LAND TRANSPORT AUTHORITY OF SINGAPORE
(Established under the Land Transport Authority of Singapore Act, Chapter 158A)
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

Contents

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAND TRANSPORT AUTHORITY

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of Land Transport Authority (the "Authority") and its subsidiaries (the "Group") and the balance sheet, statement of comprehensive income and statement of changes in equity of the Authority are properly drawn up in accordance with the provisions of the Land Transport Authority of Singapore Act, Chapter 158A (the "Act") and Statutory Board Financial Reporting Standards in Singapore ("SB-FRSs") so as to present fairly, in all material respects, the state of affairs of the Group and the Authority as at 31 March 2018 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the financial performance and changes in equity of the Authority for the financial year ended on that date.

What we have audited

The financial statements of the Authority and the Group comprise:
- the balance sheets of the Group and the Authority as at 31 March 2018;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the statement of comprehensive income of the Authority for the financial year then ended;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the statement of changes in equity of the Authority for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence
We are independent of the Authority in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAND TRANSPORT AUTHORITY (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 March 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	***How our audit addressed the Key Audit Matter***
Useful lives of property, plant and equipment *(Refer to Note 2.4(b), Note 3 and Note 20 to the financial statements)* At 31 March 2018, the Group's property, plant and equipment ("PPE") amounted to $47.9 billion. These include customised PPE which involve complex engineering and construction, and off-the-shelf PPE. The useful lives of the Group's PPE vary widely as disclosed in Note 2.4(b). Due to the inherent nature of the customised PPE, significance judgment is required in determining their useful lives. Given the significance of PPE to the Group's financial statements, any changes to the estimates of the useful lives of PPE could result in a material impact to the financial statements. As certain PPEs are funded by government grants, the depreciation expense of these PPEs are matched by the amortisation of the corresponding government grants. As disclosed in the Consolidated Statement of Comprehensive Income, the depreciation expense of the Group amounted to $1.0 billion for the financial year ended 31 March 2018. Government grants amortised to match the depreciation expense of PPE funded by government grants amounted to $0.80 billion. The depreciation expense relating to PPE not funded by government grants amounted to $0.2 billion for the financial year ended 31 March 2018.	Our audit procedures included the following: • We have evaluated the Group's PPE policies and procedures to identify significant categories of customised PPEs that have different useful lives. • We have assessed the appropriateness of management's analysis of the useful lives of the Group's PPE by tracing to underlying documentary evidence such as project documentation, technical assessment and vendors' specifications. • We have obtained management's analysis and held discussions with management to understand the reasons for changes made to the estimated useful lives of the Group's PPE during the financial year. • We have reviewed management's analysis relating to changes in estimated useful lives of the Group's PPE arising from factors such as expected usage of the asset, expected physical wear and tear, technical or commercial obsolescence and legal or similar limits on the use of the asset. Based on the work performed, we found the estimated useful lives of the Group's PPE to be within acceptable range.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAND TRANSPORT AUTHORITY (continued)

Other Information

Management is responsible for the other information. The other information refers to all the sections of the annual report but does not include the financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and SB-FRSs, 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAND TRANSPORT AUTHORITY (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAND TRANSPORT AUTHORITY (continued)

Report on Other Legal and Regulatory Requirements (continued)

Basis for Opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the Auditor's *Responsibilities for the Compliance Audit* section of our report. We are independent of the Authority in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

Auditor's Responsibilities for the Compliance Audit

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

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

The engagement partner on the audit resulting in this independent auditor's report is Tan Bee Nah.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 5 July 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2018

		General fund		Restricted funds				Total	
				Railway Sinking Fund		Bus Contracting*			
	Note	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
		$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Group									
Operating income									
- Management fee from Government		**626,133**	606,537	**–**	–	**–**	–	**626,133**	606,537
- Bus fare revenue		**–**	–	**–**	–	**831,867**	512,949	**831,867**	512,949
- Bus & bus related lease income		**–**	–	**–**	–	**71,684**	40,704	**71,684**	40,704
- Rapid Transit System licence charge		**–**	–	**12**	33,346	**–**	–	**12**	33,346
- Other operating income	4	**310,444**	313,210	**–**	–	**85**	9	**310,529**	313,219
		936,577	919,747	**12**	33,346	**903,636**	553,662	**1,840,225**	1,506,755
Operating expenditure									
- Depreciation of property, plant and equipment	20	**(837,675)**	(728,890)	**(100,750)**	(62,071)	**(65,856)**	(46,461)	**(1,004,281)**	(837,422)
- Bus service fees		**–**	–	**–**	–	**(1,519,977)**	(848,412)	**(1,519,977)**	(848,412)
- Employee compensation	5	**(404,121)**	(351,903)	**–**	–	**–**	–	**(404,121)**	(351,903)
- Maintenance and upkeep		**(154,089)**	(161,031)	**–**	–	**–**	–	**(154,089)**	(161,031)
- Utilities		**(37,729)**	(34,649)	**–**	–	**–**	–	**(37,729)**	(34,649)
- Agency fees		**(67,780)**	(56,005)	**–**	–	**(1)**	(5)	**(67,781)**	(56,010)
- Bus & bus related leases		**–**	–	**–**	–	**(134,701)**	(79,224)	**(134,701)**	(79,224)
- Rental on operating leases		**(13,179)**	(12,912)	**–**	–	**–**	–	**(13,179)**	(12,912)
- Bond interest		**(105,598)**	(106,375)	**–**	–	**–**	–	**(105,598)**	(106,375)
- (Loss)/gain on disposal of property, plant and equipment		**(223)**	(22,597)	**14**	–	**(914)**	–	**(1,123)**	(22,597)
- Information technology expenses		**(82,129)**	(85,034)	**–**	–	**(1,796)**	(3,170)	**(83,925)**	(88,204)
- Purchases of inventories		**(24,024)**	(29,244)	**–**	–	**–**	–	**(24,024)**	(29,244)
- Changes in inventories		**(2,390)**	745	**–**	–	**–**	–	**(2,390)**	745
- Communications		**(13,073)**	(12,705)	**–**	–	**(111)**	(66)	**(13,184)**	(12,771)
- Contract services		**(6,714)**	(4,726)	**–**	–	**–**	–	**(6,714)**	(4,726)
- Cash collection and commission charge		**(16,000)**	(18,612)	**–**	–	**–**	–	**(16,000)**	(18,612)
- Other		**(209,817)**	(128,422)	**(1)**	(6)	**(46,914)**	(1,739)	**(256,732)**	(130,167)
Total operating expenditure		**(1,974,541)**	(1,752,360)	**(100,737)**	(62,077)	**(1,770,270)**	(979,077)	**(3,845,548)**	(2,793,514)
Operating deficit		**(1,037,964)**	(832,613)	**(100,725)**	(28,731)	**(866,634)**	(425,415)	**(2,005,323)**	(1,286,759)
Other gains and income - net	6	**11,803**	13,219	**2,101**	287	**2,246**	1,455	**16,150**	14,961
Deficit before Government grants		**(1,026,161)**	(819,394)	**(98,624)**	(28,444)	**(864,388)**	(423,960)	**(1,989,173)**	(1,271,798)

* The Bus Contracting results for the financial year ended 31 March 2017 relate primarily to activities from 1 September 2016 (commencement of majority of Bus Contracting operations) to 31 March 2017.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2018

		General fund		Restricted funds				Total	
				Railway Sinking Fund		Bus Contracting*			
	Note	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
		$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Group (continued)									
Deficit before Government grants		**(1,026,161)**	(819,394)	**(98,624)**	(28,444)	**(864,388)**	(423,960)	**(1,989,173)**	(1,271,798)
Government grants:									
Deferred capital grants amortised	27	**765,740**	613,095	**–**	–	**9,682**	8,382	**775,422**	621,477
Operating grants		**18,351**	12,868	**–**	–	**865,802**	414,678	**884,153**	427,546
Long-term grants	18	**74,815**	75,652	**–**	–	**–**	–	**74,815**	75,652
Bond interest grants		**105,598**	106,375	**–**	–	**–**	–	**105,598**	106,375
		964,504	807,990	**–**	–	**875,484**	423,060	**1,839,988**	1,231,050
(Deficit)/surplus before contribution to Consolidated Fund and income tax		**(61,657)**	(11,404)	**(98,624)**	(28,444)	**11,096**	(900)	**(149,185)**	(40,748)
Contribution to Consolidated Fund	7	**–**	–	**–**	–	**–**	–	**–**	–
Income tax expense of subsidiaries	8(a)	**(3,962)**	(1,762)	**–**	–	**–**	–	**(3,962)**	(1,762)
Net (deficit)/surplus for the financial year		**(65,619)**	(13,166)	**(98,624)**	(28,444)	**11,096**	(900)	**(153,147)**	(42,510)
Other comprehensive income:									
Items that may be reclassified subsequently:									
Cash flow hedges	31	**(3,316)**	572	**(1,906)**	–	**–**	–	**(5,222)**	572
Currency translation differences	31	**14**	(22)	**–**	–	**–**	–	**14**	(22)
Other comprehensive (loss)/income, net of tax		**(3,302)**	550	**(1,906)**	–	**–**	–	**(5,208)**	550
Total comprehensive (loss)/income		**(68,921)**	(12,616)	**(100,530)**	(28,444)	**11,096**	(900)	**(158,355)**	(41,960)

* The Bus Contracting results for the financial year ended 31 March 2017 relate primarily to activities from 1 September 2016 (commencement of majority of Bus Contracting operations) to 31 March 2017.

Chan Heng Loon Alan
Chairman

5 July 2018

Ngien Hoon Ping
Chief Executive

5 July 2018

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

LAND TRANSPORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2018

		General fund		Restricted funds				Total	
				Railway Sinking Fund		Bus Contracting*			
	Note	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
		$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Authority									
Operating income									
- Management fee from Government		**626,133**	606,537	**–**	–	**–**	–	**626,133**	606,537
- Bus fare revenue		**–**	–	**–**	–	**831,867**	512,949	**831,867**	512,949
- Bus & bus related lease income		**–**	–	**–**	–	**71,684**	40,704	**71,684**	40,704
- Rapid Transit System licence charge		**–**	–	**12**	33,346	**–**	–	**12**	33,346
- Other operating income	4	**198,189**	216,333	**–**	–	**85**	9	**198,274**	216,342
		824,322	822,870	**12**	33,346	**903,636**	553,662	**1,727,970**	1,409,878
Operating expenditure									
- Depreciation of property, plant and equipment	20	**(833,233)**	(724,221)	**(100,750)**	(62,071)	**(65,856)**	(46,461)	**(999,839)**	(832,753)
- Bus service fees		**–**	–	**–**	–	**(1,519,977)**	(848,412)	**(1,519,977)**	(848,412)
- Employee compensation	5	**(372,086)**	(323,900)	**–**	–	**–**	–	**(372,086)**	(323,900)
- Maintenance and upkeep		**(147,259)**	(156,113)	**–**	–	**–**	–	**(147,259)**	(156,113)
- Utilities		**(37,708)**	(34,630)	**–**	–	**–**	–	**(37,708)**	(34,630)
- Agency fees		**(72,987)**	(59,621)	**–**	–	**(1)**	(5)	**(72,988)**	(59,626)
- Bus & bus related leases		**–**	–	**–**	–	**(134,701)**	(79,224)	**(134,701)**	(79,224)
- Rental on operating leases		**(11,019)**	(10,812)	**–**	–	**–**	–	**(11,019)**	(10,812)
- Bond interest		**(105,598)**	(106,375)	**–**	–	**–**	–	**(105,598)**	(106,375)
- (Loss)/gain on disposal of property, plant and equipment		**(221)**	(22,597)	**14**	–	**(914)**	–	**(1,121)**	(22,597)
- Information technology expenses		**(86,426)**	(88,537)	**–**	–	**(1,796)**	(3,170)	**(88,222)**	(91,707)
- Purchases of inventories		**(16,824)**	(23,126)	**–**	–	**–**	–	**(16,824)**	(23,126)
- Changes in inventories		**(3,336)**	730	**–**	–	**–**	–	**(3,336)**	730
- Communications		**(13,078)**	(12,721)	**–**	–	**(111)**	(66)	**(13,189)**	(12,787)
- Other		**(181,836)**	(115,365)	**(1)**	(6)	**(46,914)**	(1,739)	**(228,751)**	(117,110)
Total operating expenditure		**(1,881,611)**	(1,677,288)	**(100,737)**	(62,077)	**(1,770,270)**	(979,077)	**(3,752,618)**	(2,718,442)
Operating deficit		**(1,057,289)**	(854,418)	**(100,725)**	(28,731)	**(866,634)**	(425,415)	**(2,024,648)**	(1,308,564)
Other gains and income - net	6	**8,230**	9,830	**2,101**	287	**2,246**	1,455	**12,577**	11,572
Deficit before Government grants		**(1,049,059)**	(844,588)	**(98,624)**	(28,444)	**(864,388)**	(423,960)	**(2,012,071)**	(1,296,992)

* The Bus Contracting results for the financial year ended 31 March 2017 relate primarily to activities from 1 September 2016 (commencement of majority of Bus Contracting operations) to 31 March 2017.

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

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2018

		General fund		Restricted funds				Total	
				Railway Sinking Fund		Bus Contracting*			
	Note	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
		$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Authority (continued)									
Deficit before Government grants		**(1,049,059)**	(844,588)	**(98,624)**	(28,444)	**(864,388)**	(423,960)	**(2,012,071)**	(1,296,992)
Government grants:									
Deferred capital grants amortised	27	**765,654**	613,095	**–**	–	**9,682**	8,382	**775,336**	621,477
Operating grants		**18,351**	12,868	**–**	–	**865,802**	414,678	**884,153**	427,546
Long-term grants	18	**74,815**	75,652	**–**	–	**–**	–	**74,815**	75,652
Bond interest grants		**105,598**	106,375	**–**	–	**–**	–	**105,598**	106,375
		964,418	807,990	**–**	–	**875,484**	423,060	**1,839,902**	1,231,050
(Deficit)/surplus before contribution to Consolidated Fund		**(84,641)**	(36,598)	**(98,624)**	(28,444)	**11,096**	(900)	**(172,169)**	(65,942)
Contribution to Consolidated Fund	7	**–**	–	**–**	–	**–**	–	**–**	–
Net (deficit)/surplus for the financial year		**(84,641)**	(36,598)	**(98,624)**	(28,444)	**11,096**	(900)	**(172,169)**	(65,942)
Other comprehensive income:									
Items that may be reclassified subsequently:									
Cash flow hedges	31	**(3,316)**	572	**(1,906)**	–	**–**	–	**(5,222)**	572
Other comprehensive (loss)/income, net of tax		**(3,316)**	572	**(1,906)**	–	**–**	–	**(5,222)**	572
Total comprehensive (loss)/income		**(87,957)**	(36,026)	**(100,530)**	(28,444)	**11,096**	(900)	**(177,391)**	(65,370)

* The Bus Contracting results for the financial year ended 31 March 2017 relate primarily to activities from 1 September 2016 (commencement of majority of Bus Contracting operations) to 31 March 2017.

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

BALANCE SHEETS

As at 31 March 2018

	Note	Group 2018 $'000	Group 2017 $'000	Authority 2018 $'000	Authority 2017 $'000
ASSETS					
Current assets					
Cash and cash equivalents	9	**7,146,952**	4,630,773	**6,948,041**	4,473,548
Trade and other receivables	10	**1,466,314**	1,264,402	**1,457,808**	1,233,381
Inventories	13	**13,582**	15,972	**11,696**	15,032
Financial assets, at fair value through profit or loss	15	**119,271**	84,885	**91,208**	58,052
Other current assets	16	**20,535**	20,358	**16,235**	17,267
Derivative financial instruments	17	**1,014**	1,293	**1,000**	930
		8,767,668	6,017,683	**8,525,988**	5,798,210
Non-current assets					
Property, plant and equipment	20	**47,918,756**	43,827,352	**47,906,197**	43,814,835
Derivative financial instruments	17	**2,187**	3,050	**2,187**	3,050
Investments in subsidiaries	19	**–**	–	**19,502**	18,502
Other non-current asset	21	**13,731**	13,641	**13,641**	13,641
Deferred income tax assets	26	**48**	12	**–**	–
		47,934,722	43,844,055	**47,941,527**	43,850,028
Total assets		**56,702,390**	49,861,738	**56,467,515**	49,648,238
LIABILITIES					
Current liabilities					
Trade and other payables	22	**1,801,392**	1,670,909	**1,747,126**	1,617,634
Derivative financial instruments	17	**1,064**	1,566	**1,062**	1,480
Long-term grants received in advance	18	**51,273**	74,820	**51,273**	74,820
Current income tax liabilities	8(b)	**3,065**	2,610	**–**	–
Provision for pensions and gratuities	23	**2,474**	7,761	**2,474**	7,761
		1,859,268	1,757,666	**1,801,935**	1,701,695
Non-current liabilities					
Derivative financial instruments	17	**5,935**	1,088	**5,935**	1,088
Long-term grants received in advance	18	**1,104,877**	1,156,145	**1,104,877**	1,156,145
Borrowings	24	**4,975,000**	3,475,000	**4,975,000**	3,475,000
Trade and other payables	25	**246,967**	216,311	**246,967**	216,311
Deferred income tax liabilities	26	**1,476**	576	**–**	–
Deferred capital grants	27	**44,145,511**	40,060,033	**44,159,973**	40,074,572
Provision for pensions and gratuities	23	**1,639**	1,374	**1,639**	1,374
		50,481,405	44,910,527	**50,494,391**	44,924,490
Total liabilities		**52,340,673**	46,668,193	**52,296,326**	46,626,185
NET ASSETS		**4,361,717**	3,193,545	**4,171,189**	3,022,053
EQUITY					
Capital account	28	**102,954**	102,954	**102,954**	102,954
Share capital	29	**3,559,621**	2,233,094	**3,559,621**	2,233,094
Accumulated surplus/(deficit)	30				
- General fund		**830,376**	895,995	**639,846**	724,487
- Railway Sinking Fund		**(127,068)**	(28,444)	**(127,068)**	(28,444)
- Bus Contracting					
- Bus Operating Fund		**(113,309)**	(52,252)	**(113,309)**	(52,252)
- Bus Replacement Fund		**112,955**	40,802	**112,955**	40,802
Other reserves	31				
- General fund		**(1,906)**	1,396	**(1,904)**	1,412
- Railway Sinking Fund		**(1,906)**	–	**(1,906)**	–
Total equity		**4,361,717**	3,193,545	**4,171,189**	3,022,053

	Note	Group 2018 $'000	Group 2017 $'000	Authority 2018 $'000	Authority 2017 $'000
Funds held and managed on behalf by the Authority	35	**398,014**	434,692	**398,014**	434,692

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2018

				Accumulated Surplus					Other Reserves		
						Bus Contracting					
	Note	Capital account $'000	Share capital $'000	General fund $'000	Railway Sinking Fund $'000	Bus Operating Fund $'000	Bus Replacement Fund $'000	Sub-total $'000	General fund $'000	Railway Sinking Fund $'000	Total equity $'000
Group											
2018											
Beginning of financial year		102,954	2,233,094	895,995	(28,444)	(52,252)	40,802	(11,450)	1,396	–	3,193,545
Total comprehensive income for the year											
Net (deficit)/surplus for the financial year		–	–	(65,619)	(98,624)	11,096	–	11,096	–	–	(153,147)
Other comprehensive loss		–	–	–	–	–	–	–	(3,302)	(1,906)	(5,208)
Total comprehensive (loss)/income for the year		–	–	(65,619)	(98,624)	11,096	–	11,096	(3,302)	(1,906)	(158,355)
Transfer to Bus Replacement Fund		–	–	–	–	(72,153)	72,153	–	–	–	–
Transaction with owners, recognised directly in equity											
Issue of shares	29	–	1,326,527	–	–	–	–	–	–	–	1,326,527
Total transaction with owners		–	1,326,527	–	–	–	–	–	–	–	1,326,527
End of financial year		**102,954**	**3,559,621**	**830,376**	**(127,068)**	**(113,309)**	**112,955**	**(354)**	**(1,906)**	**(1,906)**	**4,361,717**

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

LAND TRANSPORT AUTHORITY OF SINGAPORE
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 March 2018

				Accumulated Surplus					Other Reserves		
						Bus Contracting					
	Note	Capital account $'000	Share capital $'000	General fund $'000	Railway Sinking Fund $'000	Bus Operating Fund $'000	Bus Replacement Fund $'000	Sub-total $'000	General fund $'000	Railway Sinking Fund $'000	Total equity $'000
Group (continued)											
2017											
Beginning of financial year		102,954	217,995	909,394	–	(10,550)	–	(10,550)	846	–	1,220,639
Total comprehensive income for the year											
Net deficit for the financial year		–	–	(13,166)	(28,444)	(900)	–	(900)	–	–	(42,510)
Other comprehensive loss		–	–	–	–	–	–	–	550	–	550
Total comprehensive (loss)/income for the year		–	–	(13,166)	(28,444)	(900)	–	(900)	550	–	(41,960)
Transfer to Bus Replacement Fund		–	–	–	–	(40,802)	40,802	–	–	–	–
Transaction with owners, recognised directly in equity											
Issue of shares	29	–	2,015,099	–	–	–	–	–	–	–	2,015,099
Dividends paid	29	–	–	(1,174)	–	–	–	–	–	–	(1,174)
Reimbursement by Ministry of Transport ("MOT") relating to dividends paid	29	–	–	941	–	–	–	–	–	–	941
Total transaction with owners		–	2,015,099	(233)	–	–	–	–	–	–	2,014,866
End of financial year		**102,954**	**2,233,094**	**895,995**	**(28,444)**	**(52,252)**	**40,802**	**(11,450)**	**1,396**	**–**	**3,193,545**

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

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 March 2018

	Note	Capital account $'000	Share capital $'000	Accumulated Surplus General fund $'000	Accumulated Surplus Railway Sinking Fund $'000	Bus Contracting Bus Operating Fund $'000	Bus Contracting Bus Replacement Fund $'000	Bus Contracting Sub-total $'000	Other Reserves General fund $'000	Other Reserves Railway Sinking Fund $'000	Total equity $'000
Authority											
2018											
Beginning of financial year		102,954	2,233,094	724,487	(28,444)	(52,252)	40,802	(11,450)	1,412	–	3,022,053
Total comprehensive income for the year											
Net (deficit)/surplus for the financial year		–	–	(84,641)	(98,624)	11,096	–	11,096	–	–	(172,169)
Other comprehensive income		–	–	–	–	–	–	–	(3,316)	(1,906)	(5,222)
Total comprehensive (loss)/income for the year		–	–	(84,641)	(98,624)	11,096	–	11,096	(3,316)	(1,906)	(177,391)
Transfer to Bus Replacement Fund		–	–	–	–	(72,153)	72,153	–	–	–	–
Transaction with owners, recognised directly in equity											
Issue of shares	29	–	1,326,527	–	–	–	–	–	–	–	1,326,527
Total transaction with owners		–	1,326,527	–	–	–	–	–	–	–	1,326,527
End of financial year		**102,954**	**3,559,621**	**639,846**	**(127,068)**	**(113,309)**	**112,955**	**(354)**	**(1,904)**	**(1,906)**	**4,171,189**

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

LAND TRANSPORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 March 2018

	Note	Capital account $'000	Share capital $'000	Accumulated Surplus: General fund $'000	Accumulated Surplus: Railway Sinking Fund $'000	Accumulated Surplus: Bus Contracting: Bus Operating Fund $'000	Accumulated Surplus: Bus Contracting: Bus Replacement Fund $'000	Accumulated Surplus: Bus Contracting: Sub-total $'000	Other Reserves: General fund $'000	Other Reserves: Railway Sinking Fund $'000	Total equity $'000
Authority (continued)											
2017											
Beginning of financial year		102,954	217,995	761,318	–	(10,550)	–	(10,550)	840	–	1,072,557
Total comprehensive income for the year											
Net deficit for the financial year		–	–	(36,598)	(28,444)	(900)	–	(900)	–	–	(65,942)
Other comprehensive income		–	–	–	–	–	–	–	572	–	572
Total comprehensive (loss)/income for the year		–	–	(36,598)	(28,444)	(900)	–	(900)	572	–	(65,370)
Transfer to Bus Replacement Fund		–	–	–	–	(40,802)	40,802	–	–	–	–
Transaction with owners, recognised directly in equity											
Issue of shares	29	–	2,015,099	–	–	–	–	–	–	–	2,015,099
Dividends paid	29	–	–	(1,174)	–	–	–	–	–	–	(1,174)
Reimbursement by Ministry of Transport ("MOT") relating to dividends paid	29	–	–	941	–	–	–	–	–	–	941
Total transaction with owners		–	2,015,099	(233)	–	–	–	–	–	–	2,014,866
End of financial year		**102,954**	**2,233,094**	**724,487**	**(28,444)**	**(52,252)**	**40,802**	**(11,450)**	**1,412**	**–**	**3,022,053**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2018

	Note	Group 2018 $'000	Group 2017 $'000
Cash flows from operating activities			
Net deficit		**(153,147)**	(42,510)
Adjustments for:			
Bond interest expense		**105,598**	106,375
Depreciation of property, plant and equipment	20	**1,004,281**	837,422
Government grants		**(1,839,988)**	(1,231,050)
Income tax expense	8(a)	**3,962**	1,762
Interest income on bank deposits, dividend income and gains on investments (net)	6	**(16,150)**	(14,961)
Loss on disposal of property, plant and equipment		**1,123**	22,597
		(894,321)	(320,365)
Change in trade and other receivables		**(157,806)**	(285,751)
Change in inventories		**2,390**	77
Change in other current assets		**(267)**	(678)
Change in trade and other payables		**(30,376)**	(48,987)
Change in provision for pensions and gratuities		**(5,022)**	(3,496)
Cash used in operations		**(1,085,402)**	(659,200)
Income tax paid	8(b)	**(2,643)**	(749)
Net cash used in operating activities		**(1,088,045)**	(659,949)
Cash flows from investing activities			
Dividend received		**734**	679
Fund management fees paid		**(221)**	(278)
Interest received		**16,410**	9,678
Net receipts for sale and purchase of investments		**(33,998)**	44,084
Proceeds from disposal of property, plant and equipment		**78**	1,388
Purchase of property, plant and equipment		**(4,894,278)**	(6,651,546)
Net cash used in investing activities		**(4,911,275)**	(6,595,995)
Cash flows from financing activities			
Repayment of borrowings		**–**	(500,000)
Grants received from Government		**5,804,199**	6,658,850
Payment of bond interest		**(104,148)**	(114,625)
Dividend paid		**–**	(233)
Proceeds from cash held in trust		**–**	300,000
Discharge of pledged bank deposits		**1,477**	150
Proceeds from issuance of bonds		**1,500,000**	–
Proceeds from issuance of shares		**1,315,448**	1,267,017
Net cash from financing activities		**8,516,976**	7,611,159
Net increase in cash and cash equivalents		**2,517,656**	355,215
Cash and cash equivalents at beginning of financial year		**4,628,198**	4,272,983
Cash and cash equivalents at the end of financial year	9	**7,145,854**	4,628,198

Reconciliation of liabilities arising from financing activities

	1 April 2017 $'000	Principal and bond interest payments $'000	Proceeds from bond issuance $'000	Non-cash changes: Bond interest expense $'000	31 March 2018 $'000
Borrowings	3,475,000	–	1,500,000	–	4,975,000
Bond interest payable	15,631	(104,148)	–	105,598	17,081

Bond interest payable of $17,081,000 (2017: $15,631,000) is included in trade and other payables (Note 22).

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

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

1. General information

The Land Transport Authority of Singapore (the "Authority") is a statutory board established in Singapore under the Land Transport Authority of Singapore Act (Cap.158A). It is domiciled in Singapore. The address of the Authority's head office is 1 Hampshire Road, Singapore 219428.

The primary activities of the Authority are:-

(a) Acting as agent of the Government in the administration, assessment, collection and enforcement of various taxes, fees and charges and other services relating to land transportation;

(b) Planning, design, construct, manage and maintain roads and related facilities;

(c) Planning, design, construct, manage and maintain the rapid transit systems;

(d) Owns bus and rail operating assets and regulates rapid transit and public bus services, which includes determining the service standards to be provided, and exercising the licensing function. LTA also regulates bus depot and bus interchange operators and can operate public bus services if for any reason there is no operator to operate public bus services;

(e) Co-ordinating land transport services;

(f) Advising the Government on matters relating to the land transport system in Singapore; and

(g) Representing Singapore internationally in matters relating to land transport.

Ministry of Transport ("MOT") is the Authority's supervisory ministry. The Authority is required to follow the policies and instructions which are applicable to Statutory Boards issued from time to time by MOT and other government ministries and departments such as the Ministry of Finance ("MOF").

The principal activities of the subsidiaries are set out in Note 19 to the financial statements.

The Group operates in one main business segment, which is land transport and mainly in one geographical area, which is Singapore. Operating income is mainly attributable to Singapore. Non-current assets of the Group are also located in Singapore. Consequently, no segment information has been disclosed.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Land Transport Authority of Singapore Act (Cap. 158A) and Statutory Board Financial Reporting Standards ("SB-FRS") prepared under historical cost convention, except as disclosed in the accounting policies below.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

The preparation of financial statements in conformity with SB-FRS requires the Group's management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2017

On 1 April 2017, the Group adopted the new or amended SB-FRS and Interpretations to SB-FRS ("INT SB-FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SB-FRS and INT SB-FRS.

The adoption of these new or amended SB-FRS and INT SB-FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

SB-FRS 7 Statement of cash flows

The amendments to SB-FRS 7 Statement of cash flows (Disclosure initiative) sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in the Consolidated Statement of Cash Flows.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Management fee from the Singapore Government relates to services and the functions and duties set out in the Agency Agreement. Management fee is recognised on an accrual basis when the services are rendered.

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(b) Bus fare revenue relates to bus fare collections from Bus Contracting Model (BCM) bus services. Under the BCM, operators will be paid a service fee to operate the bus services, while LTA will own all related operating assets including buses and lease them to the operators. LTA will also determine the bus services to be provided and set service standards. All bus fare revenue will be retained by LTA. Bus fare revenue are recognised at the point when the amount of apportioned fares can be measured reliably.

(c) Bus & bus related lease income is recognised when the service is rendered.

(d) Rapid Transit System license charge from the public transport operator is recognised when the right to receive payment is established.

(e) Vehicle transit licensing fees and new motor vehicle registration fees are recognised when the service is rendered.

(f) Composition fines are recognised at the point of collection of the settlement.

(g) Transit acquirer fees and Rapid Transit System licensing fees are recognised when the services are rendered.

(h) Service contract revenue and contract costs are recognised as revenue and expenses, respectively, by reference to the stage of completion on contract activity at balance sheet date, when the outcome of services rendered can be estimated reliably.

Please refer to the paragraph "Contracts in progress" for the accounting policy for revenue from service contracts.

(i) Revenue from sale of in-vehicle units is recognised when installed in vehicles and commissioned.

(j) Revenue from sale of contactless smart cards is recognised when issued to customers.

(k) Revenue from maintenance contracts is recognised over the contractual period, when the right to receive payment is established.

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

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

2. **Significant accounting policies** (continued)

2.3 Group accounting

(a) Subsidiaries

(i) *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Authority. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) *Acquisition*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisition (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to income or expenditure or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in income or expenditure.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Authority.

(b) Transactions with non-controlling interests

Changes in the Authority's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Authority.

2. Significant accounting policies (continued)

2.4 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses (Note 2.7).

(ii) Component of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price, capitalised borrowing cost and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes any fair value gains or losses on qualifying cash flow hedges of property, plant and equipment that are transferred from the hedging reserve. The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset for purpose other than to produce inventories.

Construction-in-progress is stated at cost, and comprises land costs, construction costs and development costs. Land costs include land acquisition, resettlement and clearance costs. Construction costs are recorded based on contract progress payments for certified works and services. Development costs include manpower costs and other construction overheads.

2. **Significant accounting policies** (continued)

2.4 Property, plant and equipment (continued)

(b) Depreciation

Depreciation on items of property, plant and equipment is calculated using the straight line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land, viaducts and tunnels	99 years
Railway tracks (including Rails, Sleepers, Fastening Systems, Turnouts & Ballast)	25 – 99 years
Stations, buildings and structures	25 – 99 years
Rolling stock	15 – 40 years
Operating equipment	7 – 50 years
Buses & bus related assets	3 – 17 years
Motor vehicles	5 – 10 years
Computers, furniture, fittings, and office equipment	3 – 10 years

No depreciation is provided on construction-in-progress.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in income or expenditure for when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in income or expenditure when incurred.

(d) Disposal

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

2. Significant accounting policies (continued)

2.5 Borrowing costs

Borrowing costs are recognised in income or expenditure using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction.

The actual borrowing costs are capitalised in the cost of the properties and assets under development up to the period when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

2.6 Investments in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment losses (Note 2.7) in the Authority's balance sheet. On disposal of an investment in subsidiary, the difference between disposal proceeds and the carrying amounts of the investments are recognised in income or expenditure.

2.7 Impairment of non-financial assets

Property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in income or expenditure.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in income or expenditure.

2. Significant accounting policies (continued)

2.8 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through income or expenditure, and loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy.

Assets in this category are classified as current assets if they are expected to be realised within 12 months after the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables" and "cash and cash equivalents" on the balance sheet.

(b) Recognition and derecognition

The Group initially recognises loans and receivables and deposits on the date that they are 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 Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in income or expenditure.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets, at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets, at fair value through profit or loss are recognised immediately as expenses.

2. **Significant accounting policies** (continued)

2.8 Financial assets (continued)

(d) Subsequent measurement

Financial assets, at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of 'financial assets, at fair value through profit or loss, including effects of currency translation, interest and dividends, are recognised in income or expenditure within "other gains and income – net" when the changes arise.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in income or expenditure.

The allowance for impairment loss account is reduced through income or expenditure in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

2.9 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Borrowings are initially recognised at fair value, net of transaction costs incurred and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in income or expenditure over the period of the borrowings using the effective interest method.

2. Significant accounting policies (continued)

2.10 Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.11 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as cash flow hedges.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in income or expenditure when the changes arise.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

(a) Cash flow hedge

The Group has entered into foreign currency contracts that qualify as cash flow hedges against highly probable forecasted transactions in foreign currencies. The fair value changes on the effective portion of the foreign currency contracts designated as cash flow hedges are recognised in the hedging reserve and transferred to the cost of hedged non-monetary asset upon acquisition.

The fair values changes on the ineffective portion of the foreign currency contracts are recognised immediately in income or expenditure. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in the hedging reserve are transferred to income or expenditure immediately.

(b) Derivatives that do not qualify for hedge accounting

External fund managers enter into derivative financial instruments on behalf of the Group and these derivative financial instruments do not qualify for hedge accounting. Fair value changes for such derivative instruments that do not qualify for hedge accounting are included in income or expenditure in the financial year when the changes arise.

2. Significant accounting policies (continued)

2.12 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flows analyses, are also used to determine the fair values of the financial instruments.

The fair values of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial liabilities or based on quoted market prices at the balance sheet date.

The fair values of foreign currency contracts are determined using actively quoted forward currency rates.

The fair values of current financial assets and liabilities, carried at amortised cost, approximate their fair values.

2.13 Leases

(a) When the Group is the lessee:

The Group leases certain property, plant and equipment from third parties.

Leases of property, plant and equipment where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in income or expenditure on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in income or expenditure when incurred.

2. Significant accounting policies (continued)

2.13 Leases (continued)

(b) When the Group is the lessor:

The Group leases out certain property, plant and equipment.

Leases of property, plant and equipment where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to lessees) is recognised in income or expenditure on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in income or expenditure over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in income or expenditure when earned.

2.14 Inventories

Finished goods comprise in-vehicle units to be fitted into vehicles, ez-link cards and contactless smart cards purchased by the Group during the year that are not yet issued to the public as at the balance sheet date. Inventories are carried at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.15 Contracts in progress

Contracts in progress represent the amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a contract can be estimated reliably, contract revenue is recognised in income or expenditure in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

2. Significant accounting policies (continued)

2.15 Contracts in progress (continued)

The stage of completion is assessed by reference to the proportion of contract costs incurred to date to the estimated total costs or cumulative actual man-hours incurred to estimated total man-hours for each contract. When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in income or expenditure.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus representing amounts due from customers is shown as 'due from customers on contracts in progress' and included under 'trade and other receivables'. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus representing amounts due to customers is shown as 'due to customers on contracts in progress' and included under 'trade and other payables'. Amounts received before the related work is performed are shown as 'customer advances' and included under 'trade and other payables'. Retentions by customers are included under 'trade and other receivables'.

2.16 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable income or expenditure at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

2. **Significant accounting policies** (continued)

2.16 Income taxes (continued)

Deferred income tax is measured:

(a) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(b) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expenses in income or expenditure, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.18 Employee compensation

Employee benefits are recognised as employee compensation expense when they are due, unless they can be capitalised as an asset.

(a) Central Provident Fund ("CPF") Contributions

Contributions on the Group's employees' salaries are made to the CPF as required by law. The CPF contributions are recognised as compensation expense in the period when the employees rendered their services.

(b) Pensions and gratuities

Provision for pensions and gratuities is made for the payment of retirement benefits to pensionable officers transferred to the Authority on 1 September 1995 and to expatriate officers who had opted for the gratuity scheme.

The cost of pension benefit due to pensionable officers is determined based on the estimated present value of the future cash outflows to be made in respect of services provided by these pensionable officers up to the balance sheet date.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2. **Significant accounting policies** (continued)

2.19 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in income or expenditure, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in other comprehensive income in the consolidated financial statements and transferred to income or expenditure as part of the gain or loss on disposal of the foreign operation.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the date of the balance sheet;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting exchange differences are recognised in other comprehensive income.

2. Significant accounting policies (continued)

2.20 Government grants

Government grants and external borrowings, in the form of unsecured bonds, finance the construction of the Authority's land transport infrastructure development projects.

Government grants received for the purchase or the construction of depreciable assets are accounted for as deferred capital grants. The deferred capital grants are amortised and charged to income or expenditure over the period necessary to match the annual depreciation charge of these assets or when the assets are disposed or written off. Where the grants relate to an expense item, it is recognised in income or expenditure when the expense is incurred over the periods necessary to match them on a systematic basis, to the costs, which it is intended to compensate.

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

Government grants receivable for the interest payments of unsecured bonds is recognised on an accrual basis.

2.21 Funds held and managed on behalf by the Authority

Funds held and managed on behalf by the Authority are contributions received from other organisations for specific purposes. The net assets of the funds is presented at the bottom of the Balance sheets as prescribed by SB-FRS Guidance Note 3 *Accounting and Disclosures for Trust Funds*. Details of income, expenditure, assets and liabilities are disclosed in Note 35.

2.22 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.23 Dividends

Dividends to the Minister for Finance are recognised when the dividends are approved for payments.

3. Critical accounting estimates and assumptions

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Useful lives of property, plant and equipment

Property, plant and equipment ("PPE") are depreciated on a straight-line basis over their estimated useful lives. These include customised PPE which involve complex engineering and construction, and off-the-shelf PPE. The useful lives of the Group's PPE vary widely as disclosed in Note 2.4(b).

Due to the inherent nature of the customised PPE, significance judgment is required in determining their useful lives. Given the significance of PPE to the Group's financial statements, any changes to the estimates of the useful lives of PPE could result in a material impact to the financial statements.

As certain PPEs are funded by government grants, the depreciation expense of these PPEs are matched by the amortisation of the corresponding government grants. As disclosed in the Consolidated Statement of Comprehensive Income, the depreciation expense of the Group amounted to $1.0 billion for the financial year ended 31 March 2018. Government grants amortised to match the depreciation expense of PPE funded by government grants amounted to $0.8 billion.

The depreciation expense relating to PPE not funded by government grants amounted to $0.2 billion for the financial year ended 31 March 2018.

4. Other operating income

	Group		Authority	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
General fund				
Vehicle transit licensing fees	**50,403**	42,511	**50,403**	42,511
Composition fines	**26,363**	27,080	**26,363**	27,080
Transit acquirer fees	**69,831**	50,729	**5,106**	3,783
New motor vehicle registration fees	**18,643**	16,815	**18,643**	16,815
Rapid Transit System licensing fees *	**20,778**	18,521	**20,778**	18,521
Administration fees	**8,336**	9,470	**8,336**	9,470
Sale of in-vehicle units	**20,415**	20,809	**20,415**	20,809
Sale of contactless smart cards	**16,090**	25,744	**1,554**	5,162
Maintenance and service project revenue	**14,982**	14,957	**–**	–
Others	**64,603**	86,574	**46,591**	72,182
	310,444	313,210	**198,189**	216,333
Restricted fund – Bus Contracting				
Others	**85**	9	**85**	9
	310,529	313,219	**198,274**	216,342

* Rapid Transit System licensing fees refer to the licence fees paid annually to the Authority from the operators of the Rapid Transit Systems.

5. Employee compensation

	Group		Authority	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Salaries and wages	**694,204**	627,433	**665,703**	602,372
Employer's contribution to Central Provident Fund	**90,242**	73,337	**86,708**	70,395
Pensions and gratuities benefits	**546**	302	**546**	302
	784,992	701,072	**752,957**	673,069
Less: Employee compensation capitalised in property, plant and equipment	**(380,871)**	(349,169)	**(380,871)**	(349,169)
	404,121	351,903	**372,086**	323,900

6. Other gains and income – net

	Group 2018 $'000	Group 2017 $'000	Authority 2018 $'000	Authority 2017 $'000
General fund				
Interest income from deposits	**8,216**	9,565	**5,389**	6,702
Unrealised gains/(losses) from financial assets, at fair value through profit or loss	**364**	(1,326)	**704**	(1,733)
Realised (losses)/gains from financial assets, at fair value through profit or loss	**(241)**	2,571	**(606)**	2,854
Gross dividend income	**734**	646	**657**	579
Interest income from investment in debt securities	**2,951**	2,041	**2,093**	1,481
Less: Fund management expenses	**(221)**	(278)	**(7)**	(53)
	3,587	3,654	**2,841**	3,128
	11,803	13,219	**8,230**	9,830
Restricted fund – Railway Sinking Fund				
Interest income	**2,101**	287	**2,101**	287
Restricted fund – Bus Contracting				
Interest income	**2,246**	1,455	**2,246**	1,455
	16,150	14,961	**12,577**	11,572

7. Contribution to Consolidated Fund

The contribution to the Consolidated Fund is made in accordance with Section 3(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act (Chapter 319A). The Authority has $239,836,000 (2017: $67,682,000) of unutilised deficits to be carried forward to offset against future surpluses.

	Group and Authority 2018 $'000	Group and Authority 2017 $'000
Deficit of the Authority before contribution to Consolidated Fund and income tax	**(172,169)**	(65,942)
Credit to Consolidated Fund at 17%	**(29,269)**	(11,210)
Effects of:		
- Non-deductible donations	**3**	30
- Unrecognised deferred benefits relating to unutilised deficits	**29,266**	11,180
	–	–

8. Income taxes

(a) Income tax expense

	Group 2018 $'000	Group 2017 $'000
Tax expense attributable to (deficit)/surplus is made up of:		
- Current income tax	**3,739**	2,611
- Deferred income tax	**(246)**	488
	3,493	3,099
Over provision in preceding financial years:		
- Current income tax	**(641)**	(603)
- Deferred income tax	**1,110**	(734)
	3,962	1,762

The tax on Group's (deficit)/surplus before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group 2018 $'000	Group 2017 $'000
(Deficit)/surplus before income tax	**(149,185)**	(40,748)
Tax calculated at a tax rate of 17% (2017: 17%)	**(25,361)**	(6,927)
Effects of:		
- Deficit/(surplus) of the Authority exempted from income tax	**29,269**	11,210
- Income not subject to tax	**(230)**	(958)
- Expenses not deductible for tax purposes	**7**	2
- Utilisation of previously unrecognised deferred tax assets	**–**	(4)
- Tax incentives	**(192)**	(230)
- Deferred tax assets not recognised	**–**	6
- Under/(Over) provision in preceding financial years	**469**	(1,337)
	3,962	1,762

(b) Movements in current income tax liabilities

	Group 2018 $'000	Group 2017 $'000
Beginning of financial year	**2,610**	1,351
Income tax paid, net of refund	**(2,643)**	(749)
Tax expense	**3,739**	2,611
Over provision in preceding financial years	**(641)**	(603)
End of financial year	**3,065**	2,610

9. Cash and cash equivalents

	Group		Authority	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**118,471**	134,179	**7,359**	27,442
Short-term bank deposits	**84,855**	47,168	**–**	–
Deposits placed with Accountant-General's Department ("AGD") [Note 9(a)]	**6,940,682**	4,446,106	**6,940,682**	4,446,106
Cash at bank managed by fund managers (Note 15)	**951**	325	**–**	–
Short-term bills managed by fund managers (Note 15)	**1,993**	2,995	**–**	–
	7,146,952	4,630,773	**6,948,041**	4,473,548
Cash at bank (refundable card proceeds)	**185,757**	179,313	**35,519**	41,803
Cash held by a subsidiary (refundable card proceeds) [Note 9(d)]	**–**	–	**6,882**	–
Less: Amounts due to cardholders	**(185,757)**	(179,313)	**(42,401)**	(41,803)
	–	–	**–**	–

Refundable card proceeds comprises the following:

	Group		Authority	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Refundable card proceeds [Note 9(b)]	**177,623**	169,109	**42,401**	41,803
Clearing account [Note 9(c)]	**8,134**	10,204	**–**	–
	185,757	179,313	**42,401**	41,803

(a) Deposits placed with AGD comprise balances of $6,940,682,000 (2017: $4,446,106,000) which are centrally managed by AGD under the Centralised Liquidity Management Framework ("CLM").

(b) Refundable card proceeds relate to the stored value on the contactless smart cards issued. Included in refundable card proceeds is $135,222,000 (2017: $127,306,000) relating to amounts held by a subsidiary as the approved holder under the Payment Systems (Oversight) Act 2006. These proceeds are maintained separately in Card Proceeds bank accounts and are refundable to cardholders subject to terms and conditions. The remaining balance in the refundable card proceeds relate to the stored value on the concession cards issued which is held by the Authority.

(c) The clearing bank account balance relates to transitory bank balance to facilitate clearing and settlement of transactions due to timing differences and stored value of contactless smart cards that have expired more than 2 years.

(d) Cash held by a subsidiary relates to concession card float held for the purposes of facilitating concession card settlement on behalf of the Authority.

9. Cash and cash equivalents (continued)

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

	Group	
	2018	2017
	$'000	$'000
Cash and bank balances (as above)	**7,146,952**	4,630,773
Less: Fixed deposit pledged to a bank	**(1,098)**	(2,575)
	7,145,854	4,628,198

A fixed deposit of $1,098,000 (2017: $2,575,000) has been pledged to a bank for the issue of letters of guarantee to customers.

10. Trade and other receivables – current

	Group		Authority	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Due from subsidiaries	**–**	–	**25,947**	10,931
Due from Government	**394,877**	601,031	**394,877**	601,031
Other receivables	**83,105**	114,815	**75,299**	100,803
Trade receivables	**23,954**	26,687	**–**	–
Less: Allowance for impairment of trade receivables	**(576)**	(37)	**–**	–
	23,378	26,650	**–**	–
GST receivables	**186,042**	97,373	**186,383**	98,357
Advances to contractors	**558,713**	250,008	**558,713**	250,008
Advances to agent	**–**	1,143	**–**	1,143
Advances due from Government (Note 11)	**30,170**	–	**30,170**	–
Grants receivable from Government (Note 12)	**160,352**	135,341	**160,333**	135,341
Receivables from investments (Note 15)	**8**	11	**8**	11
Accrued interest and dividend receivable	**26,963**	36,790	**26,078**	35,756
Due from customers on contracts in progress (Note 14)	**2,703**	1,184	**–**	–
Retentions on contracts in progress (Note 14)	**3**	56	**–**	–
	1,466,314	1,264,402	**1,457,808**	1,233,381

11. Advances due from/(to) Government

	Group and Authority	
	2018	2017
	$'000	$'000
Beginning of financial year	**(105,219)**	74,259
Amount received during the financial year	**(798,883)**	(1,259,967)
Amount utilised during the financial year	**934,272**	1,080,489
End of financial year	**30,170**	(105,219)

In the Authority's role as an agent to the Government, it manages projects relating to construction of roads, road-related infrastructure and government buildings on behalf of the Government. Such assets do not form part of the assets of the Authority. Funds are received on a monthly basis from the Government for payments relating to these projects.

12. Grants receivable from Government

	Group		Authority	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**135,341**	436,943	**135,341**	436,943
Grants received from Government	**(4,835,889)**	(6,178,573)	**(4,835,745)**	(6,178,573)
Amount converted to share capital	**-**	396,236	**-**	396,236
Grants utilised and transferred to deferred capital grants (Note 27)	**4,860,900**	5,480,735	**4,860,737**	5,480,735
End of financial year	**160,352**	135,341	**160,333**	135,341

Grants are received from the Government for the construction of the Rapid Transit Systems, and the development and purchase of depreciable assets. Grants utilised and transferred to deferred capital grants comprise primarily of amounts incurred for the construction of rails and rail-related assets.

13. Inventories

	Group		Authority	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Finished goods	**13,582**	15,972	**11,696**	15,032

The cost of inventories recognised as an expense in income or expenditure amounted to $26,414,000 (2017: $28,499,000).

14. Contracts in progress

	Group	
	2018	2017
	$'000	$'000
Aggregate contract costs incurred and profits recognised (less losses recognised) to date on uncompleted contracts in progress	**12,358**	10,432
Less: Progress billings	**(10,917)**	(10,691)
	1,441	(259)
Presented as:		
Due from customers on contracts in progress (Note 10)	**2,703**	1,184
Due to customers on contracts in progress (Note 22)	**(1,262)**	(1,443)
	1,441	(259)
Retentions on contracts in progress (Note 10)	**3**	56

15. Financial assets, at fair value through profit or loss

	Group		Authority	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Financial assets designated as fair value through profit or loss at inception				
- Quoted equity securities	**20,272**	16,559	**14,173**	13,808
- Quoted debt securities	**98,999**	68,326	**77,035**	44,244
	119,271	84,885	**91,208**	58,052
Represented by:				
- Internally managed	**91,208**	58,052	**91,208**	58,052
- Externally managed	**28,063**	26,833	**–**	–
	119,271	84,885	**91,208**	58,052

Financial assets, at fair value through profit or loss were denominated in the following currencies:

	Group		Authority	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
United States Dollar	**16,704**	15,731	**–**	–
Singapore Dollar	**100,707**	66,740	**91,208**	58,052
Euro	**642**	92	**–**	–
Others	**1,218**	2,322	**–**	–
	119,271	84,885	**91,208**	58,052

15. Financial assets, at fair value through profit or loss (continued)

The externally managed portfolios are managed by a professional fund manager who is given discretionary powers within certain guidelines to invest the funds. These are represented by the following:

	Group		Authority	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Financial assets, at fair value through profit or loss				
- Quoted equity securities	**6,099**	2,751	**–**	–
- Quoted debt securities	**21,964**	24,082	**–**	–
	28,063	26,833	**–**	–
Other assets/(liabilities)*:				
- Foreign currency contracts				
- Assets (Note 17)	**14**	363	**–**	–
- Liabilities (Note 17)	**(2)**	(86)	**–**	–
- Cash at bank (Note 9)	**951**	325	**–**	–
- Short-term bills (Note 9)	**1,993**	2,995	**–**	–
- Receivables from investments (Note 10)	**8**	11	**8**	11
- Accrued interest and dividend receivables	**214**	188	**–**	–
- Payables on investments (Note 22)	**–**	(176)	**–**	–
	31,241	30,453	**8**	11

* These items have been included in the respective current assets and liabilities categories in the balance sheet.

16. Other current assets

	Group		Authority	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Deposits	**2,472**	1,778	**1,840**	1,078
Prepayments	**18,063**	18,580	**14,395**	16,189
	20,535	20,358	**16,235**	17,267

17. Derivative financial instruments

		Group	
	Contract/ Notional Amount	Fair value	
		Assets	Liabilities
	$'000	$'000	$'000
2018			
Cash-flow hedges			
- Foreign currency contracts	329,538	3,187	(6,997)
Non-hedging instruments			
- Foreign currency contracts (Note 15)	15,434	14	(2)
Total		3,201	(6,999)
Less: Current portion		**1,014**	**(1,064)**
Non-current portion		**2,187**	**(5,935)**
2017			
Cash-flow hedges			
- Foreign currency contracts	95,355	3,980	(2,568)
Non-hedging instruments			
- Foreign currency contracts (Note 15)	27,438	363	(86)
Total		4,343	(2,654)
Less: Current portion		1,293	(1,566)
Non-current portion		3,050	(1,088)

		Authority	
	Contract/ Notional Amount	Fair value	
		Assets	Liabilities
	$'000	$'000	$'000
2018			
Cash-flow hedges			
- Foreign currency contracts	329,538	3,187	(6,997)
Total		3,187	(6,997)
Less: Current portion		**1,000**	**(1,062)**
Non-current portion		**2,187**	**(5,935)**
2017			
Cash-flow hedges			
- Foreign currency contracts	95,355	3,980	(2,568)
Total		3,980	(2,568)
Less: Current portion		930	(1,480)
Non-current portion		3,050	(1,088)

Foreign currency contracts are entered to hedge highly probable forecast transactions denominated in foreign currency expected to occur at various dates. The foreign currency contracts have maturity dates that coincide with the expected occurrence of these transactions. Gains and losses recognised in the hedging reserve are transferred to the cost of hedged non-monetary asset upon acquisition of the underlying non-monetary asset.

18. Long-term grants received in advance

Certain land transport infrastructure development projects of the Authority are funded by external borrowings in the form of unsecured bonds issued by the Authority. The principal repayments of these unsecured bonds upon maturity, including interest on the unsecured bonds, are fully funded by Government grants.

	Group and Authority	
	2018	2017
	$'000	$'000
Beginning of financial year	**1,230,965**	1,106,617
Long-term grants received	**–**	200,000
	1,230,965	1,306,617
Less: Amortisation to income or expenditure	**(74,815)**	(75,652)
End of financial year	**1,156,150**	1,230,965
Total cumulative long-term grants received for bond redemption	**2,400,000**	2,400,000
Included in:		
Current liabilities	**51,273**	74,820
Non-current liabilities	**1,104,877**	1,156,145
	1,156,150	1,230,965

During the financial year, the Authority received $Nil (2017: $200,000,000) to fund the redemption of the unsecured bonds (Note 24).

The long-term grants received in advance as at the balance sheet date, which is denominated in Singapore Dollars, represents the funds received from the Government, offset by net book value of retired assets, non-capitalisable amounts charged to income or expenditure, and cumulative depreciation of the assets funded by the proceeds from the unsecured bonds. Funds will be received from the Government as and when each tranche of the unsecured bonds are due for repayment.

19. Investments in subsidiaries

	Authority	
	2018	2017
	$'000	$'000
Equity investment at cost:		
Beginning of financial year	**18,502**	18,502
Incorporation of a subsidiary	**1,000**	–
End of financial year	**19,502**	18,502

In the current financial year, the Authority subscribed to 1,000,000 ordinary shares at $1 each in SG HSR Pte Ltd, which is a wholly-owned subsidiary, as the subsidiary's working capital requirements.

19. Investments in subsidiaries (continued)

The following are the subsidiaries as at 31 March 2018:

	Name of subsidiary	Principal activities	Country of business/ incorporation	Equity holding 2018 %	Equity holding 2017 %	Cost of investment 2018 $'000	Cost of investment 2017 $'000
	Held by the Authority						
(1)	MSI Global Private Limited	Provision of consultancy services and development of and/or operations of electronic services related to land transport	Singapore	**100**	100	**500**	500
(1)	EZ-Link Pte Ltd	Provision, development and management of the multi-purpose stored value smart card service business and the usage of the stored value smart card in Singapore	Singapore	**100**	100	**14,539**	14,539
(1)	Transit Link Pte Ltd	Provision of services connected with the carriage of goods and passengers in public conveyances and managing agent for the EZ link cards	Singapore	**100**	100	**3,463**	3,463
(1)	SG HSR Pte Ltd	Provision of infrastructure engineering design and consultancy services, and/or construction of bridge, tunnel, viaduct and elevated highway	Singapore	**100**	–	**1,000**(3)	–
						19,502	18,502
	Subsidiary of MSI Global Private Limited						
(2)	MSI (Shanghai) Engineering Consultancy Private Limited	Provision of consultancy services and development of and/or operations of electronic services related to land transport	People's Republic of China	**100**	100	**–**(4)	–(4)

(1) Audited by PricewaterhouseCoopers LLP, Singapore.
(2) Financial year end of 31 December. Audited by Shanghai Hui Hong Certified Public Accountants Co., Ltd.
(3) Incorporated during the financial year
(4) Held through a subsidiary.

20. Property, plant and equipment

Group	Leasehold land $'000	Viaducts and tunnels $'000	Railway tracks $'000	Stations, buildings and structures $'000	Rolling stock $'000	Operating equipment $'000	Buses & bus related assets $'000	Computers $'000	Motor vehicles $'000	Furniture, fittings, and office equipment $'000	Construction-in-progress $'000	Total $'000
2018												
Cost												
Beginning of financial year	2,286,449	8,848,873	1,488,505	12,253,578	2,830,760	5,167,592	773,528	261,332	10,972	59,121	16,434,990	50,415,700
Additions	–	–	–	138	–	25	11,078	3,211	–	547	5,081,887	5,096,886
Reclassification	–	42,433	(42,433)	–	–	–	18	(18)	–	–	–	–
Transferred from construction-in-progress	485,437	2,298,460	301,100	3,204,951	1,069,172	1,252,687	149,841	24,169	5,927	4,765	(8,796,509)	–
Disposals	–	–	(41,030)	(7)	–	(27,452)	(1,493)	(30,815)	(96)	(896)	–	(101,789)
End of financial year	2,771,886	11,189,766	1,706,142	15,458,660	3,899,932	6,392,852	932,972	257,879	16,803	63,537	12,720,368	55,410,797
Accumulated depreciation												
Beginning of financial year	311,034	847,703	177,772	2,204,202	649,424	2,085,517	77,421	192,681	6,479	36,115	–	6,588,348
Depreciation charge	28,214	101,956	32,717	195,874	191,594	347,445	69,587	29,937	1,292	5,665	–	1,004,281
Reclassification	–	4,340	(4,340)	–	–	–	12	(12)	–	–	–	–
Disposals	–	–	(41,030)	(5)	–	(27,251)	(570)	(30,778)	(62)	(892)	–	(100,588)
End of financial year	339,248	953,999	165,119	2,400,071	841,018	2,405,711	146,450	191,828	7,709	40,888	–	7,492,041
Net book value at 31 March 2018	2,432,638	10,235,767	1,541,023	13,058,589	3,058,914	3,987,141	786,522	66,051	9,094	22,649	12,720,368	47,918,756

During the financial year, the Group revised its estimates for the useful lives of certain railway tracks assets and residual values of certain rolling stock assets. The effect of these changes on depreciation expense in current and future periods on railway tracks and rolling stock assets is not material to the consolidated financial statements.

20. Property, plant and equipment (continued)

Group (continued)	Leasehold land $'000	Viaducts and tunnels $'000	Railway tracks $'000	Stations, buildings and structures $'000	Rolling stock $'000	Operating equipment $'000	Buses & bus related assets $'000	Computers $'000	Motor vehicles $'000	Furniture, fittings, and office equipment $'000	Construction-in-progress $'000	Total $'000
2017												
Cost												
Beginning of financial year	2,042,953	8,790,112	1,351,303	11,833,452	1,911,810	4,732,644	160,863	216,446	10,975	43,008	11,915,203	43,008,769
Cost adjustments	–	–	–	–	–	(2)	2	–	–	–	–	–
Additions	–	–	–	4,340	662,522	188,736	351,899	1,440	–	116	6,327,025	7,536,078
Reclassification	–	–	–	(5)	–	(851)	1,219	(363)	–	–	–	–
Transferred from construction-in-progress	243,496	58,761	225,711	415,794	256,428	275,307	259,547	55,476	86	16,632	(1,807,238)	–
Disposals	–	–	(88,509)	(3)	–	(28,242)	(2)	(11,667)	(89)	(635)	–	(129,147)
End of financial year	2,286,449	8,848,873	1,488,505	12,253,578	2,830,760	5,167,592	773,528	261,332	10,972	59,121	16,434,990	50,415,700
Accumulated depreciation												
Beginning of financial year	287,819	758,782	199,957	2,038,147	507,238	1,820,540	27,002	179,164	5,585	31,854	–	5,856,088
Depreciation charge	23,215	88,921	45,192	166,063	142,186	290,720	49,939	25,312	980	4,894	–	837,422
Reclassification	–	–	–	(5)	–	(338)	482	(139)	–	–	–	–
Disposals	–	–	(67,377)	(3)	–	(25,405)	(2)	(11,656)	(86)	(633)	–	(105,162)
End of financial year	311,034	847,703	177,772	2,204,202	649,424	2,085,517	77,421	192,681	6,479	36,115	–	6,588,348
Net book value at 31 March 2017	1,975,415	8,001,170	1,310,733	10,049,376	2,181,336	3,082,075	696,107	68,651	4,493	23,006	16,434,990	43,827,352

20. Property, plant and equipment (continued)

	Leasehold land $'000	Viaducts and tunnels $'000	Railway tracks $'000	Stations, buildings and structures $'000	Rolling stock $'000	Operating equipment $'000	Buses & bus related assets $'000	Computers $'000	Motor vehicles $'000	Furniture, fittings, and office equipment $'000	Construction-in-progress $'000	Total $'000
Authority												
2018												
Cost												
Beginning of financial year	2,286,449	8,848,873	1,488,505	12,253,352	2,830,760	5,154,491	773,528	254,004	11,098	56,607	16,434,990	50,392,657
Additions	–	–	–	–	–	–	11,078	642	–	78	5,080,581	5,092,379
Reclassification	–	42,433	(42,433)	–	–	–	18	(18)	–	–	–	–
Transferred from construction-in-progress	485,437	2,298,460	301,100	3,204,951	1,069,172	1,252,687	149,841	24,169	5,927	4,765	(8,796,509)	–
Disposals	–	–	(41,030)	–	–	(27,293)	(1,493)	(30,621)	(96)	(828)	–	(101,361)
End of financial year	2,771,886	11,189,766	1,706,142	15,458,303	3,899,932	6,379,885	932,972	248,176	16,929	60,622	12,719,062	55,383,675
Accumulated depreciation												
Beginning of financial year	311,034	847,703	177,772	2,204,114	649,424	2,082,925	77,421	186,671	6,608	34,150	–	6,577,822
Depreciation charge	28,214	101,956	32,717	195,831	191,594	344,433	69,587	28,998	1,289	5,220	–	999,839
Reclassification	–	4,340	(4,340)	–	–	–	12	(12)	–	–	–	–
Disposals	–	–	(41,030)	–	–	(27,092)	(570)	(30,604)	(62)	(825)	–	(100,183)
End of financial year	339,248	953,999	165,119	2,399,945	841,018	2,400,266	146,450	185,053	7,835	38,545	–	7,477,478
Net book value at 31 March 2018	2,432,638	10,235,767	1,541,023	13,058,358	3,058,914	3,979,619	786,522	63,123	9,094	22,077	12,719,062	47,906,197

During the financial year, the Authority revised its estimates for the useful lives of certain railway tracks assets and residual values of certain rolling stock assets. The effect of these changes on depreciation expense in current and future periods on railway tracks and rolling stock assets is not material to the financial statements.

20. Property, plant and equipment (continued)

	Leasehold land $'000	Viaducts and tunnels $'000	Railway tracks $'000	Stations, buildings and structures $'000	Rolling stock $'000	Operating equipment $'000	Buses & bus related assets $'000	Computers $'000	Motor vehicles $'000	Furniture, fittings, and office equipment $'000	Construction-in-progress $'000	Total $'000
Authority (continued)												
2017												
Cost												
Beginning of financial year	2,042,953	8,790,112	1,351,303	11,833,238	1,911,810	4,730,527	160,863	209,100	11,101	40,540	11,909,904	42,991,451
Cost adjustments	–	–	–	–	–	(2)	2	–	–	–	–	–
Additions	–	–	–	4,325	662,522	181,186	351,899	518	–	30	6,326,893	7,527,373
Reclassification	–	–	–	(5)	–	(851)	1,219	(363)	–	–	–	–
Transferred from construction-in-progress	243,496	58,761	225,711	415,794	256,428	269,889	259,547	55,463	86	16,632	(1,801,807)	–
Disposals	–	–	(88,509)	–	–	(26,258)	(2)	(10,714)	(89)	(595)	–	(126,167)
End of financial year	2,286,449	8,848,873	1,488,505	12,253,352	2,830,760	5,154,491	773,528	254,004	11,098	56,607	16,434,990	50,392,657
Accumulated depreciation												
Beginning of financial year	287,819	758,782	199,957	2,038,101	507,238	1,820,049	27,002	173,521	5,725	30,416	–	5,848,610
Depreciation charge	23,215	88,921	45,192	166,018	142,186	287,984	49,939	24,002	969	4,327	–	832,753
Reclassification	–	–	–	(5)	–	(338)	482	(139)	–	–	–	–
Disposals	–	–	(67,377)	–	–	(24,770)	(2)	(10,713)	(86)	(593)	–	(103,541)
End of financial year	311,034	847,703	177,772	2,204,114	649,424	2,082,925	77,421	186,671	6,608	34,150	–	6,577,822
Net book value at 31 March 2017	1,975,415	8,001,170	1,310,733	10,049,238	2,181,336	3,071,566	696,107	67,333	4,490	22,457	16,434,990	43,814,835

21. Other non-current asset

Other non-current asset comprises of granite aggregates purchased as part of the Authority's long-term plan to build up and maintain a strategic and long term static stockpile for roadworks.

22. Trade and other payables – current

	Group		Authority	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Due to subsidiaries	**–**	–	**–**	24
Trade and other payables	**1,602,585**	1,354,781	**1,552,496**	1,306,035
Advances due to Government (Note 11)	**–**	105,219	**–**	105,219
Payables to Government	**37,049**	36,498	**37,049**	36,498
Retention monies due to contractors	**75,626**	93,916	**75,626**	93,916
Deposits	**60,789**	54,167	**59,121**	52,435
Accrual of annual leave	**24,081**	24,709	**22,834**	23,507
Payables on investment (Note 15)	**–**	176	**–**	–
Due to customers on contracts in progress (Note 14)	**1,262**	1,443	**–**	–
	1,801,392	1,670,909	**1,747,126**	1,617,634

23. Provision for pensions and gratuities

	Group and Authority	
	2018	2017
	$'000	$'000
Beginning of financial year	**9,135**	12,631
Provision made	**546**	302
Provision utilised	**(5,568)**	(3,798)
End of financial year	**4,113**	9,135
Amount payable within one year	**2,474**	7,761
Amount payable after one year	**1,639**	1,374
	4,113	9,135

The pension obligation is calculated using the projected salary increment of minimum 0.5% (2017: 1.50%), expected retirement age at 59 years (2017: 59 years) and life expectancy of up to 82 years (2017: 82 years). The computed pension obligation is discounted to the present value using discount rates of 2.05% for below and 1.76% for above 55 years old (2017: 1.76% for below and 1.02% for above 55 years old) which are based on the market yields on government bonds.

24. Borrowings

These comprise unsecured bonds issued with interest payable on a semi-annual basis and the details are as follows:

Group and Authority					
Principal		Coupon rate	Issue date	Tenure	Maturity
2018	2017				
$	$	%			
200,000,000	200,000,000	2.900	19 June 2003	20 years	19 June 2023
275,000,000	275,000,000	2.710	27 May 2010	10 years	27 May 2020
500,000,000	500,000,000	3.275	29 Oct 2010	15 years	29 Oct 2025
600,000,000	600,000,000	2.570	31 Aug 2015	7 years	31 Aug 2022
600,000,000	600,000,000	3.090	31 Aug 2015	12 years	31 Aug 2027
650,000,000	650,000,000	2.730	18 Sep 2015	5 years	18 Sep 2020
650,000,000	650,000,000	3.510	18 Sep 2015	15 years	18 Sep 2030
300,000,000	–	2.750	19 Mar 2018	10 years	19 Mar 2028
900,000,000	–	3.350	19 Mar 2018	30 years	19 Mar 2048
300,000,000	–	3.350	29 Mar 2018	30 years	19 Mar 2048
4,975,000,000	3,475,000,000				

	Group and Authority	
	2018	2017
	$'000	$'000
Amount payable after one year	**4,975,000**	3,475,000
Fair value of borrowings		
Unsecured bonds	**5,110,635**	3,641,540

The fair values above were based on quoted market ask prices at the balance sheet date.

25. Trade and other payables – non-current

	Group and Authority	
	2018	2017
	$'000	$'000
Retention monies due to contractors	**246,967**	216,311

26. Deferred income tax (assets)/liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	Group	
	2018	2017
	$'000	$'000
Deferred income tax assets		
- To be recovered within one year	**(48)**	(12)
Deferred income tax liabilities		
- To be settled within one year	**1,476**	576

Movements in deferred income tax assets and liabilities, prior to offsetting, are as follows:

	At 1 April 2016 $'000	Charged/(credited) to statement of comprehensive income [Note 8(a)] $'000	At 31 March 2017 $'000	Charged/(credited) to statement of comprehensive income [Note 8(a)] $'000	At 31 March 2018 $'000
Deferred tax liabilities/(assets)					
Property, plant and equipment	778	158	936	896	1,832
Accrued interest	52	12	64	(11)	53
Provisions	(20)	(416)	(436)	(21)	(457)
	810	(246)	564	864	1,428

27. Deferred capital grants

	Group		Authority	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**40,060,033**	35,200,775	**40,074,572**	35,215,314
Capital grants received and utilised (Note 12)	**4,860,900**	5,480,735	**4,860,737**	5,480,735
	44,920,933	40,681,510	**44,935,309**	40,696,049
Less: Amortisation to income or expenditure	**(775,422)**	(621,477)	**(775,336)**	(621,477)
End of financial year	**44,145,511**	40,060,033	**44,159,973**	40,074,572
Total grants received and utilised since establishment of the Authority	**51,955,531**	47,094,631	**51,955,368**	47,094,631

Deferred capital grants are government grants received mainly for the purchase or the construction of depreciable assets. These grants will be amortised to income or expenditure over the useful lives of the related assets.

During the financial year, government grants amortised to match the depreciation expense of property, plant and equipment amounted to $725 million (2017: $616 million).

28. Capital account

The capital account comprises the net book value of property, plant and equipment transferred from the Roads and Transportation Division of the former Public Works Department, the Land Transport Division of the former Ministry of Communications and the then Registry of Vehicles.

29. Share capital and dividends

(a) Share capital

The Authority's share capital comprises 3,559,620,849 (2017: 2,233,093,668) fully paid shares amounting to a total of $3,559,620,849 (2017: $2,233,093,668).

During the financial year, the Authority issued 1,326,527,181 (2017: 2,015,098,832) fully paid shares to the Minister for Finance, a body corporate incorporated by the Minister for Finance (Incorporation) Act (Chapter 183). The shares carry neither voting rights nor par value.

(b) Dividends

	Group and Authority	
	2018	2017
	$'000	$'000
Ordinary dividends paid		
Final dividend paid in respect of financial year ended 31 March 2017 is 0.01 cents per share	–	1,174

At the 236th Board Meeting on 26 January 2017, a final dividend of 0.01 cents per share amounting to a total of $1,174,000 was declared and paid in 2017.

Out of the total dividends declared and paid, $941,000 was reimbursed by the Ministry of Transport and reflected in the Consolidated Statement of Changes in Equity of the Group and the Statement of Changes in Equity of the Authority.

30. Accumulated surplus/(deficit)

(a) General fund

As at 31 March 2018, a portion of the Authority's surplus has been earmarked for return to MOF. The remaining surplus would be used to fund specific initiatives or projects and for working capital purposes.

30. Accumulated surplus/(deficit) (continued)

(b) Restricted fund – Railway Sinking Fund

The Railway Sinking Fund is established under Section 13A of the Land Transport Authority of Singapore Act (Cap.158A). The Railway Sinking Fund is ring-fenced for the purposes defined under the Land Transport Authority of Singapore Act, primarily to meet expenditure for the cost (or part thereof) of any capital equipment including new works, plant, equipment, trains, vessels or appliances related to the operation and maintenance of the railway network under the Rapid Transit Systems Act (Cap.263A).

The fund is accounted for as follows:

	Group and Authority	
	2018	2017
	$'000	$'000
Net deficit for the year	**(98,624)**	(28,444)
Other comprehensive loss for the year	**(1,906)**	–
Accumulated deficit and other reserve brought forward	**(28,444)**	–
Accumulated deficit and other reserve carried forward	**(128,974)**	(28,444)
Represented by:		
Property, plant and equipment	**1,333,868**	1,290,505
Cash and cash equivalents	**1,028,250**	153,466
Trade and other receivables	**239,256**	93,376
Trade and other payables	**(145,514)**	(203,295)
Derivative financial instruments	**(1,906)**	–
Share capital	**(2,582,928)**	(1,362,496)
	(128,974)	(28,444)

Movement in the Railway Sinking Fund's available balance in accordance with the provisions of Section 13A of the Land Transport Authority of Singapore Act is as follows:

	Group and Authority	
	2018	2017
	$'000	$'000
Beginning of financial year	**43,547**	–
Add:		
Issuance of shares	**1,220,432**	1,362,496
Licence charge	**12**	33,346
Interest income	**2,101**	287
Proceeds from disposal of property, plant and equipment	**14**	–
Less:		
Acquisition of property, plant and equipment	**(144,113)**	(1,352,576)
Other expenses	**(1)**	(6)
End of financial year	**1,121,992**	43,547

30. Accumulated surplus/(deficit) (continued)

(b) Restricted fund – Railway Sinking Fund (continued)

	Group and Authority	
	2018	2017
	$'000	$'000
Represented by:		
Cash and cash equivalents	**1,028,250**	153,466
Trade and other receivables	**239,256**	93,376
Trade and other payables	**(145,514)**	(203,295)
	1,121,992	43,547

(c) Restricted fund – Bus Contracting

(i) Bus Operating Fund

The bus industry in Singapore had fully transitioned into the Bus Contracting Model (BCM) in September 2016. Under BCM, the Authority collects all fare revenue and pays the public bus operators a service fee for the provision of bus services.

The fund is accounted for as follows:

	Group and Authority	
	2018	2017
	$'000	$'000
Net surplus/(deficit) for the year	**11,096**	(900)
Accumulated deficit brought forward	**(52,252)**	(10,550)
Transfer to Bus Replacement Fund	**(72,153)**	(40,802)
Accumulated deficit carried forward	**(113,309)**	(52,252)
Represented by:		
Property, plant and equipment	**780,614**	774,628
Cash and cash equivalents	**46,636**	89,076
Trade and other receivables	**426,115**	310,511
Trade and other payables	**(474,650)**	(400,841)
Deferred capital grant	**(45,461)**	(46,773)
Share capital	**(846,563)**	(778,853)
	(113,309)	(52,252)

30. Accumulated surplus/(deficit) (continued)

(c) Restricted fund – Bus Contracting (continued)

(ii) Bus Replacement Fund

The bus & bus related lease income received under Bus Contracting and the interest earned from the accumulation of bus & bus related lease income will be used to fund future bus & related operating assets renewal and comprised the following:

	Group and Authority	
	2018	2017
	$'000	$'000
Beginning of financial year	**40,802**	–
Bus & bus related lease income	**71,684**	40,704
Interest income	**469**	98
Total income for the year	**112,955**	40,802
Represented by:		
Cash and cash equivalents	**103,826**	23,205
Trade and other receivables	**9,129**	17,597
	112,955	40,802

31. Other reserves

	Group		Authority	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
(a) Composition:				
Hedging reserve	**(3,810)**	1,412	**(3,810)**	1,412
Currency translation reserve	**(2)**	(16)	–	–
	(3,812)	1,396	**(3,810)**	1,412
(b) Movements:				
Hedging reserve				
Beginning of financial year	**1,412**	840	**1,412**	840
Net movement in cash flow hedges	**(5,222)**	572	**(5,222)**	572
End of financial year	**(3,810)**	1,412	**(3,810)**	1,412
Currency translation reserve				
Beginning of financial year	**(16)**	6	–	–
Net currency translation differences of financial statements of foreign subsidiary	**14**	(22)	–	–
End of financial year	**(2)**	(16)	–	–

Other reserves are non-distributable.

32. Commitments and other matters

(a) Capital commitments

Capital expenditures approved and/or contracted for property, plant and equipment at the balance sheet date but not recognised in the financial statements are analysed as follows:

	Group and Authority	
	2018	2017
	$'000	$'000
Amounts approved and contracted for	**13,115,697**	12,907,600

(b) Operating lease commitments

The future aggregate minimum lease payable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group		Authority	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Not later than one year	**8,993**	9,769	**7,234**	7,962
Between one and five years	**12,886**	2,120	**10,313**	1,341
	21,879	11,889	**17,547**	9,303

33. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses derivative financial instruments such as foreign currency contracts to manage certain financial risk exposures. Derivatives are used strictly for risk management purposes and they are designated as fair value through profit or loss at inception unless they are designated as hedging instruments.

Risk management is carried out under policies approved by the management. The management approves guidelines for overall risk management, as well as policies covering these specific areas, such as currency risk, interest rate risk, credit use, use of derivative financial instruments.

The Group's investments in financial assets, at fair value through profit or loss are either managed internally or externally by external fund managers. The external fund managers are given discretionary powers to invest the funds placed with them within certain guidelines set out by the management as part of the overall risk management.

(a) Market risk

(i) Currency risk

The Group is not exposed to significant currency risk as it transacts mainly in the Singapore Dollar ("SGD"), which is the functional currency of the Group. The Group, through its operations and investments, is exposed to foreign exchange risk arising mainly from the United States Dollar ("USD"), Euro ("EUR) and Japanese Yen ("JPY"). The Group monitors its foreign currency exchange risks closely and where appropriate, enters into foreign currency contracts to manage the currency exposure.

Currency risks arise from currency translation risk on the net assets of the Group's foreign operation in the People's Republic of China and unhedged transactions denominated in currencies other than the respective functional currencies of the entities in the Group.

The effects of changes in foreign currency exchange rates against the SGD on the net (deficit)/surplus and equity of the Group is insignificant.

(ii) Price risk

The Group is exposed to securities price risk arising from the investments held by the Group which are designated at fair value through profit or loss at inception. The Group's internally-managed portfolio is invested in Singapore equities while the externally-managed portfolios are invested in global equities. To manage its price risk arising from these investments, the Group diversifies its portfolio in accordance with investment guidelines and limits set by the Group for the portfolio.

33. **Financial risk management** (continued)

(a) Market risk (continued)

(ii) *Price risk* (continued)

If prices for Singapore and global equities changes by 5% (2017: 4%) and 5% (2017: 4%) respectively, with all other variables including rate of contribution to Consolidated Fund and tax rate being held constant, the effect on surplus/deficit after tax will be:

	Surplus/(deficit) after contribution to Consolidated Fund and income tax	
	2018	2017
	$'000	$'000
Group		
Singapore Portfolio		
- Increase by	**533**	387
- Decrease by	**(533)**	(387)
Global Portfolio		
- Increase by	**962**	94
- Decrease by	**(962)**	(94)
Authority		
Singapore Portfolio		
- Increase by	**533**	387
- Decrease by	**(533)**	(387)

(iii) *Interest rate risks*

Interest rate risk is the risk that the future cash flows of a financial instrument fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises from interest bearing financial assets.

The effects of changes in interest rates on the net (deficit)/surplus of the Group is insignificant.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Group. The major classes of financial assets of the Group and the Authority are cash and cash equivalents, trade and other receivables and financial assets, at fair value through profit or loss.

For trade receivables, the Group adopts the general policy of dealing with customers of appropriate credit history, and obtaining sufficient collateral where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties such as reputable financial institutions. Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers. Due to these factors, management believes that no additional credit risk beyond the amount of allowance for impairment made is inherent in the Group's and Authority's trade receivables.

33. Financial risk management (continued)

(b) Credit risk (continued)

The Group has no significant concentrations of credit risk. The Group and Authority do not hold any collateral. The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

(i) *Financial assets that are neither past due nor impaired*

Cash and cash equivalents that are neither past due nor impaired are mainly deposits with banks and financial institutions with high credit-ratings assigned by international credit-rating agencies. Financial assets, at fair value through profit or loss that are neither past due nor impaired are mainly investments in reputable companies. Trade and other receivables that are neither past due nor impaired are substantially receivables from Government or companies with a good collection track record with the Group.

(ii) *Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables and other receivables.

The age analysis of total trade and other receivables past due but not impaired is as follows:

	Group		Authority	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Past due < 3 months	**16,973**	15,328	**6,417**	4,740
Past due 3 to 6 months	**945**	2,698	**516**	247
Past due over 6 months	**880**	5	**304**	5
	18,798	18,031	**7,237**	4,992

The carrying amount of trade receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	Group	
	2018	2017
	$'000	$'000
Gross Amounts	**576**	37
Less: Allowance for impairment	**(576)**	(37)
	–	–
Beginning of financial year	**37**	117
Allowance made	**539**	–
Allowance written back	**–**	(80)
End of financial year	**576**	37

33. Financial risk management (continued)

(c) Liquidity risk

The Group adopts prudent liquidity risk management by maintaining sufficient cash and to enable them to meet their normal operating commitments.

The table below analyses the maturity profile of the Group's and Authority's financial liabilities (including foreign currency contracts) based on contractual undiscounted cash flows.

	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000
Group			
At 31 March 2018			
Gross-settled foreign currency contracts			
- Assets	**(344,972)**	**–**	**–**
- Liabilities	**348,770**	**–**	**–**
Other financial liabilities	**1,776,049**	**200,879**	**46,088**
Borrowings	**152,598**	**2,065,210**	**4,804,016**
	1,932,445	**2,266,089**	**4,850,104**
At 31 March 2017			
Gross-settled foreign currency contracts			
- Assets	(122,793)	–	–
- Liabilities	121,104	–	–
Other financial liabilities	1,644,757	157,765	58,546
Borrowings	104,148	1,304,121	2,928,254
	1,747,216	1,461,886	2,986,800
Authority			
At 31 March 2018			
Gross-settled foreign currency contracts			
- Assets	**(329,538)**	**–**	**–**
- Liabilities	**333,348**	**–**	**–**
Other financial liabilities	**1,724,292**	**200,879**	**46,888**
Borrowings	**152,598**	**2,065,210**	**4,804,016**
	1,880,700	**2,266,089**	**4,850,904**
At 31 March 2017			
Gross-settled foreign currency contracts			
- Assets	(95,355)	–	–
- Liabilities	93,943	–	–
Other financial liabilities	1,594,127	157,765	58,546
Borrowings	104,148	1,304,121	2,928,254
	1,696,863	1,461,886	2,986,800

33. Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to carry out its statutory functions. To achieve these objectives, the Group may secure grants from the Government, return capital to shareholders, issue new shares or obtain new borrowings.

The Group defines capital as its equity, deferred capital grants and borrowings. The Group monitors the 'net operating surplus/(deficits)'. There were no changes in the Group approach to capital management during the year.

The Group is not subject to any externally imposed capital requirements.

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the assets and liabilities measured at fair value at 31 March 2018.

	Level 1 $'000	Level 2 $'000	Total $'000
Group			
2018			
Assets			
Financial assets, at fair value through profit or loss			
- Equities securities	**20,272**	**–**	**20,272**
- Debt securities	**98,999**	**–**	**98,999**
Derivatives not designated as hedging instruments			
- Foreign currency contracts	**–**	**14**	**14**
Derivatives designated as hedging instruments			
- Cash flow hedges	**–**	**3,187**	**3,187**
Total assets	**119,271**	**3,201**	**122,472**
Liabilities			
Derivatives not designated as hedging instruments			
- Foreign currency contracts	**–**	**(2)**	**(2)**
Derivatives designated as hedging instruments			
- Cash flow hedges	**–**	**(6,997)**	**(6,997)**
Total liabilities	**–**	**(6,999)**	**(6,999)**

33. Financial risk management (continued)

(e) Fair value measurements (continued)

	Level 1 $'000	Level 2 $'000	Total $'000
Group			
2017			
Assets			
Financial assets, at fair value through profit or loss			
- Equities securities	16,559	–	16,559
- Debt securities	68,326	–	68,326
Derivatives not designated as hedging instruments			
- Foreign currency contracts	–	363	363
Derivatives designated as hedging instruments			
- Cash flow hedges	–	3,980	3,980
Total assets	84,885	4,343	89,228
Liabilities			
Derivatives not designated as hedging instruments			
- Foreign currency contracts	–	(86)	(86)
Derivatives designated as hedging instruments			
- Cash flow hedges	–	(2,568)	(2,568)
Total liabilities	–	(2,654)	(2,654)

	Level 1 $'000	Level 2 $'000	Total $'000
Authority			
2018			
Assets			
Financial assets, at fair value through profit or loss			
- Equities securities	**14,173**	**–**	**14,173**
- Debt securities	**77,035**	**–**	**77,035**
Derivatives designated as hedging instruments			
- Cash flow hedges	**–**	**3,187**	**3,187**
Total assets	**91,208**	**3,187**	**94,395**
Liabilities			
Derivatives designated as hedging instruments			
- Cash flow hedges	**–**	**(6,997)**	**(6,997)**
Total liabilities	**–**	**(6,997)**	**(6,997)**

33. Financial risk management (continued)

(e) Fair value measurements (continued)

	Level 1 $'000	Level 2 $'000	Total $'000
Authority			
2017			
Assets			
Financial assets, at fair value through profit or loss			
- Equities securities	13,808	–	13,808
- Debt securities	44,244	–	44,244
Derivatives designated as hedging instruments			
- Cash flow hedges	–	3,980	3,980
Total assets	58,052	3,980	62,032
Liabilities			
Derivatives designated as hedging instruments			
- Cash flow hedges	–	(2,568)	(2,568)
Total liabilities	–	(2,568)	(2,568)

The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (such as over-the-counter derivatives) is based on price quotes by dealers and/or valuation by banks. These investments are included in Level 2 and comprise derivative financial instruments.

There are no financial instruments included under Level 3 as at balance sheet date. There are no movements between the different levels during the financial year.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of non-current borrowings approximates their carrying amount.

33. **Financial risk management** (continued)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 15 and Note 17, to the financial statements, except for the following:

	Group		Authority	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Loans and receivables	**7,870,983**	5,646,945	**7,662,593**	5,457,999
Financial liabilities at amortised costs	**7,022,097**	5,360,777	**6,969,093**	5,308,945

34. **Related party transactions**

Nature and amount of individually significant transactions

Except as already disclosed elsewhere in the financial statements, there are no individually significant transactions with related parties.

Other related party transactions

The key management personnel compensation is analysed as follows:

	Group and Authority	
	2018	2017
	$'000	$'000
Salaries	**11,705**	10,199
Employer CPF contributions	**335**	275
Post-employment benefits	**–**	90
Board members' allowances	**313**	322
	12,353	10,886

35. **Funds held and managed on behalf by the Authority**

Funds held and managed on behalf by the Authority includes:

	Group and Authority	
	2018	2017
	$'000	$'000
Bus Service Enhancement Fund [Note 35(a)]	**395,315**	434,692
Funds to support Research & Development [Note 35(b)]	**2,699**	–
	398,014	434,692

35. Funds held and managed on behalf by the Authority (continued)

(a) Bus Service Enhancement Fund

A sum of $1.1 billion was set up by the Government in September 2012 for the Bus Service Enhancement Fund ("BSEF") introduced by the Government. The Fund is ring-fenced for the specific purpose of improving and expanding the reliability of the bus services provided by bus service licensees and bus service operator licensees. The Land Transport Authority was given the authority to administer the Fund under Section 13B of the Land Transport Authority of Singapore Act (Cap.158A) which came into effect on 12 September 2012. Upon dissolution of the Fund, the remaining balance would be transferred back to the Consolidated Fund and the past reserves of the Government.

The fund is accounted for as follows:

	Group and Authority	
	2018	2017
	$'000	$'000
Income & Expenditure Statement		
Income		
Loan interest received	–	1,133
Interest income	**2,300**	2,198
	2,300	3,331
Expenditure		
Operating subsidy (i)(a)	**(30,598)**	(50,960)
Financing subsidy (i)(b)	–	(8,573)
	(30,598)	(59,533)
End of financial year	**(28,298)**	(56,202)
Balance Sheet		
Represented by:		
Assets		
Deposit placed with Monetary Authority of Singapore	**323,259**	323,259
Deposit placed with AGD	**71,624**	55,033
Other receivables	**497**	26,714
	395,380	405,006
Non-current assets		
Buses & bus related assets	–	30,279
	–	30,279
Total assets	**395,380**	435,285
Liabilities		
Other payables	**65**	593
	65	593
Net assets	**395,315**	434,692

35. Funds held and managed on behalf by the Authority (continued)

(a) Bus Service Enhancement Fund (continued)

	Group and Authority	
	2018	2017
	$'000	$'000
Accumulated surplus		
Beginning of financial year	**434,692**	842,740
Movement for the financial year	**(28,298)**	(56,202)
Amount injected into the Authority under Bus Contracting	**(11,079)**	(351,846)
End of financial year	**395,315**	434,692

(i) Under Bus Service Enhancement Programme (BSEP):

(a) Operating subsidy was given to reimburse the operating costs incurred by the operator for the purpose of operating a BSEP Route.

(b) Financing subsidy was given to cover depreciation and loan interest expenses for the buses relating to the expanded BSEP. The subsidies were given by way of set off against loan repayment, which would reduce the amount of loan receivables accordingly.

(c) With the implementation of BCM, the Bus Service Enhancement Programme (BSEP) improvements for regular bus routes had folded into BCM bus packages and all subsidies ceased with the exception of the operating subsidy provided to the Private Bus Operators (PBOs) running the City Direct Bus Services (CDS), which continued to be funded by BSEF.

(ii) The assets and liabilities of the fund are excluded from the assets and liabilities of the Group and the Authority.

35. Funds held and managed on behalf by the Authority (continued)

(b) Funds to support Research & Development

The Authority receives funding from the National Research Fund to support research and development in the area of urban mobility.

The fund is accounted for as follows:

	Group and Authority 2018 $'000
Income & Expenditure Statement	
Income	
Interest income	1
Expenditure	
Grants disbursed to External Parties	(302)
End of financial year	(301)
Balance Sheet	
Represented by:	
Assets	
Deposit placed with AGD	3,000
Other receivables	1
	3,001
Liabilities	
Other payables	(302)
	(302)
Net assets	2,699
Accumulated surplus	
Beginning of financial year	–
Injection from National Research Fund	3,000
Movement for the financial year	(301)
End of financial year	2,699

36. Collection of Government taxes, fees and charges

The Authority acts as an agent of the Government and provides service in administering, assessing, collecting and enforcing payment of various Government taxes, fees and charges such as Additional Registration Fees, Vehicle Quota Premium, Road Tax and ERP Charges. These Government taxes, fees and charges collected are paid into the Government Consolidated Fund and are not reflected in the Authority's financial statements.

37. New or revised accounting standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2018, and have not been applied in preparing these financial statements.

- SB-FRS 115 *Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018)*

  This is the converged standard on revenue recognition. It replaces SB-FRS 11 Construction contracts, SB-FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of SB-FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognizes revenue in accordance with that core principle by applying the following steps:

  - Step 1: Identify the contract(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  SB-FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  Management has assessed that the adoption of this new accounting standard will not result in a material impact to the financial statements.

37. New or revised accounting standards and interpretations (continued)

- SB-FRS 109 *Financial Instruments* (effective for annual periods beginning on or after 1 January 2018)

  The complete version of SB-FRS 109 replaces most of the guidance in SB-FRS 39. SB-FRS 109 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in SB-FRS 39.

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at fair value, through profit or loss.

  SB-FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

  The new standard also introduces expanded disclosure requirements and changes in presentation.

  Management has assessed that the adoption of this new accounting standard will not result in a material impact to the financial statements.

- SB-FRS 116 *Leases* (effective for annual periods beginning on or after 1 January 2019)

  SB-FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  The standard will affect primarily the accounting for the Group and the Authority's operating leases. As at the reporting date, the Group and the Authority has non-cancellable operating lease commitments of $21,879,000 and $17,547,000 respectively (Note 32). However, management has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group and the Authority's surplus and classification of cash flows.

  Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

38. Authorisation of financial statements

These financial statements were authorised for issue by the members of the Authority on 5 July 2018.