At 1 January 2013	27,038	9,077	36,115
At 31 December 2013	19,336	3,305	22,641
At 31 December 2014	**14,660**	**3,190**	**17,850**

Amortisation charges amounting to S$2,000 (2013: S$3,000), S$51,000 (2013: S$88,000) and S$82,000 (2013: nil) were allocated to Home Protection Fund, MediShield Fund and Lifelong Income Fund respectively. The remaining amortisation charge of S$14,028,000 (2013: S$13,895,000) was accounted for under the Central Provident Fund.

5. Investment property

	Note	2014	2013
		S$'000	S$'000
At 1 January		69,000	59,500
Subsequent expenditure		1,196	–
Transfer from property, plant and equipment	3	23	–
Change in fair value		81	9,500
At 31 December		**70,300**	**69,000**

The following amounts are recognised in the statement of changes in fund balances:

	2014	2013
	S$'000	S$'000
Rental income and service charges from investment properties	3,695	4,366
Direct operating expenses (including repairs and maintenance) arising from investment properties that:		
- generate rental income	1,822	1,713
- did not generate rental income	130	109

The fair value of investment property at the end of the financial year is based on valuation conducted by an independent valuer, Jones Lang LaSalle Property Consultants Pte Ltd. The fair value is derived using the direct comparison method, taking into consideration the highest-and-best-use of the property. In addition, the discounted cash flow method and direct capitalisation method are also considered by the valuer for reference. Details of valuation techniques and inputs used are disclosed in note 19.1.

In relying on the valuation report, management is satisfied that the valuation techniques and estimates are reflective of current market conditions.

6. Investments

	Note	2014	2013
		S$'000	S$'000
Held-to-maturity financial assets			
Special issues of Singapore Government securities:			
- Floating rate	(a)	232,422,621	214,174,197
- Fixed rate	(b)	30,711,942	27,254,034
		263,134,563	241,428,231
Advance deposits	(c)	9,758,006	9,307,027
		272,892,569	250,735,258
Available-for-sale financial assets			
Singapore Government securities		499,525	495,149
Statutory board bonds		425,275	417,178
Corporate bonds		758,978	630,752
		1,683,778	1,543,079
Equity securities		402,930	365,046
		2,086,708	1,908,125
		274,979,277	**252,643,383**

(a) The floating rate special issues of Singapore Government securities are bonds issued specifically to the Board to meet its interest and other obligations. They do not have quoted market values and the Board cannot trade them in the market. The interest rates of 2.50%, 3.50%, 4.00% and 5.00% (2013: 2.50%, 3.50%, 4.00% and 5.00%) per annum for the securities are pegged to the rates at which the Board pays interest to the members of CPF. The effective interest rates for the securities approximate the interest rates quoted above.

(b) The CPF invested jointly with the Lifelong Income Fund in fixed rate special issues of Singapore Government securities, which are issued specifically to the Board to meet its interest and other obligations for Retirement Accounts of members. The effective interest rate on these securities is within the range of 4.00% to 5.00% (2013: between 4.00% to 5.00%) per annum.

(c) The advance deposits are deposits placed with the Accountant-General through the Monetary Authority of Singapore to purchase special issues of Singapore Government securities. The fixed interest rate of 2.50% (2013: 2.50%) per annum on the advance deposits is pegged to the rate at which the Board pays interest for the Ordinary Accounts of members.

7. Debtors and other receivables

	Note	2014 S$'000	2013 S$'000
Debtors - schemes	(a)	9,470	3,466
Accrued interest receivable			
- special issues of Singapore Government securities and advance deposits		2,580,344	2,318,994
- other investments		18,255	16,500
Deposits paid		5,455	1,071
Prepayments		2,704	2,423
Other receivables		11,850	10,208
		2,628,078	**2,352,662**

(a) Debtors - schemes include all receivable amounts linked to the various CPF schemes.

The Board assessed that no impairment allowance is necessary for debtors and other receivables as these are mainly due from Government ministries. These balances are not past due and are usually settled within 6 months from the date of invoice.

8. Cash and cash equivalents

	Note	2014 S$'000	2013 S$'000
Cash at banks		231,482	346,877
Bank deposits		89,000	112,000
Cash and cash equivalents		**320,482**	**458,877**
Cash at banks managed by the Board on behalf of trust funds and Government ministries	22.5	(118,567)	(185,413)
Cash and cash equivalents in the statement of cash flows		**201,915**	**273,464**

The weighted average effective interest rates per annum relating to cash and cash equivalents are 0.00% to 2.91% (2013: 0.00% to 2.91%).

9. Creditors, accruals and provisions

	Note	2014 S$'000	2013 S$'000
Amount due to trust funds and Government ministries for cash at banks managed on behalf by the Board	8	118,567	185,413
Creditors – schemes	(a)	128,361	122,136
Security, renovation and rental deposits received		3,776	3,949
Accrued expenses	(b)	9,289	10,260
Provisions	(c)	47,660	43,505
Other payables		27,844	18,247
		335,497	**383,510**

(a) Creditors - schemes include all payable amounts linked to the various CPF schemes.

(b) Accrued expenses include incurred administration and operating expenses of nil (2013: S$59,000) transferred from the dissolved Dependants' Protection Residual Fund, as disclosed in note 21.

(c) Provisions include provision on potential claims of S$9,834,000 (2013: S$9,900,000), and provision on administration and operating expenses of S$4,329,000 (2013: S$4,657,000) transferred from the dissolved Dependants' Protection Residual Fund, as disclosed in note 21.

Creditors and other payables are usually paid within 6 months from the date of invoice.

10. Contributions (net of refunds) by members

	Note	2014 S$'000	2013 S$'000
Contributions credited in the year		27,961,378	26,510,151
Less: Refund of contributions:			
- Section 75 of CPF Act	(a)	(30,220)	(27,577)
- Regulations 11 and 17 of CPF (Self-Employed Persons) Regulations	(b)	(1,377)	(1,675)
- Other refunds	(c)	(13,157)	(13,795)
		27,916,624	**26,467,104**

(a) Refunds under section 75 of the CPF Act (Chapter 36, Revised Edition 2013) refer to refunds of excess contributions on additional wages.

(b) Refunds under regulations 11 and 17 of the CPF (Self-Employed Persons) Regulations (Rg 25, Revised Edition 2007) refer to refunds of excess contributions to self-employed persons and refunds of voluntary contributions paid by self-employed persons in excess of such sum prescribed under section 13B(3) of the CPF Act, respectively.

(c) Other refunds refer mainly to refunds under section 74 of the CPF Act (Chapter 36, Revised Edition 2013) for contributions paid in error and refunds under regulation 8(1) of CPF Regulations (Rg 15, Revised Edition 1998) for voluntary contributions paid in excess of such sum prescribed under section 13B(3) of the CPF Act.

11. Government grants to members

	Note	2014 S$'000	2013 S$'000
CPF Housing Grant Scheme		473,516	385,697
Home Ownership Plus Education Scheme		4,536	10,115
Medisave Top-Up Schemes	(a)	405,764	878,906
Workfare Income Supplement Scheme		426,810	390,301
Workfare Special Bonus		1,499	7,684
Deferment Bonus		31,643	31,260
CPF LIFE Bonus		49,767	44,635
National Service Recognition Award		164,095	82,370
Medisave Grant for Newborns		97,098	78,799
		1,654,728	**1,909,767**

(a) Medisave Top-Up Schemes include grants under the Medisave Top-ups and Medisave Top-up for Pioneer Generation.

12. Income from investments

	Note	2014	2013
		S$'000	S$'000
Interest income from held-to-maturity investments:			
- Special issues of Singapore Government securities		9,958,954	9,131,512
- Advance deposits		134,944	135,539
		10,093,898	9,267,051
Interest income from available-for-sale investments:			
- Singapore Government securities		15,102	15,171
- Statutory board bonds		14,832	14,402
- Corporate bonds		27,808	20,779
Net loss on disposal of available-for-sale investments transferred from fair value reserve	17	(1,511)	(107)
		56,231	50,245
Dividend income		20,569	14,047
		10,170,698	**9,331,343**

13. Other operating income

	Note	2014	2013
		S$'000	S$'000
Agency, consultancy and data processing fees		80,018	66,275
Rent, service charges and car park receipts	(a)	18,247	18,776
Penalty interest on late contributions		16,719	14,824
Miscellaneous revenue		2,234	2,915
		117,218	**102,790**

(a) Rental income is derived from the leasing of space in investment property and buildings under property, plant and equipment. Such leases are generally for a 3 year term. Shorter leases are also granted.

At the reporting date, future minimum lease receivables under non-cancellable operating leases are as follows:

	2014	2013
	S$'000	S$'000
Receivable		
- not later than one year	14,824	16,191
- later than one year and not later than five years	8,971	17,562
	23,795	33,753

14. Withdrawals (net of refunds) by members

	Note	2014	2013
		S$'000	S$'000
Sections 15 and 25 of CPF Act	(a)	4,265,630	3,967,032
Amount restored from general moneys of the Fund	(b)	16	29
Approved Housing Schemes	(c)	6,892,311	5,841,276
Home Protection Insurance Scheme	(c)	105,803	98,115
Residential Properties Scheme	(c)	2,706,019	2,500,162
Medisave Scheme	(c)	852,922	798,468
Minimum Sum Scheme	(c)	444,185	381,728
Dependants' Protection Insurance Scheme	(c)	193,697	162,889
Education Scheme	(c)	24,785	23,118
MediShield Scheme	(c)	766,521	817,587
Private Medical Insurance Scheme	(c)	542,881	484,111
ElderShield Scheme	(c)	339,378	280,949
Lifelong Income Scheme	(c)	2,069,106	1,488,946
Non-residential Properties Scheme	(c)	(12,836)	(30,245)
Investment Schemes	(c)	(1,864,628)	(1,915,549)
Special Discounted Shares Scheme		(28,018)	(36,167)
		17,297,772	**14,862,449**

(a) Withdrawals under sections 15 and 25 of the CPF Act (Chapter 36, Revised Edition 2013) mainly refer to withdrawals by members who have attained the age of 55 years and by members who have left or are about to leave Singapore and West Malaysia permanently, as well as on grounds of death.

(b) The amount restored and paid out from general moneys of the Fund refers to the amount restored to members' CPF subsidiary accounts and subsequently paid out to members / other persons entitled to the moneys (e.g. members' nominees) upon application made under the CPF Act.

(c) The details and operations of the schemes are disclosed in the CPF Act and related subsidiary legislation.

15. General and administrative expense

Included in general and administrative expense is the following item:

	2014	2013
	S$'000	S$'000
Rental expense for equipment	2,165	3,004

16. Other operating expenses

	Note	2014	2013
		S$'000	S$'000
Salaries and staff benefits	(a)	152,888	138,501
Computer software and supplies		31,316	34,947
Depreciation and amortisation		23,631	23,421
Professional and other charges		11,189	10,066
Maintenance of buildings and equipment		8,990	8,162
Public utilities		3,914	3,990
Printing and postage		3,445	4,587
Property tax		3,251	3,133
Publicity and campaigns		906	541
		239,530	**227,348**

(a) Included in salaries and staff benefits are the following items:

	2014	2013
	S$'000	S$'000
Staff administering Central Provident Fund:		
Employer's CPF contributions	17,670	16,036
Staff welfare and training	3,888	3,652
Allowances for members of the Board	275	421

17. Movements in net assets of the Central Provident Fund

	Note	Members' accounts	General moneys of the Fund	Accumulated surplus	Fair value reserve	Total
		S$'000	S$'000	S$'000	S$'000	S$'000
At 1 January 2013		230,157,671	47,762	2,169,581	134,903	232,509,917
Contribution (net of refunds) by members	10	26,467,104	–	–	–	26,467,104
Government grants to members	11	1,909,767	–	–	–	1,909,767
Dividends from Special Discounted Shares		153,176	–	–	–	153,176
Income from investments	12	–	–	9,331,343	–	9,331,343
Transferred to statement of changes in fund balances on disposal of available-for-sale financial assets	12	–	–	–	(107)	(107)
Change in fair value of available-for-sale financial assets		–	–	–	(127,798)	(127,798)
Net change in fair value of investment property	5	–	–	9,500	–	9,500
Interest income from bank deposits		–	–	4,068	–	4,068
Other operating income	13	–	–	102,790	–	102,790
Withdrawals (net of refunds) by members	14	(14,862,449)	–	–	–	(14,862,449)
General and administrative expense		–	–	(6,903)	–	(6,903)
Other operating expenses	16	–	–	(227,348)	–	(227,348)
Interest credited to members		9,144,169	–	(9,144,169)	–	–
Transferred to general moneys of the Fund		(802)	802	–	–	–
At 31 December 2013		**252,968,636**	**48,564**	**2,238,862**	**6,998**	**255,263,060**

	Note	Members' accounts S$'000	General moneys of the Fund S$'000	Accumulated surplus S$'000	Fair value reserve S$'000	Total S$'000
At 1 January 2014		252,968,636	48,564	2,238,862	6,998	255,263,060
Contribution (net of refunds) by members	10	27,916,624	–	–	–	27,916,624
Government grants to members	11	1,654,728	–	–	–	1,654,728
Dividends from Special Discounted Shares		150,776	–	–	–	150,776
Income from investments	12	–	–	10,170,698	–	10,170,698
Transferred to statement of changes in fund balances on disposal of available-for-sale financial assets	12	–	–	–	(1,511)	(1,511)
Change in fair value of available-for-sale financial assets		–	–	–	47,729	47,729
Change in fair value of investment property	5	–	–	81	–	81
Interest income from bank deposits		–	–	2,231	–	2,231
Other operating income	13	–	–	117,218	–	117,218
Withdrawals (net of refunds) by members	14	(17,297,772)	–	–	–	(17,297,772)
General and administrative expense		–	–	(6,832)	–	(6,832)
Other operating expenses	16	–	–	(239,530)	–	(239,530)
Interest credited to members		9,971,933	–	(9,971,933)	–	–
Transferred to general moneys of the Fund		(995)	995	–	–	–
At 31 December 2014		**275,363,930**	**49,559**	**2,310,795**	**53,216**	**277,777,500**

Members' accounts

Members' accounts refer to moneys of the Fund standing to the members' credit, that are accounted for in subsidiary accounts, which are specifically designated and maintained for members, for any purposes of the CPF Act.

General moneys of the Fund

The Reserve Account of the Fund is set up under the CPF Regulations (Rg 15, Revised Edition 1998). With the amendment to CPF Act and related subsidiary legislation which took effect from 1 January 2011, Reserve Account of the Fund is currently known as the general moneys of the Fund, pursuant to section 2(1) of the CPF Act.

All unclaimed moneys which satisfy the conditions stipulated under the CPF Act and CPF Regulations were transferred from members' balances to this account. The balance in this account is refundable to members or their nominees upon application made under the relevant legislation.

Accumulated surplus

Accumulated surplus comprises the cumulative excess of fund flows into and out of the Fund.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets held until the financial assets are impaired or derecognised.

18. Commitments

(i) Capital commitments

Capital expenditure approved by the Board but not provided for in the financial statements is as follows:

	2014 S$'000	2013 S$'000
Amount approved and contracted for	13,093	–
Amount approved but not contracted for	18,286	31,960
	31,379	**31,960**

(ii) Operating lease commitments – as lessee

The Board leases commercial properties and equipments under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

At the reporting date, future minimum lease payables under non-cancellable operating leases contracted are as follows:

	2014 S$'000	2013 S$'000
Not later than one year	3,939	1,511
Later than one year but not later than five years	91,403	97
Later than five years	145,760	–
	241,102	**1,608**

19. Financial risk management of the CPF

Overview

Risk management is integral to the operation of the CPF managed by the Board. The Board has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Board continually monitors the risk management process of CPF to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the activities of the fund.

Market risk

Market risk refers to changes in market prices that will affect the income of CPF or the value of its holdings of financial instruments. Market risk comprises risks arising from changes in interest rates, equity prices and foreign exchange rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Equity price risk

Sensitivity analysis
The analysis below is performed for reasonably possible movements in equity prices with all other variables remaining constant.

	Impact on fund balance	
	2014	**2013**
	S$'000	S$'000
Change in variable		
Equity prices		
+10%	40,293	36,505
-10%	(40,293)	(36,505)

Interest rate risk

The CPF is exposed to interest rate risk as a result of investments in debt securities and interest payable on members' accounts placed with the CPF. In the management of the interest rate risk of the CPF, the interest rates of the investments in special issues of Singapore Government securities and advance deposits are pegged to the rates at which the Board pays interest to its members. These interest rates are affected by changes in the market interest rates and reset every quarter. The fixed interest rate which is issued for the Lifelong Income Fund and Retirement Accounts of members is also affected by changes in the market interest rates and reset yearly. The Ordinary Account of members is subject to an interest rate floor of 2.50% per annum, while the Special Account, Medisave Account and Retirement Account ("SMRA") are subject to an interest rate floor of 4.00% per annum. All other investments are in fixed rate debt securities such as Singapore Government securities and statutory board bonds, and the interest rate risks are mitigated by diversifying the portfolio to include high quality credits as well as managing portfolio duration.

Sensitivity analysis
The analysis below is performed for reasonably possible movements in interest rate with all other variables remaining constant.

	Impact on fund balance	
	2014	**2013**
	S$'000	S$'000
Change in variable		
Interest rate		
+50bps	(46,813)	(47,330)
-50bps	48,523	47,330

The effective interest rates, carrying amounts and maturities of the financial assets are shown in the following table.

	Effective interest rate (per annum)		Years to maturity: Not later than one year		Later than one year and not later than five years		Later than five years	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
	%	%	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Special issues of Singapore Government securities	2.50 – 5.00	2.50 – 5.00	15,048,454	15,143,036	62,453,213	60,760,743	185,632,896	165,524,452
Advance deposits	2.50	2.50	9,758,006	9,307,027	–	–	–	–
Singapore Government securities	3.00 – 4.00	3.00 – 4.00	–	–	53,983	55,013	445,542	440,136
Statutory board bonds	3.14 – 4.00	3.10 – 4.00	–	7,642	237,501	201,879	187,774	207,657
Corporate bonds	2.83 – 5.25	2.83 – 5.25	12,169	26,945	30,808	26,984	716,001	576,823
Cash and cash equivalents	0.00 – 2.91	0.00 – 2.91	320,482	408,877	–	50,000	–	–
			25,139,111	**24,893,527**	**62,775,505**	**61,094,619**	**186,982,213**	**166,749,068**

Foreign currency risk

The monetary assets and monetary liabilities of the CPF are denominated primarily in Singapore Dollars. Accordingly, CPF does not have any significant foreign currency risk exposure as at the reporting date.

Liquidity risk

A maturity analysis for non-derivative financial assets of the fund that shows the remaining contractual maturities is shown in the table under interest rate risk. These financial assets can be readily sold or redeemed when the need arises.

In addition, management monitors and maintains adequate bank balances to finance its operations and mitigate the effects of fluctuations in cash flows.

Credit risk

The maximum credit risk exposure at the end of the year, in relation to each class of financial assets, is the carrying amount of those assets at the reporting date.

The CPF is exposed mainly to sovereign risk, as most of the investments are in non trade-able special issues of Singapore Government securities, and majority of receivable balances at the reporting date is made up of accrued interest receivable arising from the special issues of Singapore Government securities.

Other than investments in special issues of Singapore Government securities, the CPF is also exposed to credit risk that arises from bank deposits, investments in fixed deposits and debt securities. Financial loss may materialise should the issuer default on the debt securities.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

The Board manages credit risk actively through the setting of minimum credit rating requirements and investment limits for issuers within the approved investment guidelines. These limits are reviewed regularly with ongoing monitoring and reporting undertaken at various levels.

	AAA*	**AA***	**A***	**BBB***	**Not rated ** **	**Total**
	S$'m	S$'m	S$'m	S$'m	S$'m	S$'m
2014						
Held-to-maturity financial assets						
Special issues of Singapore Government securities	–	–	–	–	263,135	263,135
Advance deposits	–	–	–	–	9,758	9,758
Available-for-sale financial assets						
Singapore Government securities	500	–	–	–	–	500
Statutory board bonds	–	–	–	–	425***	425
Corporate bonds	150	22	182	201	204***	759
	650	**22**	**182**	**201**	**273,522**	**274,577**
2013						
Held-to-maturity financial assets						
Special issues of Singapore Government securities	–	–	–	–	241,428	241,428
Advance deposits	–	–	–	–	9,307	9,307
Available-for-sale financial assets						
Singapore Government securities	495	–	–	–	–	495
Statutory board bonds	–	–	–	–	417***	417
Corporate bonds	169	192	112	–	158***	631
	664	**192**	**112**	–	**251,310**	**252,278**

* Based on public bond credit ratings assigned by external credit rating agencies Standard & Poor's and Moody's.

** No rating was performed by external credit rating agencies.

*** Based on internal bond credit ratings, and holdings are rated equivalent to Standard & Poor's bond credit ratings of "AAA to BBB".

19.1 Fair value of assets and liabilities

(a) Assets carried at fair value

Financial assets carried at fair value comprise available-for-sale financial assets that are quoted. These are classified under Level 1 and Level 2 in the fair value hierarchy (note 2.13(b)). Non-financial asset carried at fair value comprises investment property (note 5). It is classified under Level 2 in the fair value hierarchy (note 2.13(b)).

(b) Financial assets and financial liabilities that are not carried at fair value, and whose carrying amounts are reasonable approximates of their fair values

The carrying amount of advance deposits is estimated to approximate their fair value at the end of the year because of their short-term nature.

The carrying amount of special issues of Singapore Government securities approximate their fair value at the end of the year due to the investment arrangements made with the Singapore Government.

The carrying amounts of other financial assets and financial liabilities, including cash and cash equivalents, debtors and other receivables, creditors, accruals and provisions are estimated to approximate their fair values at the end of the year because of their short periods of maturities.

Although the Board assessed that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. The fair value of assets and liabilities, together with the carrying amounts shown in the statement of net assets of funds, are as follows:

		At fair value		At amortised cost				
	Note	Available-for-sale	Investment property	Held-to-maturity	Loans and receivables	Other financial liabilities	Total carrying amount	Year end fair value estimate
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
31 December 2014								
Investments								
Held-to-maturity financial assets								
Special issues of Singapore Government securities	6	–	–	263,134,563	–	–	263,134,563	263,134,563
Advance deposits	6	–	–	9,758,006	–	–	9,758,006	9,758,006
Available-for-sale financial assets								
Debt securities	6	1,683,778	–	–	–	–	1,683,778	1,683,778
Equity securities	6	402,930	–	–	–	–	402,930	402,930
Loans and receivables								
Debtors and other receivables	7	–	–	–	2,628,078	–	2,628,078	2,628,078
Cash and cash equivalents	8	–	–	–	320,482	–	320,482	320,482
Investment property								
Commercial	5	–	70,300	–	–	–	70,300	70,300
		2,086,708	**70,300**	**272,892,569**	**2,948,560**	**–**	**277,998,137**	**277,998,137**
Creditors, accruals and provisions	9	**–**	**–**	**–**	**–**	**(335,497)**	**(335,497)**	**(335,497)**

31 December 2013	Note	At fair value: Available-for-sale S$'000	At fair value: Investment property S$'000	At amortised cost: Held-to-maturity S$'000	At amortised cost: Loans and receivables S$'000	At amortised cost: Other financial liabilities S$'000	Total carrying amount S$'000	Year end fair value estimate S$'000
Investments								
Held-to-maturity financial assets								
Special issues of Singapore Government securities	6	–	–	241,428,231	–	–	241,428,231	241,428,231
Advance deposits	6	–	–	9,307,027	–	–	9,307,027	9,307,027
Available-for-sale financial assets								
Debt securities	6	1,543,079	–	–	–	–	1,543,079	1,543,079
Equity securities	6	365,046	–	–	–	–	365,046	365,046
Loans and receivables								
Debtors and other receivables	7	–	–	–	2,352,662	–	2,352,662	2,352,662
Cash and cash equivalents	8	–	–	–	458,877	–	458,877	458,877
Investment property								
Commercial	5	–	69,000	–	–	–	69,000	69,000
		1,908,125	**69,000**	**250,735,258**	**2,811,539**	**–**	**255,523,922**	**255,523,922**
Creditors, accruals and provisions	9	**–**	**–**	**–**	**–**	**(383,510)**	**(383,510)**	**(383,510)**

Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the year.

	2014 Fair value measurements at the end of the year			
	Level 1	**Level 2**	**Level 3**	**Total**
	S$'000	S$'000	S$'000	S$'000
Central Provident Fund				
Assets measured at fair value				
Financial assets:				
Available-for-sale financial assets (note 6)				
Equity securities	402,930	–	–	402,930
Debt securities	499,525	1,184,253	–	1,683,778
Total available-for-sale financial assets	902,455	1,184,253	–	2,086,708
Financial assets as at 31 December 2014	**902,455**	**1,184,253**	**–**	**2,086,708**
Non-financial asset:				
Investment property (note 5)				
Commercial	–	70,300	–	70,300
Total investment property	–	70,300	–	70,300
Non-financial asset as at 31 December 2014	**–**	**70,300**	**–**	**70,300**

	Note	Level 1	Level 2	Level 3	Total
		2013			
		Fair value measurements at the end of the year			
		S$'000	S$'000	S$'000	S$'000
Central Provident Fund					
Assets measured at fair value					
Financial assets:					
Available-for-sale financial assets (note 6)					
Equity securities		365,046	–	–	365,046
Debt securities	(i)	495,150	1,047,929	–	1,543,079
Total available-for-sale financial assets		860,196	1,047,929	–	1,908,125
Financial assets as at 31 December 2013		**860,196**	**1,047,929**	**–**	**1,908,125**
Non-financial asset:					
Investment property (note 5)					
Commercial		–	69,000	–	69,000
Total investment property		–	69,000	–	69,000
Non-financial asset as at 31 December 2013		**–**	**69,000**	**–**	**69,000**

(i) During the year, management reviewed the fair value measurement hierarchy classifications of certain financial assets. Accordingly, comparatives have been reclassified to conform to the presentation in the current year. Debt securities of S$1,047,929,000 have been transferred from Level 1 to Level 2.

Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets that are categorised within Level 2 of the fair value hierarchy:

Debt securities

Debt securities are valued using the Bloomberg Fair Value Model based on comparably rated bonds with similar characteristics i.e. currency, market type, industry type and credit rating.

Investment property

A comparison is made with relevant market transactions of comparable properties in the open market under the direct comparison method to arrive at the fair value of the investment property.

In addition, the discounted cash flow method and direct capitalisation method are also considered by the valuer for reference. The discounted cash flow method takes into consideration the future income stream in the form of estimated net market rental and car park revenues discounted at an appropriate investment yield based on market data of comparable properties. The direct capitalisation method takes into account the current net market rental and car park revenues capitalised at an appropriate capitalisation rate based on relevant sales evidence.

20. Statements of net assets of Insurance Funds

	Note	Home Protection Fund 2014	Home Protection Fund 2013	MediShield Fund 2014	MediShield Fund 2013	Lifelong Income Fund 2014	Lifelong Income Fund 2013
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Total assets							
Investments	20.4	1,216,246	1,683,826	2,559,712	2,080,812	6,940,110	4,820,818
Other receivables		12,579	53,240	62,442	70,156	–	–
Accrued interest receivable		8,560	11,508	11,191	9,366	89,637	57,362
Cash and cash equivalents	(a)	645,953	98,799	189,630	211,339	50	50
		1,883,338	1,847,373	2,822,975	2,371,673	7,029,797	4,878,230

The assets of the Insurance Funds are current assets.

Total liabilities

	Home Protection Fund 2014	Home Protection Fund 2013	MediShield Fund 2014	MediShield Fund 2013	Lifelong Income Fund 2014	Lifelong Income Fund 2013
(i) Insurance contract liabilities						
At 1 January	544,229	612,268	1,699,776	1,333,519	4,877,950	3,350,322
Valuation premium	120,343	113,956	725,126	661,158	–	–
Liabilities released for payments on death and other terminations	(153,827)	(157,075)	(66,284)	(30,480)	(64,956)	(85,501)
Accretion of interest	1,194	1,339	12,971	24,630	252,163	163,311
Other movements	(12,374)	(9,012)	(17,772)	(164,902)	(10,967)	(3,422)
Expected claims	–	–	(402,485)	(348,833)	(91,546)	(68,687)
New business	18,156	14,010	1,352	15,403	2,065,105	1,521,927
Change in valuation basis	(61,452)	(361)	78,302	209,281	–	–
Effect of minimum values on reserves	(26,557)	(19,679)	–	–	–	–
Change in incurred but not reported claims	(9,018)	(11,217)	–	–	–	–
At 31 December	420,694	544,229	2,030,986	1,699,776	7,027,749	4,877,950
Current portion	20,946	29,965	145,673	124,737	124,425	105,020
Non-current portion	399,748	514,264	1,885,313	1,575,039	6,903,324	4,772,930
	420,694	544,229	2,030,986	1,699,776	7,027,749	4,877,950

	Note	Home Protection Fund 2014	Home Protection Fund 2013	MediShield Fund 2014	MediShield Fund 2013	Lifelong Income Fund 2014	Lifelong Income Fund 2013
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Total liabilities (continued)							
(ii) Claims intimated or admitted but not paid							
At 1 January		24,293	19,004	5,016	5,784	–	–
Claims paid		(87,472)	(77,011)	(378,691)	(335,323)	(26,719)	(17,397)
Claims incurred		88,697	82,300	380,519	334,555	26,719	17,397
At 31 December		25,518	24,293	6,844	5,016	–	–
(iii) Other payables		977	45,198	52,699	53,619	2,048	280
		447,189	613,720	2,090,529	1,758,411	7,029,797	4,878,230
Net assets		**1,436,149**	**1,233,653**	**732,446**	**613,262**	**–**	**–**

The claims intimated or admitted but not paid, and other payables are current liabilities.

(a) Cash and cash equivalents

	Home Protection Fund 2014	Home Protection Fund 2013	MediShield Fund 2014	MediShield Fund 2013	Lifelong Income Fund 2014	Lifelong Income Fund 2013
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Bank deposits	631,987	74,683	159,000	176,226	–	–
Cash at banks	13,966	24,116	30,630	35,113	50	50
	645,953	**98,799**	**189,630**	**211,339**	**50**	**50**

20.1 Statement of changes in fund balances of Insurance Funds

	Note	Home Protection Fund 2014	Home Protection Fund 2013	MediShield Fund 2014	MediShield Fund 2013	Lifelong Income Fund 2014	Lifelong Income Fund 2013
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Fund balances as at 1 January		1,233,653	1,176,636	613,262	507,284	–	–
Add:							
Insurance premiums		140,042	135,612	723,117	770,039	2,032,574	1,455,174
Net investment gain / (loss)	20.3	72,770	(13,118)	120,460	54,332	252,163	163,311
Interest income from bank deposits		2,243	178	583	332	–	–
		215,055	122,672	844,160	824,703	2,284,737	1,618,485
Less:							
Claims		88,697	82,300	380,519	334,555	26,719	17,397
Payouts		–	–	–	–	91,546	68,687
Surrenders		34,239	37,496	–	–	5,707	1,351
Professional and other charges		6,681	6,610	8,239	11,012	6,484	2,275
Salaries and staff benefits	(a)	3,830	3,624	3,556	3,609	3,223	836
Computer software and supplies		1,409	2,260	941	1,983	899	260
General and administrative expense	(b)	919	926	317	357	36	16
Printing and postage		181	183	139	852	237	35
Depreciation and amortisation		133	286	53	91	83	–
Publicity and campaigns		4	6	–	–	–	–
Maintenance of buildings and equipment		1	3	2	9	4	–
Net change in insurance contract liabilities		(123,535)	(68,039)	331,210	366,257	2,149,799	1,527,628
		12,559	65,655	724,976	718,725	2,284,737	1,618,485
Net increase		202,496	57,017	119,184	105,978	–	–
Fund balances as at 31 December		**1,436,149**	**1,233,653**	**732,446**	**613,262**	**–**	**–**

(a) Salaries and staff benefits

Included in salaries and staff benefits is the following:

	Home Protection Fund		MediShield Fund		Lifelong Income Fund	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Employer's CPF contributions	486	461	473	457	462	101

(b) General and administrative expense

Included in general and administrative expense is the following:

	Home Protection Fund		MediShield Fund		Lifelong Income Fund	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Rental expense for equipment	31	65	22	65	33	11

20.2 Statements of cash flows of Insurance Funds

		Home Protection Fund		MediShield Fund		Lifelong Income Fund	
	Note	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Cash flows from operating activities							
Net increase in funds		202,496	57,017	119,184	105,978	–	–
Adjustments for:							
Interest and dividend income		(37,971)	(56,471)	(63,712)	(51,852)	(252,163)	(163,311)
		164,525	**546**	**55,472**	**54,126**	**(252,163)**	**(163,311)**
Changes in operating assets and liabilities:							
Investments		467,580	13,934	(478,900)	(357,526)	(2,119,292)	(1,510,446)
Other receivables		40,770	(13,235)	7,708	(45,498)	–	–
Insurance contract liabilities		(123,535)	(68,039)	331,210	366,257	2,149,799	1,527,628
Claims intimated or admitted but not yet paid		1,225	5,289	1,828	(768)	–	–
Other payables		(44,221)	20,758	(920)	23,656	1,768	(173)
Cash from / (used in) operations		**506,344**	**(40,747)**	**(83,602)**	**40,247**	**(219,888)**	**(146,302)**
Interest received		32,783	46,127	43,649	32,610	219,888	146,302
Dividends received		8,027	6,071	18,244	15,135	–	–
Net cash from / (used in) operating activities		**547,154**	**11,451**	**(21,709)**	**87,992**	**–**	**–**
Net increase / (decrease) in cash and cash equivalents		**547,154**	**11,451**	**(21,709)**	**87,992**	**–**	**–**
Cash and cash equivalents as at 1 January		98,799	87,348	211,339	123,347	50	50
Cash and cash equivalents as at 31 December	**20(a)**	**645,953**	**98,799**	**189,630**	**211,339**	**50**	**50**

20.3 Net investment gain / (loss)

	Home Protection Fund		MediShield Fund		Lifelong Income Fund	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Interest income	27,592	50,054	44,891	36,081	252,163	163,311
Dividend income	8,136	6,239	18,238	15,439	–	–
Net fair value gain / (loss)	43,970	(63,569)	81,679	8,860	–	–
Net foreign currency exchange (loss) / gain	(3,853)	(2,191)	(18,776)	(1,742)	–	–
Miscellaneous revenue	76	231	213	244	–	–
Fund management fees	(3,151)	(3,882)	(5,785)	(4,550)	–	–
	72,770	**(13,118)**	**120,460**	**54,332**	**252,163**	**163,311**

The net fair value gain or loss includes both the realised and unrealised fair value gain or loss and realised and unrealised foreign currency exchange gain or loss for investments classified as "fair value through profit or loss". Net foreign currency exchange loss or gain for investments that are not classified as "fair value through profit or loss" is separately disclosed under "Net foreign currency exchange (loss) / gain".

20.4 Investments

	Home Protection Fund		MediShield Fund	
	2014	**2013**	**2014**	**2013**
	S$'000	S$'000	S$'000	S$'000
Debt securities				
Denominated in Singapore Dollars	518,555	694,585	699,083	552,679
Denominated in US Dollars	99,198	186,960	231,691	227,619
Denominated in other currencies	150,047	536,179	757,312	560,993
	767,800	1,417,724	1,688,086	1,341,291
Equity securities				
Denominated in Singapore Dollars	64,463	64,592	190,775	166,749
Denominated in US Dollars	238,316	100,381	470,668	344,438
Denominated in other currencies	148,399	112,168	222,288	239,591
	451,178	277,141	883,731	750,778

	Home Protection Fund		MediShield Fund	
	2014	**2013**	**2014**	**2013**
	S$'000	S$'000	S$'000	S$'000
Derivatives				
Interest-rate futures contracts purchased				
- with positive fair value	85	745	432	1,306
- with negative fair value	(31)	(740)	(43)	(503)
Interest-rate futures contracts sold				
- with positive fair value	–	84	65	147
- with negative fair value	–	(2,755)	(869)	(1,696)
Forward foreign exchange contracts				
- with positive fair value	3,508	4,779	22,025	6,223
- with negative fair value	(6,294)	(12,933)	(30,138)	(16,991)
Interest-rate and credit default swaps				
- with positive fair value	–	24,352	294	14,070
- with negative fair value	–	(25,274)	(1,917)	(14,707)
Interest-rate options				
- with positive fair value	–	27	255	35
- with negative fair value	–	(26)	(615)	(40)
Exchange cleared swaps				
- with positive fair value	–	972	2,460	1,094
- with negative fair value	–	(270)	(4,054)	(195)
	(2,732)	(11,039)	(12,105)	(11,257)
	1,216,246	**1,683,826**	**2,559,712**	**2,080,812**

Investments included debt securities issued by the Singapore Government and statutory boards of S$518,555,000 (2013: S$617,856,000) and S$634,925,000 (2013: S$472,476,000) for Home Protection Fund and MediShield Fund respectively.

Investment securities in Home Protection Fund and MediShield Fund are designated as financial assets at fair value through profit or loss because the insurance liabilities are measured on a substantially fair value basis under the Risk Based Capital framework issued by the Monetary Authority of Singapore. This designation eliminates or significantly reduces the accounting mismatch that would otherwise arise from measuring assets and liabilities or recognising the gains and losses on them on different bases. Any gains or losses arising from changes in fair value of the financial assets are recognised in the statement of changes in fund balances.

Lifelong Income Fund	**2014**	**2013**
	S$'000	S$'000
Held-to-maturity financial assets		
Special issues of Singapore Government securities	6,936,795	4,815,554
Advance deposits	3,315	5,264
	6,940,110	**4,820,818**

The Lifelong Income Fund invests jointly with the Central Provident Fund in special issues of Singapore Government securities. The special issues of Singapore Government securities are issued specifically to the Board to meet interest and other obligations of the Lifelong Income Fund and the Central Provident Fund. They do not have quoted market values and cannot be traded in open market. The effective interest rate on special issues of Singapore Government securities paying Life and Retirement Account rate is 4.00% (2013: 4.00%) per annum. The effective interest rate on special issues of Singapore Government securities paying Extra Interest above Life and Retirement Account rate is 5.00% per annum.

The advance deposits are deposits placed with the Accountant-General through the Monetary Authority of Singapore to purchase special issues of Singapore Government securities. The effective interest rate on the advance deposits is 2.50% (2013: 2.50%) per annum.

Under this investment arrangement with the Singapore Government, the carrying amounts recorded at the reporting date are not expected to be significantly different from the values that would eventually be received. In view of this, the carrying amounts of investments in special issues of Singapore Government securities and advance deposits approximate their fair values.

Investments in these securities are readily redeemable and highly liquid.

20.5 Financial derivatives

Notional principal of the financial derivatives are as follows:

	Home Protection Fund		MediShield Fund	
	2014	**2013**	**2014**	**2013**
	S$'000	S$'000	S$'000	S$'000
Interest-rate futures contracts				
- future contracts purchased	4,007	883,071	35,995	730,278
- future contracts sold	–	149,209	163,998	106,594
Forward foreign exchange contracts	1,309,649	1,681,021	3,384,862	2,440,062
Interest-rate and credit default swaps	–	129,220	127,919	85,732
Interest-rate options	–	29,258	68,502	44,485
Exchange cleared swaps	–	34,939	3,146,700	39,435

20.6 Risk management of insurance contracts

Home Protection Fund

(i) The risks arising from insurance policies issued under the Home Protection Insurance Scheme are death and permanent incapacity risks of a relatively homogeneous portfolio of mortgage reducing term insurance policies. These risks do not vary significantly in relation to the location of the risk insured by the Home Protection Fund.

The objectives in managing these risks are:

(a) to ensure that all legitimate claims of insured members are met;
(b) to ensure that the Home Protection Fund is financially solvent at all times; and
(c) to ensure that the Home Protection Fund is operated in accordance with the Act, the Home Protection Insurance Scheme regulations and the operating policies of the Home Protection Insurance Scheme.

(ii) The policies, processes and methods for managing insurance risks are:

(a) to maintain a relatively large portfolio. Experience shows that the larger the portfolio of similar insurance policies, the smaller the relative variability in the expected outcome;
(b) to manage the Home Protection Fund and insurance contract portfolio in accordance with sound actuarial, financial and accounting principles;
(c) to adopt an underwriting strategy to recognise and select the insurance risks accepted so that the claim experience is unlikely to deteriorate;
(d) to review regularly its experience, adequacy of premiums and reserves by the actuarial adviser of the Home Protection Fund;
(e) to retain sufficient surplus to allow for volatility of results; and
(f) exclude claims arising from war or a warlike operations or participation in any riot.

The insurance contract portfolio's experience, fund solvency and premium adequacy are reviewed by the actuarial adviser of the Home Protection Fund annually using the Risk Based Capital framework issued by the Monetary Authority of Singapore for the valuation of liabilities and establishment of capital requirement rules for insurers. The actuarial adviser also projects the short and medium term solvency position of the Home Protection Fund annually.

(iii) The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows of the Home Protection Fund are:

(a) mortality and permanent incapacity risks. The Home Protection Fund is exposed to the risk of the experience being worse than what was assumed; and
(b) epidemics such as Acquired Immune Deficiency Syndrome ("AIDS") and Severe Acute Respiratory Syndrome ("SARS") or widespread changes in lifestyle that could result in earlier and/or more claims than expected.

(iv) The Home Protection Fund has no major exposure to concentration of risks, other than that the insured members are residing in Singapore.

MediShield Fund

(i) The risks arising from insurance policies issued under the MediShield Scheme are those of a relatively homogeneous portfolio of health insurance policies.

The objectives in managing these risks are:

(a) to ensure that all legitimate claims of insured members are met;
(b) to ensure that the MediShield Fund is solvent at all times; and
(c) to ensure that the MediShield Fund is operated in accordance with the Act, MediShield Scheme regulations and the operating policies of the MediShield Scheme.

(ii) The policies, processes and methods for managing insurance risks are:

(a) to manage the MediShield Fund and insurance contract portfolio in accordance with sound actuarial, financial and accounting principles;
(b) to adopt an underwriting strategy to recognise and select the insurance risks accepted so that the claim experience is unlikely to deteriorate;
(c) to review regularly its experience, adequacy of premiums and reserves by the actuarial adviser of the MediShield Fund; and
(d) to retain sufficient surplus to allow for volatility of results.

The insurance contract portfolio's experience, fund solvency and premium adequacy are reviewed by the actuarial adviser of the MediShield Fund annually using the Risk Based Capital framework issued by the Monetary Authority of Singapore for the valuation of liabilities and establishment of capital requirement rules for insurers.

(iii) The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows of the MediShield Fund are:

(a) the policies provide indemnity benefits covering specified medical and hospitalisation conditions. The amount payable depends on the cost incurred by the insured member in respect of any particular event or treatment and the specified upper limits;
(b) the renewal of each insurance policy is guaranteed until the insured member reaches age 92, unless the insured member decides to discontinue cover; and
(c) premium discounts which are determined from time to time are offered to insured members from the age of 71 to 92, and the amount of discount depends on the age at entry to the MediShield Scheme.

(iv) Insurance risks are concentrated on specified individual health risks applicable to residents of Singapore. This concentration is a direct result of the MediShield Scheme consisting of a single medical insurance product. The shared characteristics of the risks insured by the MediShield Fund include:

(a) hospitalisation as the prime insured event;
(b) all insured events occurring within Singapore; and
(c) benefit payments being made in Singapore Dollars.

(v) With the exception of continuing outpatient treatments, the amounts of almost all claims are known within one year of the event occurring. For continuing outpatient treatments, each individual claim amount is known within a year, but liabilities to pay for the further treatments may continue for several years.

Lifelong Income Fund

(i) The risks arising from insurance policies issued under the Lifelong Income Scheme are mortality and interest rate risks of a relatively homogeneous portfolio of annuities. These risks do not vary significantly in relation to the location of the risk insured by the Lifelong Income Fund.

The objectives in managing these risks are:

(a) to ensure that all legitimate payments of insured members are met;
(b) to ensure that the Lifelong Income Fund is financially solvent at all times; and
(c) to ensure that the Lifelong Income Fund is operated in accordance with the Act, Lifelong Income Scheme regulations and the operating policies of the Lifelong Income Scheme.

(ii) The policies, processes and methods for managing insurance risks are:

(a) to adjust payouts to insured members as appropriate so that the pool of policies bears all mortality risk and interest rate risk;
(b) to invest in special issues of Singapore Government securities that earn an appropriate interest rate to cover expenditure and interest credits for insured members;
(c) to review regularly its experience in relation to the existing pricing assumptions; and
(d) to retain sufficient cash float to allow for volatility in death claims.

The Lifelong Income Scheme enables payouts to be adjusted over time to take account of variation in the experience for mortality and net interest credited, thus removing that risk from the Fund as a whole. The insurance contract portfolio's experience and fund solvency are reviewed by the actuarial adviser of the Lifelong Income Fund annually using the Risk Based Capital framework issued by the Monetary Authority of Singapore for the valuation of liabilities.

(iii) The terms and conditions of insurance contracts that have a material effect on the amount, timing, and uncertainty of future cash flows of the Lifelong Income Fund are:

(a) the provision that monthly payouts to a member be made while members are alive after the member's payout age, and cease when the member dies;
(b) the provision for net investment returns from the assets of the scheme to be allocated among members; and
(c) the provision under some contracts for a benefit to be paid to the member's beneficiaries on death.

(iv) The Lifelong Income Fund has no major exposure to concentration risk other than that the vast majority of insured members are residing in Singapore.

20.7 Insurance contract liabilities

The insurance contract liabilities of the Home Protection Fund, MediShield Fund and Lifelong Income Fund are determined by the Board based on the advice of the independent actuarial advisers of the Board. The insurance contract liabilities are valued using the methodology prescribed for insurers in Singapore as stated in the Insurance (Valuation and Capital) Regulations issued by the Monetary Authority of Singapore.

In respect of insurance contracts under the Home Protection Fund and MediShield Fund, the Board values the liabilities using realistic assumptions and discounting future cash flows at the appropriate rate. The method of valuation is a gross premium valuation method. The cash flows are projected in accordance with best estimate assumptions. Additional provision is required in the valuation assumptions to allow for any adverse deviation from the best estimate experience. The level of additional provision is reviewed periodically by the independent actuarial advisers to assess its appropriateness and sufficiency.

The Lifelong Income Scheme is designed to distribute 100% of its net assets to the insured members via monthly payouts starting from the annuity payout start age of each individual insured member for as long as the member lives. All risks are shared by the insured members. Therefore, for the insurance contracts issued under the Lifelong Income Fund, the insurance contract liabilities are valued as the total net assets held in the Lifelong Income Fund for the benefit of insured members. Valuation assumptions about future experience are not required as the liability value in aggregate is not affected by future interest rates, expenditure, withdrawals or mortality rates.

The assumptions used for the valuation of the Home Protection Fund and MediShield Fund are based on those prescribed in the valuation regulations issued by the Monetary Authority of Singapore that apply to insurers in Singapore. Valuation assumptions not prescribed by the Monetary Authority of Singapore are set according to experience studies or common market practice.

Home Protection Fund

The key assumptions used are:

(a) Mortality and permanent incapacity rates

Mortality and permanent incapacity rates are set based on experience studies carried out on the Home Protection Fund.

(b) Expense loadings

Expense assumptions are set based on an analysis of expense experience of the Home Protection Fund. Such a study is conducted on an annual basis. Consideration is also given to the expense budget that is approved for the following year.

(c) Lapse rates

Lapse rates are set based on experience studies carried out on the Home Protection Fund. Such a study is conducted on an annual basis.

(d) Valuation discount rate

The valuation discount rates are prescribed by the Monetary Authority of Singapore as matching to the Singapore Government bond yields for cash flows prior to 15 years, a Long Term Risk Free Discount Rate ("LTRFDR") for cash flows after 20 years, and an interpolation of the 15 year Singapore Government bond yield and the LTRFDR for cash flows between 15 to 20 years. The Singapore Government bond prices and yields are published on the Singapore Government securities website.

(e) The following table presents the sensitivity of the value of the insurance contract liabilities to movements in the assumptions used:

	2014		2013	
	Change in variable	Increase in liability	Change in variable	Increase in liability
	%	S$'000	%	S$'000
Home Protection Fund				
Worsening of claim rates	+10	32,761	+10	58,097
Shift in risk-free yield curve	-0.5	5,602	-0.5	9,406
Worsening of base expense level	+10	5,152	+10	6,707
Change in lapse rates	-10	5,123	-10	10,961

MediShield Fund

The variability of insurance results will affect the value of insurance liabilities from year to year. Such variations, from the valuation assumptions, are normal and are to be expected in an insurance portfolio. The material variables are:

(a) mortality and lapse rates;
(b) claim frequency per person covered;
(c) average claim amount per claim;
(d) impact of inflation of healthcare costs on claim amounts;
(e) cessation rates for patients with outpatient claims in payments;
(f) the premium rates; and
(g) the discount rate used for calculating the value of liabilities, which is based on the risk free yield curve.

Data used to determine assumptions regarding claim amount, claim frequency, cessation of outpatient treatment, lapse and mortality are sourced from annual reviews of the experience of the MediShield Fund, augmented by periodic reviews of Singapore hospitalisation data carried out in conjunction with premium and benefit reviews. Data used to support assumptions regarding claim inflation is sourced from general economic published material, augmented by the experience of the MediShield Fund. Data to determine the discount rate assumed is widely published.

(a) Mortality and lapse rates

The mortality assumptions are based on applying the experience of the MediShield Fund to the published Singapore mortality table "Singapore Actuarial Society Mortality Investigation 1997 – 2002". Lapse and mortality assumptions are reviewed each year to partially reflect the latest year's experience, and in this way represent a rolling weighted average of past experience with allowance for underlying trends.

(b) and (c) Claim frequency and average claim size

Claims assumptions are generally based on past hospitalisation experience data, modified for expected future inflation of these costs and by the claim benefits under the MediShield Scheme.

(d) Claim inflation

Future trends in healthcare inflation and healthcare utilisation growth are combined into an assumption of claim inflation. The judgment of this assumption is based on published Singapore economic information, similar experience information from other countries, analysis of past experience, and identification of the forces that may operate in the future to affect this outcome.

(e) Cessation rates for outpatient treatment

The cessation rates are based on an analysis of the experience of the MediShield Scheme over the past five years. The cessation rates vary by the duration that the claimant has been receiving outpatient treatment.

(f) Changes in scheme and impact

From 1 March 2014, the MediShield Scheme has been enhanced to provide better coverage and protection for MediShield members by extending the maximum coverage age from 90 to 92.

(g) Premium rates

Premiums are assumed not to increase until experience requires it. The MediShield Fund has no shareholders, and all assets of the MediShield Fund are for the purpose of providing benefits to MediShield members in accordance with the MediShield Scheme. All benefits and premiums for MediShield Scheme are set out from time to time in relevant laws and regulations, and can be changed by those laws and regulations.

(h) Valuation discount rate

The valuation discount rate is prescribed by the Monetary Authority of Singapore and effectively assumes the Singapore Government bond yields for cash flows prior to 10 years, a Long Term Risk Free Discount Rate ("LTRFDR") for cash flows after 15 years, and an interpolation of the 10 year Singapore Government bond yields. The Singapore Government bond prices and yields are published on the Singapore Government securities website.

The following table presents the sensitivity of the value of the insurance contract liabilities to movements in the assumptions used:

	2014		2013	
	Change in variable	Increase in liability	Change in variable	Increase in liability
	%	S$'000	%	S$'000
MediShield Fund				
Increase in average new claim size	+10	176,328	+10	143,245
Increase in new claim frequency	+10	176,328	+10	143,245
Increase in inflation of claim costs	+1 p.a.	97,153	+1 p.a.	109,537
Reduction in cessation rates of outpatient claims	-25	338,803	-25	332,014
Long-term premium rebate growth	+1 p.a.	346,197	+1 p.a.	325,861
Shift in risk-free yield curve	-0.5 p.a.	175,523	-0.5 p.a.	163,282
Change in lapse rates	-50	72,428	-50	67,302

20.8 Financial risk management of Insurance Funds

Market risk

Market risk, such as interest rate risk, foreign currency risk and equity price risk, arises from the investments in global and local debt securities, equities and derivatives when the market values of assets and liabilities do not move consistently to changes in the financial markets. Given the duration of policy liabilities and uncertainty of cash flows of the Home Protection Fund and the MediShield Fund, it is not possible to hold assets that will perfectly match the policy liabilities.

Given the nature of the Lifelong Income Scheme where there is no minimum payout guarantees and payouts are adjusted in response to changes in interest rates, all market risk is borne by the insured members. Accordingly, there is no exposure to market risk for the Lifelong Income Fund.

Asset-liability decisions are considered by the Board with an objective of limiting the extent to which solvency can be affected by adverse market and interest rate movements. Market risk is actively managed through the setting of investment policy and asset allocation within the approved risk tolerance limits. The investment policy includes certain restrictions on currency, credit, diversification, borrowing and counterparty risk. Market risk is diversified by investing the assets of the Home Protection Fund and MediShield Fund in different asset classes and various markets. The assets of the Lifelong Income Fund are 100% invested in special issues of Singapore Government securities, advance deposits and cash. The Board regularly monitors the exposure of the Home Protection Fund and MediShield Fund to different asset classes to satisfy itself that these exposures are within the approved ranges.

Derivatives are financial contracts whose values are derived from the value of underlying assets. They are used for hedging purposes to manage portfolio risk and for efficient portfolio management to improve risk-adjusted performance. The major classes of derivatives are as follows:

- Futures / forwards contracts to buy or sell an asset on or before a future date at a price specified at the time of entry;
- Options contracts that give the owner the right to buy or sell an asset at the strike price, specified at the time of entry and lapsing on the maturity date; and
- Swaps contracts to exchange cash on or before a specified future date based on the underlying value of interest rates or other assets.

Approved guidelines detail the permissible derivative instruments and their risk limits. Ongoing monitoring and reporting are undertaken at various levels to ensure that investment activities are in accordance with the investment guidelines.

Interest rate risk

The Home Protection Fund and MediShield Fund are exposed to both fair value and cash flow interest rate risks as a result of investments in fixed and variable rate debt securities. The interest rates on these investments are determined based on prevailing market rates. The fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure of the Lifelong Income Fund to interest rate risk is entirely borne by the insured members.

The investments in debt securities are as follows:

	Carrying amount (at fair value)		**Percentage of total investment of the Insurance Funds**	
	2014	**2013**	**2014**	**2013**
	S$'000	S$'000	%	%
Home Protection Fund	767,800	1,417,724	63.1	84.2
MediShield Fund	1,688,086	1,341,291	65.9	64.5

The effective interest rates, carrying amounts and maturities of debts securities are shown in the following table:

	Effective interest rate (per annum)		**Years to maturity**					
			Not later than one year		**Later than one year and not later than five years**		**Later than five years**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
	%	%	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
At fair value								
Denominated in SGD								
Home Protection Fund	0.01 – 4.00	0.31 – 4.25	17,630	63,059	252,827	192,034	248,098	439,492
MediShield Fund	0.01 – 4.25	0.31 – 4.25	67,539	88,160	442,855	310,291	188,689	154,228
Denominated in USD								
Home Protection Fund	0.13 – 8.13	0.01 – 8.50	8,958	16,232	51,181	48,812	39,059	121,916
MediShield Fund	0.00 – 9.25	0.01 – 8.13	12,506	23,056	57,366	83,914	161,819	120,649
Denominated in other currencies								
Home Protection Fund	0.30 – 10.00	0.05 – 17.60	16,509	45,611	45,739	192,689	87,799	297,879
MediShield Fund	0.00 – 10.50	0.05 – 17.60	91,732	28,378	166,794	177,972	498,786	354,643

The effective interest rates, carrying amounts and maturities of cash and cash equivalents are shown in the following table:

	Effective interest rate (per annum)		Years to maturity less than 1 year	
	2014	**2013**	**2014**	**2013**
	%	%	S$'000	S$'000
Denominated in SGD				
Home Protection Fund	0.00 – 0.83	0.00 – 0.93	565,545	75,211
MediShield Fund	0.00 – 0.81	0.00 – 0.93	176,490	183,934
Denominated in USD				
Home Protection Fund	0.00 – 0.52	0.00 – 0.00	20,951	9,683
MediShield Fund	0.00 – 0.00	0.00 – 0.00	3,467	18,226
Denominated in other currencies				
Home Protection Fund	0.00 – 3.14	0.00 – 0.00	59,457	13,905
MediShield Fund	0.00 – 0.00	0.00 – 0.00	9,673	9,179

Foreign currency risk

The Home Protection Fund and MediShield Fund are exposed to foreign exchange risk as a result of global investments. Hedging policies are put in place to mitigate these risks, where necessary. The sensitivity analysis for possible movements in key currencies with all other variables held constant is detailed in the sensitivity analysis below. As the Lifelong Income Fund only invests in Singapore Dollar denominated special issues of Singapore Government securities and advance deposits with the Monetary Authority of Singapore and cash, it is not exposed to any foreign exchange risk.

The following table presents major currency exposures of the Home Protection Fund and MediShield Fund as of the date of the financial statements, expressed in Singapore Dollars equivalent.

	Home Protection Fund		MediShield Fund	
	2014	**2013**	**2014**	**2013**
	S$'000	S$'000	S$'000	S$'000
USD	49,134	36,751	208,907	169,564
Mexican Peso	20,448	51,743	64,329	58,671
Sterling Pounds	14,455	16,203	1,598	27,283
Euro	12,081	14,654	24	23,570
Korean Won	11,183	33,669	32,423	33,345
Brazilian Real	4,207	47,052	89,764	64,899

Equity price risk

The Home Protection Fund and MediShield Fund are exposed to equity price risk because the investments held are classified at fair value through profit or loss. The market values of these investments are affected by, amongst others, changes in market prices as a result of changes in the global economic conditions, macro and micro economic factors affecting the country where the investments are quoted, and factors specific to the investee corporations.

The fluctuations in market prices due to the above factors are unforeseen. To manage the price risk arising from investments in equity, the Home Protection Fund and MediShield Fund diversify their portfolios across different markets and industries whenever it is appropriate.

The Lifelong Income Fund is not exposed to equity price risk. There is no impact on the net assets of the Lifelong Income Fund as any changes resulting from movements in interest rates will result in a corresponding change in the insurance contract liabilities, so that total assets equal total liabilities.

Sensitivity analysis

The analysis below is presented for reasonably possible movements in key variables with all other variables remaining constant.

	Home Protection Fund		MediShield Fund	
	2014	**2013**	**2014**	**2013**
	S$'000	S$'000	S$'000	S$'000
Change in variables:				
Equity prices				
+10%	45,118	27,714	88,373	75,078
-10%	(45,118)	(27,714)	(88,373)	(75,078)
Foreign currency				
+5%				
USD	2,457	1,838	10,445	8,478
Mexican Peso	1,022	2,587	3,216	2,934
Sterling Pounds	723	810	80	1,364
Euro	604	733	1	1,178
Korean Won	559	1,683	1,621	1,667
Brazilian Real	210	2,353	4,488	3,245
-5%				
USD	(2,457)	(1,838)	(10,445)	(8,478)
Mexican Peso	(1,022)	(2,587)	(3,216)	(2,934)
Sterling Pounds	(723)	(810)	(80)	(1,364)
Euro	(604)	(733)	(1)	(1,178)
Korean Won	(559)	(1,683)	(1,621)	(1,667)
Brazilian Real	(210)	(2,353)	(4,488)	(3,245)
Interest rate				
+50 bps	(26,341)	(42,000)	(52,735)	(37,907)
-50 bps	26,341	42,000	52,735	37,907

Concentration risk

Concentration of the investments of Home Protection Fund and MediShield Fund are analysed as follows:

	2014	2013	Percentage of investments 2014	2013
	S$'000	S$'000	%	%
Home Protection Fund				
Debt securities				
Singapore	518,555	674,825	43	40
United States	71,425	146,888	6	9
Mexican Peso	19,329	72,016	2	4
Italy	10,316	64,338	1	4
Brazil	4,036	62,852	–	4
Germany	17,513	55,313	1	3
United Kingdom	6,780	46,747	1	3
Japan	6,040	29,235	–	2
Korean Won	12,256	25,958	1	1
Others	101,550	239,552	8	14
Equity securities				
Singapore	64,222	60,936	5	4
United States	228,494	103,961	19	6
United Kingdom	28,031	27,129	2	2
Japan	28,214	13,862	2	1
Canada	14,533	11,121	1	–
Others	87,684	60,132	8	4
Derivatives				
United States	8	(23,306)	–	(1)
European Union	17	24,315	–	1
Japan	(32)	4	–	–
Others	(2,725)	(12,052)	–	(1)

	2014	2013	Percentage of investments 2014	2013
	S$'000	S$'000	%	%
MediShield Fund				
Debt securities				
Singapore	675,082	524,506	26	25
United States	187,386	201,868	7	10
Brazil	95,123	80,099	4	4
Italy	100,774	77,451	4	4
Mexico	79,709	68,329	3	3
Germany	75,007	59,045	3	3
United Kingdom	40,680	47,898	1	2
Others	434,325	282,095	17	14
Equity securities				
Singapore	185,384	162,505	7	8
United States	304,455	235,088	12	11
United Kingdom	41,582	55,924	2	3
Japan	42,134	33,217	2	1
Others	310,176	264,044	12	13
Derivatives				
Japan	64	8	–	–
European Union	(2,310)	14,054	–	–
Others	(9,859)	(25,319)	–	(1)

The investments of the Lifelong Income Fund are concentrated in special issues of Singapore Government securities, advance deposits and cash held with a number of financial institutions.

Credit risk

The maximum credit risk exposure at the end of the year, in relation to each class of financial assets, is the carrying amount of those assets at the end of the year.

The Home Protection Fund and MediShield Fund are exposed to credit risk through (i) investments in cash and debt securities and (ii) exposure to counterparty's credit in derivatives transactions. For the two types of exposures, financial loss may materialise as a result of credit default by the issuer or counterparty. For investments in debt securities, financial loss may also materialise as a result of the widening of credit spread or a downgrade of credit rating. The Lifelong Income Fund has minimal credit risk in respect of investments in special issues of Singapore Government securities and advance deposits with the Monetary Authority of Singapore.

Swaps, interest rate options, foreign exchange, currency options, over the counter options and other derivative positions are covered by International Swaps and Derivative Association master agreements. Derivative positions are marked to market daily, and the market value is considered to be the amount in the money. Collaterals may be provided or requested to or from counterparties dependent upon whether the derivative positions are out or in the money.

The Board manages credit risk actively through the setting of minimum credit rating requirements and investment limits for issuers and counterparties within the approved investment guidelines. These limits are reviewed as and when necessary. Ongoing monitoring and reporting are undertaken at various levels to ensure that all investment activities are in accordance with the investment guidelines.

Exposure of the Home Protection Fund and MediShield Fund to credit risk relating to their debts securities and financial derivatives are presented below (in millions of Singapore Dollars):

	AAA*	AA*	A*	BBB*	Not rated **	Total
	S$'m	S$'m	S$'m	S$'m	S$'m	S$'m
Home Protection Fund						
2014						
Singapore Government securities	512.6	–	–	–	–	512.6
Statutory board bonds	–	–	–	–	–	–
Other Government bonds	95.9	36.3	54.7	32.2	–	219.1
Government mortgage backed securities	–	–	–	–	–	–
Corporate bonds	6.5	10.0	15.9	3.7	–	36.1
Other fixed income instruments	–	–	–	–	–	–
Financial derivatives (counterparty)	–	–	(2.7)	–	–	(2.7)
	615.0	**46.3**	**67.9**	**35.9**	**–**	**765.1**
2013						
Singapore Government securities	446.7	–	–	–	–	446.7
Statutory board bonds	–	–	–	–	171.2	171.2
Other Government bonds	255.1	83.4	183.4	125.0	25.1	672.0
Government mortgage backed securities	6.0	–	–	–	–	6.0
Corporate bonds	19.0	30.9	49.5	13.0	4.1	116.5
Other fixed income instruments	4.8	0.2	0.3	–	–	5.3
Financial derivatives	–	–	–	–	(11.0)	(11.0)
	731.6	**114.5**	**233.2**	**138.0**	**189.4**	**1,406.7**

	AAA*	AA*	A*	BBB*	Not rated **	Total
	S$'m	S$'m	S$'m	S$'m	S$'m	S$'m
MediShield Fund						
2014						
Singapore Government securities	382.9	–	–	–	–	382.9
Statutory board bonds	–	–	–	–	241.7	241.7
Other Government bonds	304.8	136.3	188.2	313.6	–	942.9
Government mortgage backed securities	–	–	–	–	–	–
Corporate bonds	9.2	20.9	52.1	19.8	10.6	112.6
Other fixed income instruments	2.0	3.6	2.1	0.3	–	8.0
Financial derivatives (counterparty)	–	–	(12.1)	–	–	(12.1)
	698.9	**160.8**	**230.3**	**333.7**	**252.3**	**1,676.0**
2013						
Singapore Government securities	299.9	–	–	–	–	299.9
Statutory board bonds	–	–	–	–	172.6	172.6
Other Government bonds	329.4	83.0	200.8	111.1	34.0	758.3
Government mortgage backed securities	2.7	–	–	–	–	2.7
Corporate bonds	9.7	36.6	42.3	9.1	6.5	104.2
Other fixed income instruments	3.2	0.1	0.2	–	–	3.5
Financial derivatives	–	–	–	–	(11.2)	(11.2)
	644.9	**119.7**	**243.3**	**120.2**	**201.9**	**1,330.0**

* Based on public credit ratings assigned by external credit rating agencies Standard & Poor's, Moody's and Fitch.

** Based on internal credit ratings, and holdings are rated equivalent to Standard & Poor's credit ratings of "AAA to A".

Financial assets that are neither past due nor impaired

For the Home Protection Fund and MediShield Fund, the cash is placed as short term deposits with financial institutions which have good credit ratings, while debt securities and approved counterparties must meet stringent credit rating criteria. None of the financial assets of these insurance funds are past due nor impaired.

Liquidity risk

In the management of liquidity risk of the Insurance Funds, the Board seeks to ensure that even under adverse conditions, the Insurance Funds have access to the funds necessary to cover for claims and surrenders. Management monitors and maintains adequate cash and bank balances to finance the operations of the Insurance Funds and mitigate the effects of fluctuations in cash flows. In addition, the financial assets of the Insurance Funds can be readily sold or redeemed when the need arises.

The following tables show undiscounted financial liabilities with the remaining contractual maturity periods of the Insurance Fund. For liabilities arising from insurance contracts, the disclosure is the estimated timing of net cash outflows resulting from recognised insurance liabilities i.e. on a discounted basis.

	Not later than one year	Later than one year and not later than five years	Later than five years	Total
	S$'000	S$'000	S$'000	S$'000
Home Protection Fund				
2014				
Insurance contract liabilities	59,242	81,726	279,726	420,694
Claims intimated or admitted but not paid	25,518	–	–	25,518
Other payables	977	–	–	977
	85,737	**81,726**	**279,726**	**447,189**
2013				
Insurance contract liabilities	85,836	162,906	295,487	544,229
Claims intimated or admitted but not paid	24,293	–	–	24,293
Other payables	45,198	–	–	45,198
	155,327	**162,906**	**295,487**	**613,720**

	Not later than one year	Later than one year and not later than five years	Later than five years	Total
	S$'000	S$'000	S$'000	S$'000
MediShield Fund				
2014				
Insurance contract liabilities	145,673	889,476	995,837	2,030,986
Claims intimated or admitted but not paid	6,844	–	–	6,844
Other payables	52,699	–	–	52,699
	205,216	**889,476**	**995,837**	**2,090,529**
2013				
Insurance contract liabilities	124,737	822,015	753,024	1,699,776
Claims intimated or admitted but not paid	5,016	–	–	5,016
Other payables	53,619	–	–	53,619
	183,372	**822,015**	**753,024**	**1,758,411**

	Not later than one year	Later than one year and not later than five years	Later than five years	Total
	S$'000	S$'000	S$'000	S$'000
Lifelong Income Fund				
2014				
Insurance contract liabilities	124,425	624,065	6,279,259	7,027,749
Other payables	2,048	–	–	2,048
	126,473	**624,065**	**6,279,259**	**7,029,797**
2013				
Insurance contract liabilities	105,020	524,488	4,248,442	4,877,950
Other payables	280	–	–	280
	105,300	**524,488**	**4,248,442**	**4,878,230**

20.9 Fair value of assets and liabilities

The carrying amount of financial assets and liabilities with a maturity of less than a year including cash and cash equivalents, other receivables, and other payables are estimated to approximate their fair values due to the short period to maturity.

	Fair value through profit or loss	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
	S$'000	S$'000	S$'000	S$'000	S$'000
Home Protection Fund					
31 December 2014					
Investments					
- debt securities	767,800	–	–	767,800	767,800
- equity securities	451,178	–	–	451,178	451,178
- derivatives	(2,732)	–	–	(2,732)	(2,732)
Other receivables	–	12,579	–	12,579	12,579
Accrued interest receivables	–	8,560	–	8,560	8,560
Cash and cash equivalents	–	645,953	–	645,953	645,953
	1,216,246	**667,092**	**–**	**1,883,338**	**1,883,338**
Other payables	**–**	**–**	**(977)**	**(977)**	**(977)**
31 December 2013					
Investments					
- debt securities	1,417,724	–	–	1,417,724	1,417,724
- equity securities	277,141	–	–	277,141	277,141
- derivatives	(11,039)	–	–	(11,039)	(11,039)
Other receivables	–	53,240	–	53,240	53,240
Accrued interest receivables	–	11,508	–	11,508	11,508
Cash and cash equivalents	–	98,799	–	98,799	98,799
	1,683,826	**163,547**	**–**	**1,847,373**	**1,847,373**
Other payables	**–**	**–**	**(45,198)**	**(45,198)**	**(45,198)**

	Fair value through profit or loss	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
	S$'000	S$'000	S$'000	S$'000	S$'000
MediShield Fund					
31 December 2014					
Investments					
- debt securities	1,688,086	–	–	1,688,086	1,688,086
- equity securities	883,731	–	–	883,731	883,731
- derivatives	(12,105)	–	–	(12,105)	(12,105)
Other receivables	–	62,442	–	62,442	62,442
Accrued interest receivables	–	11,191	–	11,191	11,191
Cash and cash equivalents	–	189,630	–	189,630	189,630
	2,559,712	**263,263**	**–**	**2,822,975**	**2,822,975**
Other payables	**–**	**–**	**(52,699)**	**(52,699)**	**(52,699)**
31 December 2013					
Investments					
- debt securities	1,341,291	–	–	1,341,291	1,341,291
- equity securities	750,778	–	–	750,778	750,778
- derivatives	(11,257)	–	–	(11,257)	(11,257)
Other receivables	–	70,156	–	70,156	70,156
Accrued interest receivables	–	9,366	–	9,366	9,366
Cash and cash equivalents	–	211,339	–	211,339	211,339
	2,080,812	**290,861**	**–**	**2,371,673**	**2,371,673**
Other payables	**–**	**–**	**(53,619)**	**(53,619)**	**(53,619)**

The carrying amounts of special issues of Singapore Government securities and advance deposits in the Lifelong Income Fund approximate their fair values due to the investment arrangement with the Singapore Government as disclosed in note 20.4. The aggregate net fair values of recognised financial assets and liabilities which are not carried at fair value in the statements of net assets at 31 December are represented in the following table:

	Held-to-maturity	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
	S$'000	S$'000	S$'000	S$'000	S$'000
Lifelong Income Fund					
31 December 2014					
Investments					
- special issues of					
Singapore Government securities	6,936,795	–	–	6,936,795	6,936,795
- advance deposits	3,315	–	–	3,315	3,315
Accrued interest receivables	–	89,637	–	89,637	89,637
Cash and cash equivalents	–	50	–	50	50
	6,940,110	**89,687**	**–**	**7,029,797**	**7,029,797**
Other payables	**–**	**–**	**(2,048)**	**(2,048)**	**(2,048)**
31 December 2013					
Investments					
- special issues of					
Singapore Government securities	4,815,554	–	–	4,815,554	4,815,554
- advance deposits	5,264	–	–	5,264	5,264
Accrued interest receivables	–	57,362	–	57,362	57,362
Cash and cash equivalents	–	50	–	50	50
	4,820,818	**57,412**	**–**	**4,878,230**	**4,878,230**
Other payables	**–**	**–**	**(280)**	**(280)**	**(280)**

Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the year.

	2014 Fair value measurements at the end of the year			
	Level 1	**Level 2**	**Level 3**	**Total**
	S$'000	S$'000	S$'000	S$'000
Home Protection Fund				
Assets measured at fair value				
Financial assets:				
Financial assets through profit or loss				
Equity securities	449,632	1,546	–	451,178
Debt securities	615,234	152,566	–	767,800
Total financial assets through profit or loss	1,064,866	154,112	–	1,218,978
Derivatives				
- Interest rate futures contracts	85	–	–	85
- Forward currency contracts	3,508	–	–	3,508
- Interest rate swap	–	–	–	–
- Exchange cleared swap	–	–	–	–
- Currency swap	–	–	–	–
- Credit default swap	–	–	–	–
- RPI inflation index swap	–	–	–	–
- Options	–	–	–	–
Total derivatives	3,593	–	–	3,593
Financial assets as at 31 December 2014	**1,068,459**	**154,112**	**–**	**1,222,571**
Liabilities measured at fair value				
Derivatives				
- Interest rate futures contracts	(31)	–	–	(31)
- Forward currency contracts	(6,294)	–	–	(6,294)
- Interest rate swap	–	–	–	–
- Exchange cleared swap	–	–	–	–
- Currency swap	–	–	–	–
- Credit default swap	–	–	–	–
- RPI inflation index swap	–	–	–	–
- Options	–	–	–	–
Financial liabilities as at 31 December 2014	**(6,325)**	**–**	**–**	**(6,325)**

		2013 Fair value measurements at the end of the year			
	Note	**Level 1**	**Level 2**	**Level 3**	**Total**
		S$'000	S$'000	S$'000	S$'000
Home Protection Fund					
Assets measured at fair value					
Financial assets:					
Financial assets through profit or loss					
Equity securities		276,580	561	–	277,141
Debt securities	(i)	711,717	699,441	6,566	1,417,724
Total financial assets through profit or loss		988,297	700,002	6,566	1,694,865
Derivatives					
- Interest rate futures contracts		829	–	–	829
- Forward currency contracts		4,779	–	–	4,779
- Interest rate swap		–	27	–	27
- Exchange cleared swap		–	972	–	972
- Currency swap		–	24,268	–	24,268
- Credit default swap		–	–	1	1
- RPI inflation index swap		–	56	–	56
- Options		–	27	–	27
Total derivatives		5,608	25,350	1	30,959
Financial assets as at 31 December 2013		**993,905**	**725,352**	**6,567**	**1,725,824**
Liabilities measured at fair value					
Derivatives					
- Interest rate futures contracts		(3,495)	–	–	(3,495)
- Forward currency contracts		(12,933)	–	–	(12,933)
- Interest rate swap		–	(1,583)	–	(1,583)
- Exchange cleared swap		–	(270)	–	(270)
- Currency swap		–	(23,459)	–	(23,459)
- Credit default swap		–	–	(78)	(78)
- RPI inflation index swap		–	(154)	–	(154)
- Options		(14)	(12)	–	(26)
Financial liabilities as at 31 December 2013		**(16,442)**	**(25,478)**	**(78)**	**(41,998)**

(i) During the year, management reviewed the fair value measurement hierarchy classifications of certain financial assets. Accordingly, comparatives have been reclassified to conform to the presentation in the current year. Debt securities of S$251,369,000 have been transferred from Level 1 to Level 2.

	2014 Fair value measurements at the end of the year			
	Level 1	**Level 2**	**Level 3**	**Total**
	S$'000	S$'000	S$'000	S$'000
MediShield Fund				
Assets measured at fair value				
Financial assets:				
Financial assets through profit or loss				
Equity securities	881,942	1,789	–	883,731
Debt securities	789,963	891,344	6,779	1,688,086
Total financial assets through profit or loss	1,671,905	893,133	6,779	2,571,817
Derivatives				
- Interest rate futures contracts	497	–	–	497
- Forward currency contracts	22,025	–	–	22,025
- Interest rate swap	–	28	–	28
- Exchange cleared swap	–	2,460	–	2,460
- Currency swap	–	47	–	47
- Credit default swap	–	21	–	21
- RPI inflation index swap	–	198	–	198
- Options	–	255	–	255
Total derivatives	22,522	3,009	–	25,531
Financial assets as at 31 December 2014	**1,694,427**	**896,142**	**6,779**	**2,597,348**
Liabilities measured at fair value				
Derivatives				
- Interest rate futures contracts	(912)	–	–	(912)
- Forward currency contracts	(30,138)	–	–	(30,138)
- Interest rate swap	–	(151)	–	(151)
- Exchange cleared swap	–	(4,054)	–	(4,054)
- Currency swap	–	–	–	–
- Credit default swap	–	(1,049)	–	(1,049)
- RPI inflation index swap	–	(717)	–	(717)
- Options	–	(615)	–	(615)
Financial liabilities as at 31 December 2014	**(31,050)**	**(6,586)**	**–**	**(37,636)**

		2013 Fair value measurements at the end of the year			
	Note	**Level 1**	**Level 2**	**Level 3**	**Total**
		S$'000	S$'000	S$'000	S$'000
MediShield Fund					
Assets measured at fair value					
Financial assets:					
Financial assets through profit or loss					
Equity securities		749,259	1,519	–	750,778
Debt securities	(ii)	624,909	713,161	3,221	1,341,291
Total financial assets through profit or loss		1,374,168	714,680	3,221	2,092,069
Derivatives					
- Interest rate futures contracts		1,453	–	–	1,453
- Forward currency contracts		6,223	–	–	6,223
- Interest rate swap		–	–	–	–
- Exchange cleared swap		–	1,094	–	1,094
- Currency swap		–	13,964	–	13,964
- Credit default swap		–	–	1	1
- RPI inflation index swap		–	105	–	105
- Options		–	35	–	35
Total derivatives		7,676	15,198	1	22,875
Financial assets as at 31 December 2013		**1,381,844**	**729,878**	**3,222**	**2,114,944**
Liabilities measured at fair value					
Derivatives					
- Interest rate futures contracts		(2,199)	–	–	(2,199)
- Forward currency contracts		(16,991)	–	–	(16,991)
- Interest rate swap		–	(966)	–	(966)
- Exchange cleared swap		–	(195)	–	(195)
- Currency swap		–	(13,498)	–	(13,498)
- Credit default swap		–	–	(26)	(26)
- RPI inflation index swap		–	(217)	–	(217)
- Options		(23)	(17)	–	(40)
Financial liabilities as at 31 December 2013		**(19,213)**	**(14,893)**	**(26)**	**(34,132)**

(ii) During the year, management reviewed the fair value measurement hierarchy classifications of certain financial assets. Accordingly, comparatives have been reclassified to conform to the presentation in the current year. Debt securities of S$76,584,000 have been transferred from Level 1 to Level 2.

Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Debt securities

Debt securities are valued using either the Bloomberg Fair Value Model based on comparably rated bonds with similar characteristics i.e. currency, market type, industry type and credit rating or by evaluating U.S. Treasuries from reliable sources with sound historical accuracies.

Equity securities

Equity securities classified under the Level 2 pricing hierarchy are unquoted securities due to their trading status being unlisted, delisted, suspended or illiquid owing to various types of corporate actions. The underlying securities are priced at the last bid price.

Derivatives

Interest rate swaps, interest rate options and currency swaps are used to manage interest rate exposures, hedge against exposure to exchange rate risks and manage volatility exposures.

Interest rate swap contracts are valued by applying forward pricing and swap models, using present value calculations. The models incorporate market observable inputs, including the credit quality of counterparties, foreign exchange spot rates, foreign exchange forward rates, interest rate curves and forward rate curves.

Credit default swaps are valued based on credit spread curves derived by market and details of the trades.

Level 3 fair value measurements

(i) **Information about significant unobservable inputs used in Level 3 fair value measurements**

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Home Protection Fund

Description	Fair value at 31 December 2013 S$'000	Valuation techniques	Unobservable inputs	Range
Government mortgage backed securities	6,037	Valued based on an appropriate effective margin applied to discount cash flows to compute an evaluated price.	Discount rate	2% to 5%
Non-government backed CMO	529	Valued based on, either a volatility-driven, multi-dimensional single cash flow stream model or option-adjusted spread model, depending upon the characteristics of a given tranche.	Discount rate	2% to 5 %
Credit default swaps	(77)	Valued based on credit spread curves derived by market and details of the trades.	Probability of default	1% to 4%

MediShield Fund

Description	Fair value at 31 December 2014 S$'000	Valuation techniques	Unobservable inputs	Range[1]
Agency Mortgage Backed Securities	249	Valued based on an appropriate effective margin applied to discount cash flows to compute an evaluated price.	Discount rate	1% to 4%
Agency CMO	47	Valued based on, either a volatility-driven, multi-dimensional single cash flow stream model or option-adjusted spread model, depending upon the characteristics of a given tranche.	Discount rate	1% to 4%
Non-Agency CMO	6,483	Valued based on, either a volatility-driven, multi-dimensional single cash flow stream model or option-adjusted spread model, depending upon the characteristics of a given tranche.	Discount rate	1% to 4%

MediShield Fund

Description	Fair value at 31 December 2013 S$'000	Valuation techniques	Unobservable inputs	Range
Government mortgage backed securities	2,725	Valued based on an appropriate effective margin applied to discount cash flows to compute an evaluated price.	Discount rate	2% to 5%
Government issued commercial mortgage-backed	123	Valued based on, either a volatility-driven, multi-dimensional single cash flow stream model or option-adjusted spread model, depending upon the characteristics of a given tranche.	Discount rate	2% to 5%
Non-government backed CMO	373	Valued based on, either a volatility-driven, multi-dimensional single cash flow stream model or option-adjusted spread model, depending upon the characteristics of a given tranche.	Discount rate	2% to 5%
Credit default swaps	(25)	Valued based on credit spread curves derived by market and details of the trades.	Probability of default	1% to 4%

[1] Source: FNMA benchmark yields from 2 years to 30 years.

Debt securities

For debt securities, significant increase (decrease) in prepayment rates, probability of default and loss severity in the event of default would result in a significantly lower (higher) fair value measurement. Generally, a change in the assumption used for the probability of default, as usually measured by a change of credit rating, is accompanied by a directionally similar change in the assumption used for the loss severity and a directionally opposite change in the assumption used for the prepayment rates.

Derivatives

Credit default swaps are used to manage credit exposure without buying or selling underlying securities. Significant increase (decrease) in probability of default and loss severity in the event of default would result in significantly lower (higher) fair value measurement. Generally, a change in the assumption used for the probability of default, as usually measured by a change of credit rating, is accompanied by a directionally similar change in the assumption used for the loss severity and a directionally opposite change in the assumption used for the default rates.

Although the Board assessed that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. The favourable and unfavourable effects of using reasonably possible alternative assumptions, which include default rates, have been calculated by adjusting the interest rate assumptions within a range of possible alternatives. For fair value measurements in the Level 3 category, changing the assumptions used, to reasonably possible alternative assumptions would have the following effects:

	Debt securities	**Credit default swaps**
	S$'000	S$'000
Impact on net assets of:		
2014		
Home Protection Fund		
+100bps	–	–
-100bps	–	–
MediShield Fund		
+100bps	(20)	–
-100bps	20	–
2013		
Home Protection Fund		
+100bps	(392)	–
-100bps	392	–
MediShield Fund		
+100bps	(191)	–
-100bps	191	–

(ii) **Movements in Level 3 assets and liabilities measured at fair value**

The following tables present the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3).

	Note	**Debt securities**	**Credit default swaps**	**Total**
		S$'000	S$'000	S$'000
Home Protection Fund				
At 1 January 2013		38,331	(426)	37,905
Gains or losses included in changes in fund balances for the year presented in net investment gains		100	770	870
Purchases		7,551	(90)	7,461
Sales		(18,270)	(331)	(18,601)
Transfers into Level 3		–	–	–
Transfers out of Level 3	(a)	(21,146)	–	(21,146)
At 31 December 2013		6,566	(77)	6,489
Gains or losses included in changes in fund balances for the year presented in net investment gains		(981)	26	(955)
Purchases		5,079	–	5,079
Sales		(10,664)	51	(10,613)
Transfers into Level 3		–	–	–
Transfers out of Level 3		–	–	–
At 31 December 2014		–	–	–

	Note	Debt securities	Credit default swaps	Total
		S$'000	S$'000	S$'000
MediShield Fund				
At 1 January 2013		20,268	(224)	20,044
Gains or losses included in changes in fund balances for the year presented in net investment gains		43	256	299
Purchases		5,005	34	5,039
Sales		(10,605)	(91)	(10,696)
Transfers into Level 3		215	–	215
Transfers out of Level 3	(a)	(11,705)	–	(11,705)
At 31 December 2013		3,221	(25)	3,196
Gains or losses included in changes in fund balances for the year presented in net investment gains		(5)	(7)	(12)
Purchases		6,547	–	6,547
Sales		(6,205)	32	(6,173)
Transfers into Level 3		3,221	–	3,221
Transfers out of Level 3		–	–	–
At 31 December 2014		6,779	–	6,779

(a) Certain debt securities were transferred from Level 3 to Level 2, as the valuation techniques used to determine the fair value of these debt securities incorporated key inputs that were market observable. Management has performed an independent check and validated that prices are comparable to market closing prices. Therefore, these securities were reclassified to Level 2 for better representation.

	Fair value measurements using significant unobservable inputs (Level 3)		
	Financial assets at fair value through profit or loss		Total
Home Protection Fund	Debt securities	Credit default swaps	
	S$'000	S$'000	S$'000
2014			
Total (loss) / gain for the year included in	(981)	26	(955)
Profit or loss:			
- Other income	–	–	–
Net (loss) / gain from financial assets at fair value through profit or loss	(981)	26	(955)

	Fair value measurements using significant unobservable inputs (Level 3)		
	Financial assets at fair value through profit or loss		Total
Home Protection Fund	Debt securities	Credit default swaps	
	S$'000	S$'000	S$'000
2013			
Total gain for the year included in	100	770	870
Profit or loss:			
- Other income	–	–	–
Net gain from financial assets at fair value through profit or loss	100	770	870

MediShield Fund	Fair value measurements using significant unobservable inputs (Level 3)		
	Financial assets at fair value through profit or loss		Total
	Debt securities	Credit default swaps	
	S$'000	S$'000	S$'000
2014			
Total loss for the year included in	(5)	(7)	(12)
Profit or loss:			
- Other income	–	–	–
Net loss from financial assets at fair value through profit or loss	(5)	(7)	(12)

MediShield Fund	Fair value measurements using significant unobservable inputs (Level 3)		
	Financial assets at fair value through profit or loss		Total
	Debt securities	Credit default swaps	
	S$'000	S$'000	S$'000
2013			
Total gain for the year included in	43	256	299
Profit or loss:			
- Other income	–	–	–
Net gain from financial assets at fair value through profit or loss	43	256	299

(iii) **Valuation policies and procedures**

Management oversees the financial reporting valuation process for all securities and is responsible for setting and documenting the valuation policies and procedures. Management values securities based on the pricing provided by the custodian, which relies on globally established industry pricing vendors.

Management is kept informed by the custodian of any change in pricing vendors or pricing methodology as and when arises, and ensures that only reputable and established pricing vendors are used. Management reviews the pricing guidelines provided by the custodian on an annual basis to satisfy that all asset classes are priced according to the guidelines.

In addition, management performs a monthly reconciliation between statements provided by the custodian and that provided by the external fund managers. Pricing differences exceeding certain percentages are investigated and acted upon.

21. Dependants' Protection Residual Fund

The Dependants' Protection Insurance Fund was set up under section 46 of the Act to account for premiums received, claims paid for life insurance cover and operating expenses incurred under the Dependants' Protection Insurance Scheme.

The Dependants' Protection Insurance Scheme was privatised on 17 September 2005. Most of the dissolved Dependants' Protection Insurance Fund was transferred to the appointed private insurers. The remaining fund balance was retained in the Dependants' Protection Residual Fund to meet any liabilities under the Dependants' Protection Insurance Scheme that arose prior to its privatisation.

In 2013, management reviewed and decided to distribute those unclaimed balances in the Dependants' Protection Residual Fund before dissolving the fund. On 15 December 2013, the Dependants' Protection Residual Fund distributed the unclaimed balances as premium rebates to members who had active covers when the Dependants' Protection Insurance Scheme was privatised. Remaining funds were transferred to the Central Provident Fund to meet future liabilities and expenditure before the Dependants' Protection Residual Fund was dissolved at the end of December 2013.

Funds transferred to Central Provident Fund

	Note	2013
		S$'000
Provision for potential claims		
Existing provision	(a)	964
Additional provision	(b)	8,936
		9,900
Operating expenses and administrative fee	(c)	4,716
		14,616

(a) Provision for potential claims is established for claims that have been provided in Dependants' Protection Residual Fund before its dissolution.

(b) The amount of additional provision for potential claims is assessed by management based on the historical claim experience.

(c) Operating expenses and administrative fee comprises provision of S$4,657,000 and accrued expenses incurred of S$59,000 as set out in note 9.

22. Net assets of Trust Funds

	Note	2014	2013
		S$'000	S$'000
Deferment Bonus Fund	22.1	845,893	856,649
CPF LIFE Bonus Fund	22.2	565,141	600,691
Trust Fund for the Special Employment Credit Scheme	22.3	1,155,081	1,698,516
Trust Fund for the Workfare Special Bonus Scheme	22.4	26,136	30,452
Other Trust Funds	22.5	118,567	185,413
		2,710,818	**3,371,721**

Details of the trust funds are set out below, have been prepared from the records of the trust funds, and reflect only transactions handled by the Board.

22.1 Deferment Bonus Fund

The Deferment Bonus Fund was set up and constituted under a trust deed in 2008 for the purpose of a scheme which provides for bonus payouts to help CPF members cope with the later drawdown age for the minimum sum and to encourage CPF members to voluntarily defer their drawdown age.

The Board is appointed as the trustee of the Deferment Bonus Fund, with effect from 29 June 2011, by the Government under the Deferment Bonus Fund Trust Deed and relevant Supplementary Deeds.

The Deferment Bonus Fund receives funds from the Government and interest income on advance deposits placed with the Accountant-General through the Monetary Authority of Singapore and pays Deferment Bonus and Voluntary Deferment Bonus to eligible CPF members, and operating expenses incurred for the administration of the Deferment Bonus Fund.

The trust period of the Deferment Bonus Fund ends on 31 January 2024. At the expiration of the trust period, all remaining assets of the fund shall be returned to the Government pursuant to the Deferment Bonus Fund Trust Deed.

	Note	2014	2013
		S$'000	S$'000
Fund balance		845,893	856,649
Represented by:			
Advance deposits with Monetary Authority of Singapore		845,893	856,649
Net assets	22	**845,893**	**856,649**

	Note	2014	2013
		S$'000	S$'000
Receipts			
Interest income from advance deposits		21,575	21,764
Disbursements			
Payment of Deferment Bonus and Voluntary Deferment Bonus to members		(31,639)	(31,259)
Agency fee paid to CPF Board		(678)	(551)
Professional fees		(14)	(13)
		(32,331)	(31,823)
Net disbursements during the year		(10,756)	(10,059)
Fund balance as at 1 January		856,649	866,708
Fund balance as at 31 December	22	**845,893**	**856,649**

22.2 CPF LIFE Bonus Fund

The CPF LIFE Bonus Fund was set up and constituted under a trust deed in 2009 for the purpose of helping eligible senior Singaporean citizens participate in the Lifelong Income Scheme by providing a bonus, paid into their CPF Retirement Accounts and/or as premiums for their CPF LIFE Annuity Plans.

The Board is appointed as the trustee of the CPF LIFE Bonus Fund, with effect from 29 June 2011, by the Government under the CPF LIFE Bonus Fund Trust Deed and relevant Supplementary Deeds.

The CPF LIFE Bonus Fund receives funds from the Government and interest income on advance deposits placed with the Accountant-General through the Monetary Authority of Singapore and pays CPF LIFE Bonus to eligible CPF members, and operating expenses incurred for the administration of the CPF LIFE Bonus Fund.

The trust period of the CPF LIFE Bonus Fund ends on 1 May 2020. At the expiration of the trust period, all remaining assets of the fund shall be returned to the Government pursuant to the CPF LIFE Bonus Fund Trust Deed.

	Note	2014	2013
		S$'000	S$'000
Fund balance		565,141	600,691
Represented by:			
Advance deposits with Monetary Authority of Singapore		565,141	600,691
Net assets	22	**565,141**	**600,691**

	Note	2014	2013
		S$'000	S$'000
Receipts			
Interest income from advance deposits		15,141	15,921
Disbursements			
Payment of CPF LIFE Bonus to members		(49,769)	(44,664)
Agency fee paid to CPF Board		(889)	(793)
Professional fees		(14)	(13)
Interest expense		(19)	(15)
		(50,691)	(45,485)
Net disbursements during the year		(35,550)	(29,564)
Fund balance as at 1 January		600,691	630,255
Fund balance as at 31 December	22	**565,141**	**600,691**

22.3 Trust Fund for the Special Employment Credit Scheme

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

The Board is appointed as the trustee of the Trust Fund for the Special Employment Credit Scheme with effect from 8 March 2012, by the Government under the Trust Deed to Trust Fund for the Special Employment Credit Scheme and relevant Supplementary Deeds.

The Trust Fund for the Special Employment Credit Scheme receives funds from the Government and interest income on advance deposits placed with the Accountant-General through the Monetary Authority of Singapore and pays Special Employment Credit to eligible beneficiaries, and operating expenses incurred for the scheme and administration of the Trust Fund for the Special Employment Credit Scheme.

The trust period of the Trust Fund for the Special Employment Credit Scheme ends on 31 August 2018. At the expiration of the trust period, all remaining assets of the fund shall be returned to the Government pursuant to the Trust Deed to Trust Fund for the Special Employment Credit Scheme.

	Note	2014	2013
		S$'000	S$'000
Fund balance		1,155,081	1,698,516
Represented by:			
Advance deposits with Monetary Authority of Singapore		1,152,295	1,696,374
Cash		2,786	2,142
Net assets	22	**1,155,081**	**1,698,516**

	Note	2014	2013
		S$'000	S$'000
Receipts			
Interest income from advance deposits		5,650	6,166
Disbursements			
Special Employment Credit disbursed		(546,968)	(496,674)
Agency fee paid to CPF Board		(2,103)	(1,521)
Professional fees		(14)	(13)
		(549,085)	(498,208)
Net disbursements during the year		(543,435)	(492,042)
Fund balance as at 1 January		1,698,516	2,190,558
Fund balance as at 31 December	22	**1,155,081**	**1,698,516**

22.4 Trust Fund for the Workfare Special Bonus Scheme

The Trust Fund for the Workfare Special Bonus Scheme was set up and constituted under a trust deed in 2012 for the purpose of a scheme which provides a financial sum to older low-wage Singaporeans residing in Lower Value Properties as a bonus for engaging in regular and productive work.

The Board is appointed as the trustee of the Trust Fund for the Workfare Special Bonus Scheme with effect from 13 March 2012, by the Government under the Trust Deed to Trust Fund for the Workfare Special Bonus Scheme and relevant Supplementary Deeds.

The Trust Fund for the Workfare Special Bonus Scheme receives funds from the Government and interest income on advance deposits placed with the Accountant-General through the Monetary Authority of Singapore and pays Workfare Special Bonus to eligible beneficiaries, and operating expenses incurred for the scheme and administration of the Trust Fund for the Workfare Special Bonus Scheme.

The trust period of the Trust Fund for the Workfare Special Bonus Scheme ends on 30 June 2017. At the expiration of the trust period, all remaining assets of the fund shall be returned to the Government pursuant to the Trust Deed to Trust Fund for the Workfare Special Bonus Scheme.

	Note	2014	2013
		S$'000	S$'000
Fund balance		26,136	30,452
Represented by:			
Advance deposits with Monetary Authority of Singapore		26,135	30,448
Cash		1	4
Net assets	22	**26,136**	**30,452**

	Note	2014	2013
		S$'000	S$'000
Receipts			
Interest income from advance deposits		103	620
Disbursements			
Workfare Special Bonus disbursed		(3,942)	(109,045)
Agency fee paid to CPF Board		(463)	(1,220)
Professional fees		(14)	(13)
		(4,419)	(110,278)
Net disbursements during the year		(4,316)	(109,658)
Fund balance as at 1 January		30,452	140,110
Fund balance as at 31 December	22	**26,136**	**30,452**

22.5 Other Trust Funds

Other Trust Funds are set up to account for funds received from the Government which the Board acts as an administrator, and the funds are held in trust and managed by the Board on behalf of the respective Government ministries.

	Note	2014 S$'000	2013 S$'000
Fund balance		118,567	185,413
Represented by:			
Cash at banks held in trust by CPF Board	8	118,567	185,413
Net assets	22	**118,567**	**185,413**

	Note	2014 S$'000	2013 S$'000
Receipts			
Funds received from Government ministries		1,961,526	2,268,931
Interest income		46	37
		1,961,572	2,268,968
Disbursements			
Disbursements to CPF members and the public		(2,028,418)	(2,155,924)
Net (disbursements) / receipts during the year		(66,846)	113,044
Fund balance as at 1 January		185,413	72,369
Fund balance as at 31 December	22	**118,567**	**185,413**

23. Related party transactions

Definition of related party

The Board is a statutory board established under the CPF Act (Chapter 36, Revised Edition 2013). Government ministries including statutory boards under their purview are deemed related parties to the Board.

(i) Key management compensation

Key management personnel of the Board are those persons having the authority and responsibility for planning, directing and controlling the activities of the Board. The members and core management of the Board are considered key management personnel.

Compensation of key management personnel comprises:

	2014 S$'000	2013 S$'000
Salaries and other short-term employee benefits	6,314	6,274
CPF Contributions	261	259
Post-employment benefits	24	23

Other related party transactions

Other than disclosed elsewhere in the financial statements, the significant transactions with related parties based on terms agreed between the parties involved are as follows:

Central Provident Fund

(ii) Expenses incurred for services rendered

	2014 S$'000	2013 S$'000
Statutory boards	7,407	7,965

(iii) Agency fees income

The Board handles agency work on behalf of various Government ministries. These agency income are included as part of agency, consultancy and data processing fees disclosed in note 13.

	2014 S$'000	2013 S$'000
Government ministries	47,883	34,425
Statutory boards	3,015	2,722

(iv) Other income

A transfer of equipment to CPF is recognised as income as follows:

	2014 S$'000	2013 S$'000
Statutory board	536	–

(v) Special issues of Singapore Government securities

Transactions in special issues of Singapore Government securities are as follows:

	2014 S$'000	2013 S$'000
Placement	21,921,865	24,471,335
Redemption	215,533	2,080,748

Insurance Funds

(vi) Trading of debt securities

Trading of debt securities issued by the Singapore Government and Government ministries are as follows:

	2014	2013
	S$'000	S$'000
Home Protection Fund		
Sales	375,227	112,009
Purchases	357,874	104,770
MediShield Fund		
Sales	125,333	80,864
Purchases	251,145	174,485

(vii) Special issues of Singapore Government securities

Transactions in special issues of Singapore Government securities are as follows:

	2014	2013
	S$'000	S$'000
Lifelong Income Fund		
Placement	2,121,241	1,507,219

24. Event occurring after the reporting period

The Government has accepted the recommendations of the MediShield Life Review Committee in June 2014, and it has been publicly announced that the MediShield Life will replace the current MediShield Scheme. The new legislation, the MediShield Life Scheme Act has been gazetted and will come into effect by end 2015. The complete details of changes to premiums have yet to be finalised but they will be based on actuarial advice, and intended to be sufficient to cover the benefits and maintain the capital adequacy of MediShield Life Fund at an appropriate level.

25. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2014 were authorised for issue by the members of the Board on 15 April 2015.

ANNEXES

ANNEXES

ANNEX A

RATES OF CPF CONTRIBUTIONS, 1955 – 2014

STARTING	AGE OF EMPLOYEE	CONTRIBUTION RATE (% of wage)		CREDITED INTO (% of wage)			TOTAL (% of wage)	ORDINARY WAGE CEILING ($)
		BY EMPLOYER	BY EMPLOYEE	ORDINARY ACCOUNT	SPECIAL ACCOUNT	MEDISAVE ACCOUNT		
Jul 1955	-	5	5	-	-	-	10	500
Sep 1968	-	6.5	6.5	-	-	-	13	2,307.69
Jan 1970	-	8	8	-	-	-	16	1,875
Jan 1971	-	10	10	-	-	-	20	1,500
Jul 1972	-	14	10	-	-	-	24	
Jul 1973	-	15	11	-	-	-	26	
Jul 1974	-	15	15	-	-	-	30	
Jul 1975	-	15	15	-	-	-	30	2,000
Jul 1977	-	15.5	15.5	30	1	-	31	
Jul 1978	-	16.5	16.5	30	3	-	33	3,000
Jul 1979	-	20.5	16.5	30	7	-	37	
Jul 1980	-	20.5	18	32	6.5	-	38.5	
Jul 1981	-	20.5	22	38.5	4	-	42.5	
Jul 1982	-	22	23	40	5	-	45	
Jul 1983	-	23	23	40	6	-	46	
Nov 1983	-	23	23	40	6	-	46	4,000
Apr 1984	-	23	23	40	-	6	46	
Jul 1984	-	25	25	40	4	6	50	5,000
Jul 1985	-	25	25	40	4	6	50	6,000
Apr 1986	-	10	25	29	-	6	35	
Jul 1988	55 years & below	12	24	30	-	6	36	6,000
	Above 55 - 60 years	11	20	25	-	6	31	
	Above 60 - 65 years	9	19	22	-	6	28	
	Above 65 years	8	18	20	-	6	26	
Jul 1989	55 years & below	15	23	30	2	6	38	6,000
	Above 55 - 60 years	12	16	22	-	6	28	
	Above 60 - 65 years	8	13	15	-	6	21	
	Above 65 years	6	11	11	-	6	17	
Jul 1990	55 years & below	16.5	23	30	3.5	6	39.5	6,000
	Above 55 - 60 years	12.5	12.5	19	-	6	25	
	Above 60 - 65 years	7.5	7.5	9	-	6	15	
	Above 65 years	5	5	4	-	6	10	
Jul 1991	55 years & below	17.5	22.5	30	4	6	40	6,000
	Above 55 - 60 years	12.5	12.5	19	-	6	25	
	Above 60 - 65 years	7.5	7.5	9	-	6	15	
	Above 65 years	5	5	4	-	6	10	
Jul 1992	35 years & below	18	22	30	4	6	40	6,000
	Above 35 - 55 years	18	22	29	4	7	40	
	Above 55 - 60 years	12.5	12.5	18	-	7	25	
	Above 60 - 65 years	7.5	7.5	8	-	7	15	
	Above 65 years	5	5	3	-	7	10	
Jul 1993	35 years & below	18.5	21.5	30	4	6	40	6,000
	Above 35 - 45 years	18.5	21.5	29	4	7	40	
	Above 45 - 55 years	18.5	21.5	28	4	8	40	
	Above 55 - 60 years	7.5	12.5	12	-	8	20	
	Above 60 - 65 years	7.5	7.5	7	-	8	15	
	Above 65 years	5	5	2	-	8	10	

STARTING	AGE OF EMPLOYEE	CONTRIBUTION RATE (% of wage)		CREDITED INTO (% of wage)			TOTAL (% of wage)	ORDINARY WAGE CEILING ($)
		BY EMPLOYER	BY EMPLOYEE	ORDINARY ACCOUNT	SPECIAL ACCOUNT	MEDISAVE ACCOUNT		
Jul 1994	35 years & below	20	20	30	4	6	40	6,000
	Above 35 - 45 years	20	20	29	4	7	40	
	Above 45 - 55 years	20	20	28	4	8	40	
	Above 55 - 60 years	7.5	12.5	12	-	8	20	
	Above 60 - 65 years	7.5	7.5	7	-	8	15	
	Above 65 years	5	5	2	-	8	10	
Jan 1999	35 years & below	10	20	24	-	6	30	6,000
	Above 35 - 45 years	10	20	23	-	7	30	
	Above 45 - 55 years	10	20	22	-	8	30	
	Above 55 - 60 years	4	12.5	8.5	-	8	16.5	
	Above 60 - 65 years	2	7.5	1.5	-	8	9.5	
	Above 65 years	2	5	-	-	7	7	
Apr 2000	35 years & below	12	20	24	2	6	32	6,000
	Above 35 - 45 years	12	20	23	2	7	32	
	Above 45 - 55 years	12	20	22	2	8	32	
	Above 55 - 60 years	4.5	12.5	9	-	8	17	
	Above 60 - 65 years	2.5	7.5	2	-	8	10	
	Above 65 years	2.5	5	-	-	7.5	7.5	
Jan 2001	35 years & below	16	20	26	4	6	36	6,000
	Above 35 - 45 years	16	20	23	6	7	36	
	Above 45 - 55 years	16	20	22	6	8	36	
	Above 55 - 60 years	6	12.5	10.5	-	8	18.5	
	Above 60 - 65 years	3.5	7.5	2.5	-	8.5	11	
	Above 65 years	3.5	5	-	-	8.5	8.5	
Oct 2002	35 years & below	16	20	26	4	6	36	6,000
	Above 35 - 45 years	16	20	23	6	7	36	
	Above 45 - 55 years	16	20	22	6	8	36	
	Above 55 - 60 years	6	12.5	10.5	-	8	18.5	
	Above 60 - 65 years	3.5	7.5	2.5	-	8.5	11	
	Above 65 years	3.5	5	-	-	8.5	8.5	
Oct 2003	35 years & below	13	20	22	5	6	33	6,000
	Above 35 - 45 years	13	20	20	6	7	33	
	Above 45 - 55 years	13	20	18	7	8	33	
	Above 55 - 60 years	6	12.5	10.5	-	8	18.5	
	Above 60 - 65 years	3.5	7.5	2.5	-	8.5	11	
	Above 65 years	3.5	5	-	-	8.5	8.5	
Jan 2004	35 years & below	13	20	22	5	6	33	5,500
	Above 35 - 45 years	13	20	20	6	7	33	
	Above 45 - 55 years	13	20	18	7	8	33	
	Above 55 - 60 years	6	12.5	10.5	-	8	18.5	
	Above 60 - 65 years	3.5	7.5	2.5	-	8.5	11	
	Above 65 years	3.5	5	-	-	8.5	8.5	
Jan 2005	35 years & below	13	20	22	5	6	33	5,000
	Above 35 - 45 years	13	20	20	6	7	33	
	Above 45 - 50 years	13	20	18	7	8	33	
	Above 50 - 55 years	11	19	15	7	8	30	
	Above 55 - 60 years	6	12.5	10.5	-	8	18.5	
	Above 60 - 65 years	3.5	7.5	2.5	-	8.5	11	
	Above 65 years	3.5	5	-	-	8.5	8.5	
Jan 2006	35 years & below	13	20	22	5	6	33	4,500
	Above 35 - 45 years	13	20	20	6	7	33	
	Above 45 - 50 years	13	20	18	7	8	33	
	Above 50 - 55 years	9	18	12	7	8	27	
	Above 55 - 60 years	6	12.5	10.5	-	8	18.5	
	Above 60 - 65 years	3.5	7.5	2.5	-	8.5	11	
	Above 65 years	3.5	5	-	-	8.5	8.5	

STARTING	AGE OF EMPLOYEE	CONTRIBUTION RATE (% of wage)		CREDITED INTO (% of wage)			TOTAL (% of wage)	ORDINARY WAGE CEILING ($)
		BY EMPLOYER	BY EMPLOYEE	ORDINARY ACCOUNT	SPECIAL ACCOUNT	MEDISAVE ACCOUNT		
Jul 2007	35 years & below	14.5	20	23	5	6.5	34.5	4,500
	Above 35 - 45 years	14.5	20	21	6	7.5	34.5	
	Above 45 - 50 years	14.5	20	19	7	8.5	34.5	
	Above 50 - 55 years	10.5	18	13	7	8.5	28.5	
	Above 55 - 60 years	7.5	12.5	11.5	-	8.5	20	
	Above 60 - 65 years	5	7.5	3.5	-	9	12.5	
	Above 65 years	5	5	1	-	9	10	
Sep 2010	35 years & below	15	20	23	5	7	35	4,500
	Above 35 - 45 years	15	20	21	6	8	35	
	Above 45 - 50 years	15	20	19	7	9	35	
	Above 50 - 55 years	11	18	13	7	9	29	
	Above 55 - 60 years	8	12.5	11.5	-	9	20.5	
	Above 60 - 65 years	5.5	7.5	3.5	-	9.5	13	
	Above 65 years	5.5	5	1	-	9.5	10.5	
Mar 2011	35 years & below	15.5	20	23	5.5	7	35.5	4,500
	Above 35 - 45 years	15.5	20	21	6.5	8	35.5	
	Above 45 - 50 years	15.5	20	19	7.5	9	35.5	
	Above 50 - 55 years	11.5	18	13	7.5	9	29.5	
	Above 55 - 60 years	8.5	12.5	11.5	0.5	9	21	
	Above 60 - 65 years	6	7.5	3.5	0.5	9.5	13.5	
	Above 65 years	6	5	1	0.5	9.5	11	
Sep 2011	35 years & below	16	20	23	6	7	36	5,000
	Above 35 - 45 years	16	20	21	7	8	36	
	Above 45 - 50 years	16	20	19	8	9	36	
	Above 50 - 55 years	12	18	13	8	9	30	
	Above 55 - 60 years	9	12.5	11.5	1	9	21.5	
	Above 60 - 65 years	6.5	7.5	3.5	1	9.5	14	
	Above 65 years	6.5	5	1	1	9.5	11.5	
Sep 2012	35 years & below	16	20	23	6	7	36	5,000
	Above 35 - 45 years	16	20	21	7	8	36	
	Above 45 - 50 years	16	20	19	8	9	36	
	Above 50 - 55 years	14	18.5	13.5	9.5	9.5	32.5	
	Above 55 - 60 years	10.5	13	12	2	9.5	23.5	
	Above 60 - 65 years	7	7.5	3.5	1.5	9.5	14.5	
	Above 65 years	6.5	5	1	1	9.5	11.5	
Jan 2014	35 years & below	16	20	23	6	7	36	5,000
	Above 35 - 45 years	16	20	21	7	8	36	
	Above 45 - 50 years	16	20	19	8	9	36	
	Above 50 - 55 years	14	18.5	13.5	9.5	9.5	32.5	
	Above 55 - 60 years	10.5	13	12	2	9.5	23.5	
	Above 60 - 65 years	7	7.5	3.5	1.5	9.5	14.5	
	Above 65 years	6.5	5	1	1	9.5	11.5	

The CPF contribution and allocation rates shown are applicable for the highest wage band. For example, the rates for January 2014 are applicable for wages of $750 or more per month.

ANNEX B

CPF INTEREST RATES*, 2005 – 2014

YEAR	CPF INTEREST RATE PER ANNUM (%)			
	ORDINARY ACCOUNT (OA)	MEDISAVE ACCOUNT (MA)	SPECIAL ACCOUNT (SA)	RETIREMENT ACCOUNT (RA)
Jan – Dec 2005	2.50	4.00	4.00	4.00
Jan – Dec 2006	2.50	4.00	4.00	4.00
Jan – Dec 2007	2.50	4.00	4.00	4.00
Jan – Dec 2008	2.50	4.00	4.00	4.00
Jan – Dec 2009	2.50	4.00	4.00	4.00
Jan – Dec 2010	2.50	4.00	4.00	4.00
Jan – Dec 2011	2.50	4.00	4.00	4.00
Jan – Dec 2012	2.50	4.00	4.00	4.00
Jan – Dec 2013	2.50	4.00	4.00	4.00
Jan – Dec 2014	2.50	4.00	4.00	4.00

* Since January 2008, an extra 1% p.a. interest is paid on the first $60,000 of a CPF member's combined CPF balances, with up to $20,000 from the OA. This translates into returns of up to 3.5% p.a. on OA accounts, and up to 5% p.a. on MA, SA and RA accounts. The additional interest received on the OA will go into the member's Special or Retirement Account to enhance his retirement savings.

ANNEX C

MEMBERSHIP, CONTRIBUTIONS & MEMBERS' BALANCES, 2005 - 2014

YEAR END	NUMBER OF MEMBERS ('000)	TOTAL CONTRIBUTION ($'000)	TOTAL BALANCES ($'000)
2005	3,049	16,105,105	119,787,538
2006	3,100	16,547,062	125,803,762
2007	3,163	18,185,002	136,586,858
2008	3,234	20,293,636	151,307,064
2009	3,291	20,124,892	166,804,016
2010	3,343	21,992,739	185,887,975
2011	3,376	24,628,413	207,545,500
2012	3,419	26,048,399	230,157,671
2013	3,508	28,530,047	252,968,636
2014	3,593	29,722,128	275,363,930

ANNEX D

CPF CONTRIBUTIONS IN RESPECT OF PRIVATE SECTOR EMPLOYEES (FROM 1 JANUARY – 31 DECEMBER 2014)

Employee's total wages for the calendar month	AGE OF EMPLOYEE									
	50 YEARS AND BELOW		ABOVE 50-55		ABOVE 55-60		ABOVE 60-65		ABOVE 65	
	Total CPF contributions (Employer's share & Employee's share) for the calendar month	Employee's share of CPF contributions for the calendar month								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Not more than $50	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
More than $50 but not more than $500	16% of the employee's total wages for the month	Nil	14%	Nil	10.5%	Nil	7%	Nil	6.5%	Nil
More than $500 but less than $750	a. 16% of the employee's total wages for the month; and	a. Nil	14%	Nil	10.5%	Nil	7%	Nil	6.5%	Nil
	b. 0.6 of the difference between the employee's total wages for the month and $500	b. 0.6 of the difference between the employee's total wages for the month and $500	0.555	0.555	0.39	0.39	0.225	0.225	0.15	0.15
$750 or more	a. 36% of the employee's Ordinary Wages for the month up to $1,800; and	a. 20% of the employee's Ordinary Wages for the month up to $1,000; and	32.5% max $1,625	18.5% max $925	23.5% max $1,175	13% max $650	14.5% max $725	7.5% max $375	11.5% max $575	5% max $250
	b. 36% of the Additional Wages payable to the employee in the month	b. 20% of the Additional Wages payable to the employee in the month	32.5%	18.5%	23.5%	13%	14.5%	7.5%	11.5%	5%

For employees in the above 50 to 55, above 55 to 60, above 60 to 65 and above 65 age groups, replace the figures underlined in columns (2) and (3) with the corresponding figures in columns (4) to (11).

ANNEX E

CPF CONTRIBUTIONS IN RESPECT OF GOVERNMENT PENSIONABLE EMPLOYEES AND PENSIONABLE EMPLOYEES IN DESIGNATED STATUTORY BODIES (FROM 1 JANUARY – 31 DECEMBER 2014)

Employee's total wages for the calendar month	AGE OF EMPLOYEE									
	50 YEARS AND BELOW		ABOVE 50-55		ABOVE 55-60		ABOVE 60-65		ABOVE 65	
	Total CPF contributions (Employer's share & Employee's share) for the calendar month	Employee's share of CPF contributions for the calendar month								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Exceeding $0.01	a. 12% of the employee's Ordinary Wages excluding the non-pensionable variable payment and non-pensionable component; and	a. Nil	10.5%	Nil	7.875%	Nil	5.25%	Nil	4.875%	Nil
	16% of the non-pensionable variable payment and non-pensionable component for the month subject to a maximum of $800; and	Nil	14% max $700	Nil	10.5% max $525	Nil	7% max $350	Nil	6.5% max $325	Nil
	b. a further 15% of the employee's Ordinary Wages excluding the non-pensionable variable payment and non-pensionable component; and	b. 15% of the employee's Ordinary Wages excluding the non-pensionable variable payment and non-pensionable component; and	13.875%	13.875%	9.75%	9.75%	5.625%	5.625%	3.75%	3.75%
	20% of the non-pensionable variable payment and non-pensionable component for the month subject to a maximum of $1,000; and	20% of the non-pensionable variable payment and non-pensionable component for the month subject to a maximum of $1,000; and	18.5% max $925	18.5% max $925	13% max $650	13% max $650	7.5% max $375	7.5% max $375	5% max $250	5% max $250
	c. 36% of any Additional Wages payable	c. 20% of any Additional Wages payable	32.5%	18.5%	23.5%	13%	14.5%	7.5%	11.5%	5%

For employees in the above 50 to 55, above 55 to 60, above 60 to 65 and above 65 age groups, replace the figures underlined in columns (2) & (3) with the corresponding figures in columns (4) to (11).

ANNEX F

CPF CONTRIBUTIONS IN RESPECT OF GOVERNMENT NON-PENSIONABLE EMPLOYEES AND NON-PENSIONABLE EMPLOYEES IN DESIGNATED STATUTORY BODIES AND AIDED SCHOOLS (FROM 1 JANUARY – 31 DECEMBER 2014)

	AGE OF EMPLOYEE									
	50 YEARS AND BELOW		ABOVE 50-55		ABOVE 55-60		ABOVE 60-65		ABOVE 65	
Employee's total wages for the calendar month	Total CPF contributions (Employer's share & Employee's share) for the calendar month	Employee's share of CPF contributions for the calendar month								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Not more than $50	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
More than $50 but not more than $500	16% of the employee's total wages for the month	Nil	14%	Nil	10.5%	Nil	7%	Nil	6.5%	Nil
More than $500 but less than $750	a. 16% of the employee's total wages for the month; and	a. Nil	14%	Nil	10.5%	Nil	7%	Nil	6.5%	Nil
	b. 0.6 of the difference between the employee's total wages for the month and $500	b. 0.6 of the difference between the employee's total wages for the month and $500	0.555	0.555	0.39	0.39	0.225	0.225	0.15	0.15
$750 or more	a. 36% of the employee's Ordinary Wages for the month up to $1,800; and	a. 20% of the employee's Ordinary Wages for the month up to $1,000; and	32.5% max $1,625	18.5% max $925	23.5% max $1,175	13% max $650	14.5% max $725	7.5% max $375	11.5% max $575	5% max $250
	b. 36% of the Additional Wages payable to the employee in the month	b. 20% of the Additional Wages payable to the employee in the month	32.5%	18.5%	23.5%	13%	14.5%	7.5%	11.5%	5%

For employees in the above 50 to 55, above 55 to 60, above 60 to 65 and above 65 age groups, replace the figures underlined in columns (2) and (3) with the corresponding figures in columns (4) to (11).

ANNEX G

WITHDRAWALS UNDER SECTION 15 AND SECTION 25 OF THE CPF ACT – 2014

GROUND FOR WITHDRAWAL	NUMBER	AMOUNT ($M)
55 Years and Above	296,333	2,945.8
Leaving Singapore and West Malaysia	5,411	480.6
Permanent Incapacity	931	45.0
Unsound Mind	45	2.5
Death	19,395	606.8
Malaysian Citizen	8,670	184.9
Total	**330,785**	**4,265.6**

ANNEX H

DISTRIBUTION OF CPF MEMBERS' BALANCES BY AGE GROUP AND SEX AS AT 31 DECEMBER 2014

	Male		Female		Not Specified		Total	
Age Groups (Years)	Number ('000)	Balances ($'000)	Number ('000)	Balances ($'000)	Number ('000)	Balances ($'000)	Number ('000)	Balances ($'000)
Up to 20	62	67,871	61	85,612	-	-	123	153,483
>20 - 25	119	839,583	122	1,501,948	-	-	241	2,341,532
>25 - 30	130	4,641,796	136	6,169,479	-	-	266	10,811,274
>30 - 35	145	10,139,506	155	10,792,830	0.0	17	300	20,932,352
>35 - 40	157	15,237,331	162	15,377,380	0.0	129	319	30,614,840
>40 - 45	173	21,342,369	174	19,596,358	0.0	272	347	40,938,998
>45 - 50	192	23,969,263	182	19,568,768	0.1	421	373	43,538,452
>50 - 55	214	26,639,002	185	20,013,912	0.2	1,196	400	46,654,109
>55 - 60	183	20,245,427	165	15,415,604	0.1	694	348	35,661,725
Above 60	385	25,445,782	393	18,048,507	0.3	561	779	43,494,850
Unspecified	53	121,856	40	95,950	4.0	4,507	97	222,314
All Groups	1,814	148,689,786	1,775	126,666,346	5	7,798	3,593	275,363,930

Figures include self-employed persons.

Total may not add up due to rounding.

ANNEX I

DISTRIBUTION OF ACTIVE CPF MEMBERS BY REGROSSED BALANCES* AND AGE GROUP AS AT 31 DECEMBER 2014

Balance Group ($)	AGE GROUP (YEARS) Up to 20	>20 - 25	>25 - 30	>30 - 35	>35 - 40	>40 - 45	>45 - 50	>50 - 55	>55 - 60	Above 60	Not Specified	TOTAL Active Members	TOTAL Balance ($'000)
Below 1,000	33,110	7,700	3,570	1,800	1,000	610	290	160	110	380	10	48,740	18,180
1,000 to below 2,000	9,330	7,030	3,130	1,560	820	520	290	130	160	490	# 0	23,460	34,570
2,000 to below 3,000	4,710	7,990	2,670	1,290	730	440	250	120	180	600	-	18,970	47,048
3,000 to below 4,000	2,690	7,220	2,350	1,120	680	430	250	150	200	770	-	15,870	55,277
4,000 to below 5,000	1,760	6,760	2,300	990	580	400	270	150	220	910	-	14,330	64,417
5,000 to below 6,000	1,230	6,210	2,350	950	570	390	240	170	250	1,020	-	13,370	73,453
6,000 to below 7,000	860	5,560	2,300	890	560	460	250	180	250	1,040	-	12,350	80,243
7,000 to below 8,000	640	4,920	2,390	950	590	410	260	180	320	1,150	# 0	11,810	88,482
8,000 to below 9,000	510	4,360	2,260	880	550	380	260	210	310	1,260	-	10,970	93,182
9,000 to below 10,000	360	4,060	2,190	850	490	430	290	230	290	1,370	-	10,560	100,273
10,000 to below 20,000	1,390	28,410	20,100	8,100	5,200	4,130	3,210	2,800	4,020	15,650	# 0	93,010	1,383,491
20,000 to below 30,000	160	16,770	20,180	7,660	4,870	4,070	3,750	3,560	4,820	15,030	# 0	80,870	2,012,909
30,000 to below 40,000	30	10,080	21,250	7,720	5,090	4,220	4,040	4,120	4,830	12,420	-	73,790	2,577,236
40,000 to below 50,000	10	5,920	20,690	8,310	5,410	4,470	4,140	4,340	4,950	13,330	-	71,560	3,220,954
50,000 to below 60,000	# 0	3,230	19,860	9,250	6,030	4,760	4,410	4,650	4,780	10,370	-	67,340	3,703,221
60,000 to below 70,000	# 0	1,740	18,330	10,560	6,340	4,880	4,500	4,430	4,540	9,660	-	64,960	4,219,284
70,000 to below 80,000	# 0	750	15,840	11,490	6,570	4,950	4,440	4,560	4,350	9,030	-	61,970	4,645,491
80,000 to below 90,000	-	350	13,480	12,170	6,820	4,940	4,420	4,560	4,290	8,550	-	59,570	5,060,005
90,000 to below 100,000	-	180	10,870	12,460	6,980	4,920	4,470	4,500	4,030	7,710	-	56,110	5,329,368
100,000 to below 150,000	-	120	26,010	60,380	36,450	24,610	20,810	20,670	19,860	32,160	-	241,070	29,863,272
150,000 & above	-	20	5,520	76,360	140,320	167,020	156,310	149,960	115,560	89,190	-	900,260	310,638,912
All Groups	56,790	129,360	217,610	235,740	236,630	237,410	217,160	209,850	178,320	232,080	20	1,950,960	373,309,269

Figures exclude all self-employed persons.

Total may not add up due to rounding.

* Regrossed Balances include amounts withdrawn under Investment, Education, Residential Properties, Non-Residential Properties and Public Housing Schemes as at end of period.

\# Number of active CPF members is less than 10.