

**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 2019*

**LAND TRANSPORT AUTHORITY OF SINGAPORE**  
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**AND ITS SUBSIDIARIES**

**FINANCIAL STATEMENTS**  
*For the financial year ended 31 March 2019*

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

## Report on the Audit of the Financial Statements

### Our opinion

In our opinion, the accompanying consolidated financial statements of the Land Transport Authority of Singapore (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 Public Sector (Governance) Act 2018, Act 5 of 2018 (the "Public Sector (Governance) Act"), the Land Transport Authority of Singapore Act, Chapter 158A (the "Act") and the Statutory Board Financial Reporting Standards in Singapore ("SB-FRS") so as to present fairly, in all material respects, the state of affairs of the Group and the Authority as at 31 March 2019 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 consolidated statement of comprehensive income of the Group for the financial year ended 31 March 2019;
- the statement of comprehensive income of the Authority for the financial year then ended;
- the balance sheets of the Group and the Authority as at 31 March 2019;
- 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 Group 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 OF SINGAPORE (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 2019. 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.

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p><b>Useful lives of property, plant and equipment</b> (Refer to Note 2.4(b), Note 3, Note 20 and Note 27 to the financial statements)</p> <p>At 31 March 2019, the Group's property, plant and equipment ("PPE") amounted to \$52.1 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).</p> <p>Due to the inherent nature of the customised PPE, significant 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.</p> <p>As the majority of the 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 \$1.1 billion for the financial year ended 31 March 2019. Government grants amortised to match the depreciation expense of PPE funded by government grants amounted to \$0.9 billion.</p> <p>The depreciation expense relating to PPE not funded by government grants amounted to \$0.2 billion for the financial year ended 31 March 2019.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We have evaluated the Group's PPE policies and procedures to identify significant categories of customised PPEs that have different useful lives.</li> <li>• 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.</li> <li>• We have reviewed management's annual assessment of the appropriateness of the useful lives of the Group's PPE which takes into consideration 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.</li> </ul> <p>Based on the work performed, we found the estimated useful lives of the Group's PPE to be within acceptable range.</p>

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAND TRANSPORT AUTHORITY OF SINGAPORE (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 Public Sector (Governance) Act, the Act and SB-FRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Group'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 Group or for the Group 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 OF SINGAPORE (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 year are, in all material respects, in accordance with the provisions of the Public Sector (Governance) Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Authority; and
- (b) proper accounting and other records have been kept, including records of all assets of the Authority whether purchased, donated or otherwise.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAND TRANSPORT AUTHORITY OF SINGAPORE (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 Public Sector (Governance) Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Authority. This responsibility includes monitoring related compliance requirements relevant to the Authority, and implementing internal controls as management determines are necessary to enable compliance with the requirements.

#### **Auditor's Responsibilities for the Compliance Audit**

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 Public Sector (Governance) Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Authority.

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 Authority's internal control. Because of the inherent limitations in any 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, 25 July 2019

**LAND TRANSPORT AUTHORITY OF SINGAPORE  
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the financial year ended 31 March 2019*

Group	Note	General fund		Restricted funds				Total	
				Railway Sinking Fund		Bus Contracting			
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000		
Operating income		657,718	626,133	-	-	-	-	657,718	626,133
- Management fee from Government		-	-	-	-	834,421	831,867	834,421	831,867
- Bus fare revenue		-	-	-	-	77,001	71,684	77,001	71,684
- Bus & bus related lease income		-	-	2,921	12	-	-	2,921	12
- Rapid Transit System licence charge		-	-	-	-	-	-	-	-
- Other operating income	4	347,958	310,444	-	-	403	85	348,361	310,529
		1,005,676	936,577	2,921	12	911,825	903,636	1,920,422	1,840,225
Operating expenditure									
- Depreciation of property, plant and equipment	20	(898,568)	(837,675)	(131,305)	(100,750)	(75,536)	(65,856)	(1,105,409)	(1,004,281)
- Bus service fees		-	-	-	-	(1,653,545)	(1,519,977)	(1,653,545)	(1,519,977)
- Employee compensation	5	(413,161)	(404,121)	-	-	-	-	(413,161)	(404,121)
- Maintenance and upkeep		(154,935)	(154,089)	-	-	-	-	(154,935)	(154,089)
- Utilities		(40,396)	(37,729)	-	-	-	-	(40,396)	(37,729)
- Agency fees		(91,360)	(67,780)	-	-	(1)	(1)	(91,361)	(67,781)
- Bus & bus related leases		-	-	-	-	(125,125)	(134,701)	(125,125)	(134,701)
- Rental on operating leases		(13,516)	(13,179)	-	-	-	-	(13,516)	(13,179)
- Bond interest		(210,185)	(105,598)	-	-	-	-	(210,185)	(105,598)
- (Loss)/gain on disposal and write-off of property, plant and equipment		(58,637)	(223)	(141)	14	(176)	(914)	(58,954)	(1,123)
- Information technology expenses		(105,269)	(82,129)	-	-	(5,556)	(1,796)	(110,825)	(83,925)
- Purchases of inventories		(18,003)	(24,024)	-	-	-	-	(18,003)	(24,024)
- Changes in inventories		(2,845)	(2,390)	-	-	-	-	(2,845)	(2,390)
- Communications		(12,170)	(13,073)	-	-	(114)	(111)	(12,284)	(13,184)
- Contract services		(9,599)	(6,714)	-	-	-	-	(9,599)	(6,714)
- Cash collection and commission charge		(14,305)	(16,000)	-	-	-	-	(14,305)	(16,000)
- Other		(222,832)	(209,817)	(132)	(1)	(65,299)	(46,914)	(288,263)	(256,732)
Total operating expenditure		(2,265,781)	(1,974,541)	(131,578)	(100,737)	(1,925,352)	(1,770,270)	(4,322,711)	(3,845,548)
Operating deficit		(1,260,105)	(1,037,964)	(128,657)	(100,725)	(1,013,527)	(866,634)	(2,402,289)	(2,005,323)
Other gains and income - net	6	15,462	11,803	17,174	2,101	3,537	2,246	36,173	16,150
Deficit before Government grants		(1,244,643)	(1,026,161)	(111,483)	(98,624)	(1,009,990)	(864,388)	(2,366,116)	(1,989,173)

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



**LAND TRANSPORT AUTHORITY OF SINGAPORE  
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the financial year ended 31 March 2019*

Group (continued)	Note	General fund		Restricted funds			Total	
		2019 \$'000	2018 \$'000	Railway Sinking Fund 2019 \$'000	2018 \$'000	Bus Contracting 2019 \$'000	2018 \$'000	2019 \$'000
Deficit before Government grants		(1,244,643)	(1,026,161)	(111,483)	(98,624)	(1,009,990)	(864,388)	(2,366,116)
Government grants:								
Deferred capital grants amortised	27	895,716	765,740	-	-	14,762	9,682	910,478
Operating grants		68,490	18,351	-	-	1,008,932	865,802	1,077,422
Long-term grants	18	54,308	74,815	-	-	-	-	54,308
Bond interest grants		210,185	105,598	-	-	-	-	210,185
		1,228,699	964,504	-	-	1,023,694	875,484	2,252,393
(Deficit)/surplus before contribution to Consolidated Fund and income tax		(15,944)	(61,657)	(111,483)	(98,624)	13,704	11,096	(113,723)
Contribution to Consolidated Fund	7	-	-	-	-	-	-	-
Income tax expense of subsidiaries	8(a)	(2,819)	(3,962)	-	-	-	-	(2,819)
<b>Net (deficit)/surplus for the financial year</b>		<b>(18,763)</b>	<b>(65,619)</b>	<b>(111,483)</b>	<b>(98,624)</b>	<b>13,704</b>	<b>11,096</b>	<b>(116,542)</b>
<b>Other comprehensive income:</b>								
<i>Items that may be reclassified subsequently:</i>								
Cash flow hedges	31	(2,349)	(3,316)	4,307	(1,906)	-	-	1,958
Currency translation differences	31	(18)	14	-	-	-	-	(18)
Other comprehensive (loss)/income, net of tax		(2,367)	(3,302)	4,307	(1,906)	-	-	1,940
<b>Total comprehensive (loss)/income</b>		<b>(21,130)</b>	<b>(68,921)</b>	<b>(107,176)</b>	<b>(100,530)</b>	<b>13,704</b>	<b>11,096</b>	<b>(114,602)</b>

  
Chan Heng Leun Alan  
Chairman

25 July 2019

  
Ngien Hoon Ping  
Chief Executive

25 July 2019

*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 2019*

Authority	Note	General fund		Restricted funds			Total	
		2019 \$'000	2018 \$'000	Railway Sinking Fund		Bus Contracting	2019 \$'000	2018 \$'000
				2019 \$'000	2018 \$'000			
Operating income								
- Management fee from Government		657,718	626,133	-	-	-	657,718	626,133
- Bus fare revenue		-	-	-	-	834,421	834,421	831,867
- Bus & bus related lease income		-	-	-	-	77,001	77,001	71,684
- Rapid Transit System licence charge		-	-	2,921	12	-	2,921	12
- Other operating income	4	228,302	198,189	-	-	403	228,705	198,274
		886,020	824,322	2,921	12	911,825	1,800,766	1,727,970
Operating expenditure								
- Depreciation of property, plant and equipment	20	(893,346)	(833,233)	(131,305)	(100,750)	(75,536)	(1,100,187)	(999,839)
- Bus service fees		-	-	-	-	(1,653,545)	(1,653,545)	(1,519,977)
- Employee compensation	5	(379,767)	(372,086)	-	-	-	(379,767)	(372,086)
- Maintenance and upkeep		(148,086)	(147,259)	-	-	-	(148,086)	(147,259)
- Utilities		(40,369)	(37,708)	-	-	-	(40,369)	(37,708)
- Agency fees		(92,366)	(72,987)	-	-	(1)	(92,367)	(72,988)
- Bus & bus related leases		-	-	-	-	(125,125)	(125,125)	(134,701)
- Rental on operating leases		(10,921)	(11,019)	-	-	-	(10,921)	(11,019)
- Bond interest		(210,185)	(105,598)	-	-	-	(210,185)	(105,598)
- (Loss)/gain on disposal and write-off of property, plant and equipment		(58,637)	(221)	(141)	14	(176)	(58,954)	(1,121)
- Information technology expenses		(109,087)	(86,426)	-	-	(5,556)	(114,643)	(88,222)
- Purchases of inventories		(11,614)	(16,824)	-	-	-	(11,614)	(16,824)
- Changes in inventories		(2,992)	(3,336)	-	-	-	(2,992)	(3,336)
- Communications		(12,170)	(13,078)	-	-	(114)	(12,284)	(13,189)
- Other		(187,374)	(181,836)	(132)	(1)	(65,299)	(252,805)	(228,751)
Total operating expenditure		(2,156,914)	(1,881,611)	(131,578)	(100,737)	(1,925,352)	(4,213,844)	(3,752,618)
Operating deficit		(1,270,894)	(1,057,289)	(128,657)	(100,725)	(1,013,527)	(2,413,078)	(2,024,648)
Other gains and income - net	6	10,943	8,230	17,174	2,101	3,537	31,554	12,577
Deficit before Government grants		(1,259,951)	(1,049,059)	(111,483)	(98,624)	(1,009,990)	(2,381,424)	(2,012,071)

*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 2019*

	Note	General fund		Restricted funds				Total	
		2019	2018	Railway Sinking Fund		Bus Contracting		2019	2018
		\$'000	\$'000	2019	2018	2019	2018	\$'000	\$'000
<b>Authority (continued)</b>									
Deficit before Government grants		(1,259,951)	(1,049,059)	(111,483)	(98,624)	(1,009,990)	(864,388)	(2,381,424)	(2,012,071)
Government grants:									
Deferred capital grants amortised	27	894,512	765,654	-	-	14,762	9,682	909,274	775,336
Operating grants		68,490	18,351	-	-	1,008,932	865,802	1,077,422	884,153
Long-term grants	18	54,308	74,815	-	-	-	-	54,308	74,815
Bond interest grants		210,185	105,598	-	-	-	-	210,185	105,598
		<b>1,227,495</b>	<b>964,418</b>	<b>-</b>	<b>-</b>	<b>1,023,694</b>	<b>875,484</b>	<b>2,251,189</b>	<b>1,839,902</b>
(Deficit)/surplus before contribution to Consolidated Fund		(32,456)	(84,641)	(111,483)	(98,624)	13,704	11,096	(130,235)	(172,169)
Contribution to Consolidated Fund	7	-	-	-	-	-	-	-	-
<b>Net (deficit)/surplus for the financial year</b>		<b>(32,456)</b>	<b>(84,641)</b>	<b>(111,483)</b>	<b>(98,624)</b>	<b>13,704</b>	<b>11,096</b>	<b>(130,235)</b>	<b>(172,169)</b>
<b>Other comprehensive income:</b>									
<i>Items that may be reclassified subsequently:</i>									
Cash flow hedges	31	(2,349)	(3,316)	4,307	(1,906)	-	-	1,958	(5,222)
Other comprehensive (loss)/income, net of tax		(2,349)	(3,316)	4,307	(1,906)	-	-	1,958	(5,222)
<b>Total comprehensive (loss)/income</b>		<b>(34,805)</b>	<b>(87,957)</b>	<b>(107,176)</b>	<b>(100,530)</b>	<b>13,704</b>	<b>11,096</b>	<b>(128,277)</b>	<b>(177,391)</b>

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

**LAND TRANSPORT AUTHORITY OF SINGAPORE  
AND ITS SUBSIDIARIES**

**BALANCE SHEETS**

*As at 31 March 2019*

		<u>Group</u>		<u>Authority</u>	
	Note	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	9	14,561,036	7,146,952	14,335,806	6,948,041
Trade and other receivables	10	1,568,949	1,466,314	1,547,874	1,457,808
Inventories	13	10,828	13,582	8,704	11,696
Financial assets, at fair value through profit or loss	15	126,895	119,271	97,135	91,208
Other current assets	16	22,606	20,535	17,414	16,235
Derivative financial instruments	17	3,091	1,014	3,084	1,000
		<b>16,293,405</b>	<b>8,767,668</b>	<b>16,010,017</b>	<b>8,525,988</b>
<b>Non-current assets</b>					
Property, plant and equipment	20	52,106,125	47,918,756	52,095,543	47,906,197
Derivative financial instruments	17	2,291	2,187	2,291	2,187
Investments in subsidiaries	19	—	—	20,376	19,502
Other non-current assets	21	13,641	13,731	13,641	13,641
Deferred income tax assets	26	—	48	—	—
		<b>52,122,057</b>	<b>47,934,722</b>	<b>52,131,851</b>	<b>47,941,527</b>
<b>Total assets</b>		<b>68,415,462</b>	<b>56,702,390</b>	<b>68,141,868</b>	<b>56,467,515</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	22	3,703,619	1,801,392	3,623,781	1,747,126
Derivative financial instruments	17	4,470	1,064	4,470	1,062
Long-term grants received in advance	18	46,007	51,273	46,007	51,273
Current income tax liabilities	8(b)	2,758	3,065	—	—
Provision for pensions and gratuities	23	2,136	2,474	2,136	2,474
		<b>3,758,990</b>	<b>1,859,268</b>	<b>3,676,394</b>	<b>1,801,935</b>
<b>Non-current liabilities</b>					
Derivative financial instruments	17	2,758	5,935	2,757	5,935
Long-term grants received in advance	18	1,755,835	1,104,877	1,755,835	1,104,877
Borrowings	24	8,975,000	4,975,000	8,975,000	4,975,000
Trade and other payables	25	260,583	246,967	260,583	246,967
Deferred income tax liabilities	26	1,333	1,476	—	—
Deferred capital grants	27	48,131,210	44,145,511	48,145,749	44,159,973
Provision for pensions and gratuities	23	1,589	1,639	1,589	1,639
		<b>59,128,308</b>	<b>50,481,405</b>	<b>59,141,513</b>	<b>50,494,391</b>
<b>Total liabilities</b>		<b>62,887,298</b>	<b>52,340,673</b>	<b>62,817,907</b>	<b>52,296,326</b>
<b>NET ASSETS</b>		<b>5,528,164</b>	<b>4,361,717</b>	<b>5,323,961</b>	<b>4,171,189</b>
<b>EQUITY</b>					
Capital account	28	102,954	102,954	102,954	102,954
Share capital	29	4,840,670	3,559,621	4,840,670	3,559,621
Accumulated surplus/(deficit)	30				
- General fund		811,613	830,376	607,390	639,846
- Railway Sinking Fund		(238,551)	(127,068)	(238,551)	(127,068)
- Bus Contracting					
- Bus Operating Fund		(178,488)	(113,309)	(178,488)	(113,309)
- Bus Replacement Fund		191,838	112,955	191,838	112,955
Other reserves	31				
- General fund		(4,273)	(1,906)	(4,253)	(1,904)
- Railway Sinking Fund		2,401	(1,906)	2,401	(1,906)
<b>Total equity</b>		<b>5,528,164</b>	<b>4,361,717</b>	<b>5,323,961</b>	<b>4,171,189</b>
<b>Funds held and managed on behalf by the Authority</b>					
	35	<b>5,415,304</b>	<b>398,014</b>	<b>5,415,304</b>	<b>398,014</b>

*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 2019*

Group	Note	Accumulated Surplus										Other Reserves	
		Capital account \$'000	Share capital \$'000	General fund \$'000	Railway Sinking Fund \$'000	Bus			Sub- total \$'000	General fund \$'000	Railway Sinking Fund \$'000	Total equity \$'000	
						Operating Fund \$'000	Replacement Fund \$'000	Bus Contracting Fund \$'000					
2019													
Beginning of financial year		102,954	3,559,621	830,376	(127,068)	(113,309)	112,955	(354)	(1,906)	(1,906)		4,361,717	
Total comprehensive income for the year		-	-	(18,763)	(111,483)	13,704	-	13,704	-	(2,367)	4,307	(116,542)	
Other comprehensive (loss)/income		-	-	-	-	-	-	-	-	-	-	1,940	
Total comprehensive (loss)/income for the year		-	-	(18,763)	(111,483)	13,704	-	13,704	(2,367)	4,307		(114,602)	
Transfer to Bus Replacement Fund		-	-	-	-	(78,883)	78,883	-	-	-	-	-	
Transaction with owners, recognised directly in equity		-	1,281,049	-	-	-	-	-	-	-	-	1,281,049	
Issue of shares	29	-	1,281,049	-	-	-	-	-	-	-	-	1,281,049	
Total transaction with owners		-	1,281,049	-	-	-	-	-	-	-	-	1,281,049	
End of financial year		102,954	4,840,670	811,613	(238,551)	(178,488)	191,838	13,350	(4,273)	2,401		5,528,164	

*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 2019*

	Note	Accumulated Surplus							Other Reserves			
		Capital account \$'000	Share capital \$'000	General fund \$'000	Bus Contracting			General fund \$'000	Railway Sinking Fund \$'000		Total equity \$'000	
					Railway Sinking Fund \$'000	Bus Operating Fund \$'000	Bus Replacement Fund \$'000		Sub- total \$'000			
Group (continued)												
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		—	—	(65,619)	(98,624)	11,096	—	11,096	—	—	—	(153,147)
Net (deficit)/surplus for the financial year		—	—	—	—	—	—	—	(3,302)	(1,906)	(5,208)	(153,147)
Other comprehensive loss		—	—	—	—	—	—	—	—	—	—	(5,208)
Total comprehensive (loss)/income for the year		—	—	(65,619)	(98,624)	11,096	—	11,096	(3,302)	(1,906)	(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)	(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**

**STATEMENT OF CHANGES IN EQUITY**

*For the financial year ended 31 March 2019*

Authority	Note	Accumulated Surplus										Other Reserves	
		Capital account \$'000	Share capital \$'000	General fund \$'000	Railway Sinking Fund \$'000	Bus Contracting			Sub- total \$'000	General fund \$'000	Railway Sinking Fund \$'000	Total equity \$'000	
						Operating Fund \$'000	Bus	Replacement Fund \$'000					
2019													
Beginning of financial year		102,954	3,559,621	639,846	(127,068)	(113,309)	112,955	(354)	(1,904)	(1,906)		4,171,189	
Total comprehensive income for the year													
Net (deficit)/surplus for the financial year		-	-	(32,456)	(111,483)	13,704	-	13,704	-	-		(130,235)	
Other comprehensive (loss)/income		-	-	-	-	-	-	-	(2,349)	4,307		1,958	
Total comprehensive (loss)/income for the year		-	-	(32,456)	(111,483)	13,704	-	13,704	(2,349)	4,307		(128,277)	
Transfer to Bus Replacement Fund		-	-	-	-	(78,883)	78,883	-	-	-		-	
Transaction with owners, recognised directly in equity													
Issue of shares	29	-	1,281,049	-	-	-	-	-	-	-		1,281,049	
Total transaction with owners		-	1,281,049	-	-	-	-	-	-	-		1,281,049	
End of financial year		102,954	4,840,670	607,390	(238,551)	(178,488)	191,838	13,350	(4,253)	2,401		5,323,961	

*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 2019*

	Note	Accumulated Surplus							Other Reserves				
		Capital account \$'000	Share capital \$'000	General fund \$'000	Bus		Bus Contracting		General fund \$'000	Railway		Total equity \$'000	
					Sinking Fund \$'000	Operating Fund \$'000	Replacement Fund \$'000	Sub- total \$'000		Sinking Fund \$'000	Fund \$'000		
Authority (continued)													
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		—	—	(84,641)	(98,624)	11,096	—	11,096	—	—	—	(172,169)	
Net (deficit)/surplus for the financial year		—	—	—	—	—	—	—	(3,316)	(1,906)	(5,222)	(172,169)	
Other comprehensive loss		—	—	—	—	—	—	—	—	—	—	—	
Total comprehensive (loss)/income for the year		—	—	(84,641)	(98,624)	11,096	—	11,096	(3,316)	(1,906)	(177,391)	(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	4,171,189	

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



**LAND TRANSPORT AUTHORITY OF SINGAPORE  
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

*For the financial year ended 31 March 2019*

	Note	<b>Group</b> 2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
Net deficit		(116,542)	(153,147)
Adjustments for:			
Bond interest expense		210,185	105,598
Depreciation of property, plant and equipment	20	1,105,409	1,004,281
Government grants		(2,252,393)	(1,839,988)
Income tax expense	8(a)	2,819	3,962
Interest income on bank deposits, dividend income and gains on investments (net)	6	(36,173)	(16,150)
Loss on disposal and write-off of property, plant and equipment		58,954	1,123
		(1,027,741)	(894,321)
Changes in working capital:			
- Trade and other receivables		978,099	706,295
- Inventories		2,754	2,390
- Other current assets		(1,981)	(267)
- Trade and other payables		230,505	(30,376)
- Provision for pensions and gratuities		(388)	(5,022)
Cash from/(used in) operations		181,248	(221,301)
Income tax paid	8(b)	(3,221)	(2,643)
<b>Net cash from/(used in) operating activities</b>		<b>178,027</b>	<b>(223,944)</b>
<b>Cash flows from investing activities</b>			
Dividend received		845	734
Fund management fees paid		(145)	(221)
Interest received		21,328	16,410
Net payments from sale and purchase of investments		(8,748)	(33,998)
Grants received from Government		6,908,602	4,835,889
Proceeds from disposal of property, plant and equipment		267	78
Purchase of property, plant and equipment		(5,280,993)	(4,894,278)
<b>Net cash from/(used) in investing activities</b>		<b>1,641,156</b>	<b>(75,386)</b>
<b>Cash flows from financing activities</b>			
Grants received from Government		492,327	104,209
Payment of bond interest		(178,410)	(104,148)
(Addition)/discharge of pledged bank deposits		(428)	1,477
Proceeds from issuance of bonds		4,000,000	1,500,000
Proceeds from issuance of shares	29	1,280,984	1,315,448
<b>Net cash from financing activities</b>		<b>5,594,473</b>	<b>2,816,986</b>
<b>Net increase in cash and cash equivalents</b>		<b>7,413,656</b>	<b>2,517,656</b>
Cash and cash equivalents at beginning of financial year		7,145,854	4,628,198
<b>Cash and cash equivalents at the end of financial year</b>	9	<b>14,559,510</b>	<b>7,145,854</b>

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

**LAND TRANSPORT AUTHORITY OF SINGAPORE  
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

*For the financial year ended 31 March 2019*

**Reconciliation of liabilities arising from financing activities**

	1 April 2018 \$'000	Principal and bond interest payments \$'000	Proceeds from bond issuance \$'000	Non-cash changes: Bond interest expense \$'000	31 March 2019 \$'000
Borrowings	4,975,000	—	4,000,000	—	8,975,000
Bond interest payable	17,081	(178,410)	—	210,185	48,856

	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 \$48,856,000 (2018: \$17,081,000) is included in trade and other payables (Note 22).

# LAND TRANSPORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2019*

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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 bus services, which includes determining the service standards to be provided, exercising the licensing function and entering into public bus services contract for the provision of route services. LTA also regulates the operation of bus depots and bus interchanges;
- (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.

# LAND TRANSPORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2019*

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### 2. Significant accounting policies

#### 2.1 Basis of preparation

These financial statements have been prepared in accordance with the provisions of the Public Sector (Governance) Act 2018, Act 5 of 2018 (the Public Sector (Governance) Act), 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.

The preparation of these financial statements in conformity with SB-FRS requires 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 2019***

On 1 April 2018, the Group adopted the new or amended SB-FRS and Interpretations of 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 had no material effect on the amounts reported for the current or prior financial years except for the following:

##### (a) Adoption of SB-FRS 115 Revenue from Contracts with Customers

The Group and the Authority have adopted the new standard using the modified retrospective approach with the cumulative impact of the adoption recognised in the opening retained earnings at 1 April 2018. Comparative information for 2018 are not restated.

The accounting policies for revenue from contracts with customers under SB-FRS 115 are disclosed in Note 2.2.

The effects on adoption of SB-FRS 115 are as follows:

##### (i) Presentation of contract assets and contract liabilities

The Group and the Authority have changed the presentation of balances relating to contracts with customers in the notes to the financial statements. Contract assets were previously presented as "Due from customers on contracts in progress" within "Trade and other receivables – current" (Note 10) as at 31 March 2018. Contract liabilities were previously presented as "Due to customers on contracts in progress" within "Trade and other payables – current" (Note 22) as at 31 March 2018.

**LAND TRANSPORT AUTHORITY OF SINGAPORE  
AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2019*

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

**2.1 Basis of preparation (continued)**

***Interpretations and amendments to published standards effective in 2019* (continued)**

**(b) Adoption of SB-FRS 109 Financial Instruments**

The Group and the Authority have adopted the new standard retrospectively from 1 April 2018, in line with the transition provision permitted under the standards. Comparatives for financial year ended 2018 are not restated and there is no difference between the carrying amounts at 31 March 2018 and 1 April 2018.

The accounting policies for financial instruments under SB-FRS 109 are disclosed in Note 2.8.

The effects on adoption of SB-FRS 109 are as follows:

**(i) Impairment of financial assets**

The Group and the Authority have the following financial assets subject to the expected credit loss impairment model under SB-FRS 109:

- Cash and bank deposits;
- Trade and other receivables;
- Contract assets; and
- Deposits.

The impairment methodology for each of these classes of financial assets under SB-FRS 109 are different as disclosed in Note 2.8 and Note 33(b).

The impairment methodology under SB-FRS 109 did not result in additional impairment allowances to be recognised at 1 April 2018.

**2.2 Revenue from contracts with customers**

- (a) Management fee from the Singapore Government relates to services and the functions and duties set out in the agency agreement between the Singapore Government and the Group. Management fee is recognised over time when the services are rendered.
  - (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 are retained by LTA. Bus fare revenue are recognised over time when the bus services are rendered.
  - (c) Bus & bus related lease income is recognised over the lease term.
  - (d) Rapid Transit System license charge from the public transport operator is recognised when the public transport operator achieves certain earnings.
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**LAND TRANSPORT AUTHORITY OF SINGAPORE  
AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2019*

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

**2.2 Revenue from contracts with customers (continued)**

- (e) Vehicle registration related application fees and new motor vehicle registration fees are recognised at a point in time when the application or registration is complete. Vehicle registration related licensing fees are recognised over the licence period.
- (f) Composition fines are recognised at the point of collection of the settlement.
- (g) Transit acquirer and transaction fees, administration fees and revenue from maintenance contracts are recognised over time when the services are rendered.
- (h) Rapid Transit System licensing fees is recognised over the license period.
- (i) Revenue from sale of in-vehicle units is recognised at a point in time when control of the in-vehicle units has been transferred to its customers, being when the in-vehicle units are installed in vehicles and commissioned.
- (j) Revenue from sale of contactless smart cards is recognised at a point in time when issued to customers.
- (k) The Group advises, designs and builds specialised systems for customers and provides consultancy services through fixed price contracts. The specialised system has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the specialised system. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs.
- (l) Interest income is recognised using the time proportion basis.
- (m) Dividend income is recognised when the right to receive payment is established.

No element of financing is deemed present as bulk of the sales are made with a credit term of up to 30 days.

**LAND TRANSPORT AUTHORITY OF SINGAPORE  
AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2019*

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**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.

**LAND TRANSPORT AUTHORITY OF SINGAPORE  
AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2019*

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**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.



**LAND TRANSPORT AUTHORITY OF SINGAPORE  
AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2019*

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**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.

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**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:

	<u>Useful lives</u>
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.

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**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.

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

**2.8 Financial assets**

The accounting for financial assets before 1 April 2018 under SB-FRS 39 are as follows:

**(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.

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2019*

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

**2.8 Financial assets (continued)**

The accounting for financial assets before 1 April 2018 under SB-FRS 39 are as follows (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.

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

**2.8 Financial assets (continued)**

The accounting for financial assets from 1 April 2018 under SB-FRS 109 are as follows:

**(f) Classification and measurement**

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

**At initial recognition**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

**At subsequent measurement**

**(i) Debt instruments**

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, listed debt securities.

There are two subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

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

**2.8 Financial assets (continued)**

The accounting for financial assets from 1 April 2018 under SB-FRS 109 are as follows (continued):

**(f) Classification and measurement (continued)**

*At subsequent measurement (continued)*

**(i) *Debt instruments* (continued)**

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains and losses".

**(ii) *Equity instruments***

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and income - net". Dividends from equity investments are recognised in profit or loss as "gross dividend income".

**(g) Impairment**

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 33 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by the SB-FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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

**2.8 Financial assets (continued)**

The accounting for financial assets from 1 April 2018 under SB-FRS 109 are as follows (continued):

**(h) Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

**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.



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**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.

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*For the financial year ended 31 March 2019*

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**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.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**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 Contract assets and contract liabilities**

The customer is invoiced on the contracted payment schedule. If the value of the goods transferred by the Group exceed the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

**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.

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2019*

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

**2.16 Income taxes (continued)**

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.

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.

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2019*

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

**2.18 Employee compensation (continued)**

**(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.

**2.19 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.
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# LAND TRANSPORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2019*

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### 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.

**LAND TRANSPORT AUTHORITY OF SINGAPORE  
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**NOTES TO THE FINANCIAL STATEMENTS**

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**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, significant 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 the majority of the 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 \$1.1 billion for the financial year ended 31 March 2019 (2018: \$1.0 billion). Government grants amortised to match the depreciation expense of PPE funded by government grants amounted to \$0.9 billion (2018: \$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 2019 (2018: \$0.2 billion).

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**4. Other operating income**

<u>Group</u>	<u>At a point in time</u>		<u>Over time</u>		<u>Total</u>	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>General fund</u>						
Vehicle registration related application and licensing fees	41,634	36,589	13,485	13,814	55,119	50,403
Composition fines	24,568	26,363	—	—	24,568	26,363
Transit acquirer and transaction fees	6,635	7,599	67,304	62,232	73,939	69,831
New motor vehicle registration fees	25,327	18,643	—	—	25,327	18,643
Rapid Transit System licensing fees *	—	—	23,300	20,778	23,300	20,778
Administration fees	—	—	48,693	31,499	48,693	31,499
Sale of in-vehicle units	19,757	20,415	—	—	19,757	20,415
Sale of contactless smart cards	18,237	16,090	—	—	18,237	16,090
Maintenance and service project revenue	—	—	17,604	14,982	17,604	14,982
Others	30,980	35,878	10,434	5,562	41,414	41,440
	<u>167,138</u>	<u>161,577</u>	<u>180,820</u>	<u>148,867</u>	<u>347,958</u>	<u>310,444</u>
<u>Restricted fund – Bus Contracting</u>						
Others	—	—	403	85	403	85
	<u>167,138</u>	<u>161,577</u>	<u>181,223</u>	<u>148,952</u>	<u>348,361</u>	<u>310,529</u>

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



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4. Other operating income (continued)

Authority	At a point in time		Over time		Total	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>General fund</u>						
Vehicle registration related application and licensing fees	41,634	36,589	13,485	13,814	55,119	50,403
Composition fines	24,568	26,363	—	—	24,568	26,363
Transit acquirer fees	—	—	64	5,106	64	5,106
New motor vehicle registration fees	25,327	18,643	—	—	25,327	18,643
Rapid Transit System licensing fees *	—	—	23,300	20,778	23,300	20,778
Administration fees	—	—	48,740	31,499	48,740	31,499
Sale of in-vehicle units	19,757	20,415	—	—	19,757	20,415
Sale of contactless smart cards	—	1,554	—	—	—	1,554
Others	24,803	17,349	6,624	6,079	31,427	23,428
	<u>136,089</u>	<u>120,913</u>	<u>92,213</u>	<u>77,276</u>	<u>228,302</u>	<u>198,189</u>
<u>Restricted fund – Bus Contracting</u>						
Others	—	—	403	85	403	85
	<u>136,089</u>	<u>120,913</u>	<u>92,616</u>	<u>77,361</u>	<u>228,705</u>	<u>198,274</u>

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

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**5. Employee compensation**

	<u>Group</u>		<u>Authority</u>	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Salaries and wages	737,697	694,204	707,977	665,703
Employer's contribution to Central Provident Fund	79,445	90,242	75,771	86,708
Pensions and gratuities benefits	664	546	664	546
	<u>817,806</u>	<u>784,992</u>	<u>784,412</u>	<u>752,957</u>
Less: Employee compensation capitalised in property, plant and equipment	(404,645)	(380,871)	(404,645)	(380,871)
	<u>413,161</u>	<u>404,121</u>	<u>379,767</u>	<u>372,086</u>

**6. Other gains and income – net**

	<u>Group</u>		<u>Authority</u>	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<u>General fund</u>				
Interest income from deposits	12,474	8,216	8,870	5,389
Unrealised (losses)/gains from financial assets, at fair value through profit or loss	(308)	364	(971)	704
Realised losses from financial assets, at fair value through profit or loss	(822)	(241)	(209)	(606)
Gross dividend income	845	734	645	657
Interest income from investment in debt securities	3,418	2,951	2,610	2,093
Less: Fund management expenses	(145)	(221)	(2)	(7)
	<u>2,988</u>	<u>3,587</u>	<u>2,073</u>	<u>2,841</u>
	<u>15,462</u>	<u>11,803</u>	<u>10,943</u>	<u>8,230</u>
<u>Restricted fund – Railway Sinking Fund</u>				
Interest income	17,174	2,101	17,174	2,101
<u>Restricted fund – Bus Contracting</u>				
Interest income	3,537	2,246	3,537	2,246
	<u>36,173</u>	<u>16,150</u>	<u>31,654</u>	<u>12,577</u>

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**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 approximately \$370,043,000 (2018: \$239,836,000) of unrecognised unutilised deficits to be carried forward to offset against future surpluses.

	<u>Group and Authority</u>	
	2019	2018
	\$'000	\$'000
Deficit of the Authority before contribution to Consolidated Fund and income tax	(130,235)	(172,169)
Credit to Consolidated Fund at 17%	(22,140)	(29,269)
Effects of:		
- Non-deductible donations	5	3
- Unrecognised deferred benefits relating to unutilised deficits	22,135	29,266
	<u>—</u>	<u>—</u>

**8. Income taxes**

(a) Income tax expense

	<u>Group</u>	
	2019	2018
	\$'000	\$'000
Tax expense attributable to deficit is made up of:		
- Current income tax	3,146	3,739
- Deferred income tax	(237)	(246)
	<u>2,909</u>	<u>3,493</u>
Over provision in preceding financial years:		
- Current income tax	(232)	(641)
- Deferred income tax	142	1,110
	<u>2,819</u>	<u>3,962</u>

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**8. Income taxes (continued)**

(a) Income tax expense (continued)

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

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Deficit before income tax	<u>(113,723)</u>	<u>(149,185)</u>
Tax calculated at a tax rate of 17% (2018: 17%)	(19,333)	(25,361)
Effects of:		
- Deficit of the Authority exempted from income tax	22,140	29,269
- Income not subject to tax	(69)	(230)
- Expenses not deductible for tax purposes	328	7
- Tax incentives	(157)	(192)
- (Over)/under provision in preceding financial years	(90)	469
	<u>2,819</u>	<u>3,962</u>

(b) Movements in current income tax liabilities

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Beginning of financial year	3,065	2,610
Income tax paid, net of refund	(3,221)	(2,643)
Tax expense	3,146	3,739
Over provision in preceding financial years	(232)	(641)
End of financial year	<u>2,758</u>	<u>3,065</u>

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**9. Cash and cash equivalents**

	<u>Group</u>		<u>Authority</u>	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Cash at bank and on hand	156,604	118,471	22,879	7,359
Short-term bank deposits	89,580	84,855	—	—
Deposits placed with Accountant-General's Department ("AGD") [Note 9(a)]	14,312,927	6,940,682	14,312,927	6,940,682
Cash at bank managed by fund managers (Note 15)	430	951	—	—
Short-term bills managed by fund managers (Note 15)	1,495	1,993	—	—
	<u>14,561,036</u>	<u>7,146,952</u>	<u>14,335,806</u>	<u>6,948,041</u>
Cash at bank (refundable card proceeds)	193,404	185,757	35,518	35,519
Cash held by a subsidiary (refundable card proceeds) [Note 9(d)]	—	—	9,314	6,882
Less: Amounts due to cardholders	<u>(193,404)</u>	<u>(185,757)</u>	<u>(44,832)</u>	<u>(42,401)</u>
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Refundable card proceeds comprises the following:

	<u>Group</u>		<u>Authority</u>	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Refundable card proceeds [Note 9(b)]	185,882	177,623	44,832	42,401
Clearing account [Note 9(c)]	7,522	8,134	—	—
	<u>193,404</u>	<u>185,757</u>	<u>44,832</u>	<u>42,401</u>

- (a) Deposits placed with AGD comprise balances of \$14,312,927,000 (2018: \$6,940,682,000) 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 \$141,050,000 (2018: \$135,222,000) 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.

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**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:

	<u>Group</u>	
	2019 \$'000	2018 \$'000
Cash and bank balances (as above)	14,561,036	7,146,952
Less: Fixed deposit pledged to a bank	(1,526)	(1,098)
	<u>14,559,510</u>	<u>7,145,854</u>

A fixed deposit of \$1,526,000 (2018: \$1,098,000) has been pledged to a bank for the issue of letters of guarantee to customers.

**10. Trade and other receivables – current**

	<u>Group</u>		<u>Authority</u>	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Due from subsidiaries	–	–	27,723	25,947
Due from Government	443,119	394,877	443,119	394,877
Other receivables	102,595	83,105	94,492	75,299
Trade receivables	34,793	23,954	–	–
Less: Allowance for impairment of trade receivables	(388)	(576)	–	–
	34,405	23,378	–	–
GST receivables	5,561	186,042	5,890	186,383
Advances to contractors	861,255	558,713	861,255	558,713
Advances due from Government (Note 11)	–	30,170	–	30,170
Grants receivable from Government (Note 12)	–	160,352	–	160,333
Receivables from investments (Note 15)	269	8	6	8
Accrued interest and dividend receivable	116,482	26,963	115,389	26,078
Contract assets (Note 14)	5,260	–	–	–
Due from customers on contracts in progress (Note 14)	–	2,703	–	–
Retentions on contracts in progress	3	3	–	–
	<u>1,568,949</u>	<u>1,466,314</u>	<u>1,547,874</u>	<u>1,457,808</u>

**11. Advances due to/(from) Government**

	<u>Group and Authority</u>	
	2019 \$'000	2018 \$'000
Beginning of financial year	(30,170)	105,219
Amount received during the financial year	900,784	798,883
Amount utilised during the financial year	(633,575)	(934,272)
End of financial year	<u>237,039</u>	<u>(30,170)</u>

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**11. Advances due to/(from) Government (continued)**

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 received in advance/(receivable) from Government**

	<u>Group</u>		<u>Authority</u>	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	(160,352)	(135,341)	(160,333)	(135,341)
Grants received from Government	6,208,602	4,835,889	6,207,972	4,835,745
Grants utilised and transferred to deferred capital grants (Note 27)	(4,896,177)	(4,860,900)	(4,895,050)	(4,860,737)
End of financial year	<u>1,152,073</u>	<u>(160,352)</u>	<u>1,152,589</u>	<u>(160,333)</u>

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**

	<u>Group</u>		<u>Authority</u>	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Finished goods	<u>10,828</u>	<u>13,582</u>	<u>8,704</u>	<u>11,696</u>

The cost of inventories recognised as an expense in income or expenditure amounted to \$20,848,000 (2018: \$26,414,000).

**14. Contracts assets/(contract liabilities)**

(a) Contract balances with customers

	<u>Group</u>	
	31 March	1 April
	2019	2018
	\$'000	\$'000
Contract assets (Note 10)	5,260	2,703
Contract liabilities (Note 22)	<u>(12,546)</u>	<u>(3,563)</u>

Contract assets arose from fixed price consultancy, design and build specialised system contracts. The contract liabilities relate to consideration received from customers for the unsatisfied performance obligation in constructing specialised systems and providing consultancy services.

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**14. Contracts assets/(contract liabilities) (continued)**

(a) Contract assets/(contract liabilities) (continued)

(i) Revenue recognised in relation to contract liabilities

	<u>Group</u> 2019 \$'000
Revenue recognised in current period that was included in the contract liabilities balance at the beginning of the period	<u>1,681</u>

(ii) Unsatisfied performance obligations

	<u>Group</u>	1 April
	31 March	2018
	2019	2018
	\$'000	\$'000
Aggregated amount of transaction price allocated to contracts that are partially or fully unsatisfied	<u>10,939</u>	—*

\* As permitted under the transitional provision in SB-FRS 115, the transaction price allocated to partially or fully unsatisfied performance obligation as of 1 April 2018 is not disclosed.

Management expects that 88% of the transaction price (\$10,939,000) allocated to the unsatisfied performance obligations as of 31 March 2019 may be recognised as revenue during the next reporting period. The remaining 12% (\$1,547,000) may be recognised in the financial year ended 31 March 2021.

(b) Contracts in progress

	<u>Group</u> 2018 \$'000
Aggregate contract costs incurred and profits recognised (less losses recognised) to date on uncompleted contracts in progress	12,358
Less: Progress billings	<u>(10,917)</u>
	<u>1,441</u>
Presented as:	
Due from customers on contracts in progress (Note 10)	2,703
Due to customers on contracts in progress (Note 22)	<u>(1,262)</u>
	<u>1,441</u>



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

	<u>Group</u>		<u>Authority</u>	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Financial assets, at fair value through profit or loss				
- Quoted equity securities	18,845	20,272	12,554	14,173
- Quoted debt securities	108,050	98,999	84,581	77,035
	<u>126,895</u>	<u>119,271</u>	<u>97,135</u>	<u>91,208</u>
Represented by:				
- Internally managed	97,135	91,208	97,135	91,208
- Externally managed	29,760	28,063	-	-
	<u>126,895</u>	<u>119,271</u>	<u>97,135</u>	<u>91,208</u>

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

	<u>Group</u>		<u>Authority</u>	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
United States Dollar	13,329	16,704	-	-
Singapore Dollar	111,869	100,707	97,135	91,208
Euro	542	642	-	-
Others	1,155	1,218	-	-
	<u>126,895</u>	<u>119,271</u>	<u>97,135</u>	<u>91,208</u>

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:

	<u>Group</u>		<u>Authority</u>	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Financial assets, at fair value through profit or loss				
- Quoted equity securities	6,291	6,099	-	-
- Quoted debt securities	23,469	21,964	-	-
	<u>29,760</u>	<u>28,063</u>	<u>-</u>	<u>-</u>
Other assets/(liabilities)*:				
- Foreign currency contracts				
- Assets (Note 17)	7	14	-	-
- Liabilities (Note 17)	(1)	(2)	-	-
- Cash at bank (Note 9)	430	951	-	-
- Short-term bills (Note 9)	1,495	1,993	-	-
- Receivables from investments (Note 10)	269	8	6	8
- Accrued interest and dividend receivables	167	214	-	-
	<u>32,127</u>	<u>31,241</u>	<u>6</u>	<u>8</u>

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

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**16. Other current assets**

	<u>Group</u>		<u>Authority</u>	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Deposits	1,819	2,472	1,063	1,840
Prepayments	20,787	18,063	16,351	14,395
	<b>22,606</b>	<b>20,535</b>	<b>17,414</b>	<b>16,235</b>

**17. Derivative financial instruments**

		<u>Group</u>	
	Contract/ Notional Amount \$'000	Fair value	
		Assets \$'000	Liabilities \$'000
<b>2019</b>			
<i>Cash-flow hedges</i>			
- Foreign currency contracts	451,163	5,375	(7,227)
<i>Non-hedging instruments</i>			
- Foreign currency contracts (Note 15)	14,823	7	(1)
Total		5,382	(7,228)
<b>Less: Current portion</b>		<b>3,091</b>	<b>(4,470)</b>
<b>Non-current portion</b>		<b>2,291</b>	<b>(2,758)</b>
<b>2018</b>			
<i>Cash-flow hedges</i>			
- Foreign currency contracts	329,538	3,187	(6,997)
<i>Non-hedging instruments</i>			
- 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)

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**17. Derivative financial instruments (continued)**

	Contract/ Notional Amount \$'000	<u>Authority</u>	
		Fair value	
		Assets \$'000	Liabilities \$'000
<b>2019</b>			
<i>Cash-flow hedges</i>			
- Foreign currency contracts	451,163	5,375	(7,227)
Total		5,375	(7,227)
<b>Less: Current portion</b>		<b>3,084</b>	<b>(4,470)</b>
<b>Non-current portion</b>		<b>2,291</b>	<b>(2,757)</b>
<b>2018</b>			
<i>Cash-flow hedges</i>			
- 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)

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.

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**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.

	<u>Group and Authority</u>	
	2019	2018
	\$'000	\$'000
Beginning of financial year	1,156,150	1,230,965
Long-term grants received	700,000	—
Less: Amortisation to income or expenditure	(54,308)	(74,815)
End of financial year	<u>1,801,842</u>	<u>1,156,150</u>
Total cumulative long-term grants received for bond redemption	<u>3,100,000</u>	<u>2,400,000</u>
Included in:		
Current liabilities	46,007	51,273
Non-current liabilities	<u>1,755,835</u>	<u>1,104,877</u>
	<u>1,801,842</u>	<u>1,156,150</u>

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**

	<u>Authority</u>	
	2019	2018
	\$'000	\$'000
Equity investment at cost:		
Beginning of financial year	19,502	18,502
Additions	874	1,000
End of financial year	<u>20,376</u>	<u>19,502</u>

In the current financial year, the Authority subscribed to 874,000 (2018: 1,000,000) ordinary shares at \$1 each in SG HSR Pte Ltd, which is a wholly-owned subsidiary, to provide funds for the subsidiary's working capital requirements.

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## NOTES TO THE FINANCIAL STATEMENTS

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### 19. Investments in subsidiaries (continued)

The following are the subsidiaries as at 31 March 2019:

	Name of subsidiary	Principal activities	Country of business/ incorporation	Equity holding		Cost of investment	
				2019 %	2018 %	2019 \$'000	2018 \$'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	100	1,874	1,000
						20,376	19,502
	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	— <sup>(3)</sup>	— <sup>(3)</sup>

(1) Audited by PricewaterhouseCoopers LLP, Singapore.

(2) Financial year end of 31 December. Audited by Shanghai Hui Hong Certified Public Accountants Co., Ltd.

(3) Held through a subsidiary.

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20. Property, plant and equipment

	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
<b>Group</b>												
<b>2019</b>												
<i>Cost</i>												
Beginning 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
Additions	—	—	—	86	—	90	69	2,334	—	1,007	5,350,367	5,353,953
Reclassification	—	24,089	(24,089)	—	—	—	—	—	—	—	—	—
Transferred from construction-in-progress	15,482	85,428	17,753	124,858	236,228	334,539	168,702	31,153	767	6,697	(1,021,607)	—
Disposals and write-off	—	—	—	(447)	(2,420)	(47,187)	(631)	(3,122)	(548)	(7,373)	(40,718)	(102,446)
<b>End of financial year</b>	<b>2,787,368</b>	<b>11,299,283</b>	<b>1,699,806</b>	<b>15,583,157</b>	<b>4,133,740</b>	<b>6,680,294</b>	<b>1,101,112</b>	<b>288,244</b>	<b>17,022</b>	<b>63,868</b>	<b>17,008,410</b>	<b>60,662,304</b>
<i>Accumulated depreciation</i>												
Beginning 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
Depreciation charge	28,241	115,833	40,982	222,686	209,886	368,191	79,384	33,344	1,483	5,379	—	1,105,409
Reclassification	—	622	(622)	—	—	—	—	—	—	—	—	—
Disposals	—	—	—	(217)	(524)	(29,115)	(437)	(3,121)	(539)	(7,318)	—	(41,271)
<b>End of financial year</b>	<b>367,489</b>	<b>1,070,454</b>	<b>205,479</b>	<b>2,622,540</b>	<b>1,050,380</b>	<b>2,744,787</b>	<b>225,397</b>	<b>222,051</b>	<b>8,653</b>	<b>38,949</b>	<b>—</b>	<b>8,556,179</b>
<b>Net book value at 31 March 2019</b>	<b>2,419,879</b>	<b>10,228,829</b>	<b>1,494,327</b>	<b>12,960,617</b>	<b>3,083,360</b>	<b>3,935,507</b>	<b>875,715</b>	<b>66,193</b>	<b>8,369</b>	<b>24,919</b>	<b>17,008,410</b>	<b>52,106,125</b>

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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
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	331,100	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	1,736,142	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)	—	(100,568)
End of financial year	339,248	953,999	155,119	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

In 2018, 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 was not material to the consolidated financial statements for the financial year ended 31 March 2018.

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**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
<b>Authority</b>												
<b>2019</b>												
<i>Cost</i>												
Beginning 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
Additions	-	-	-	-	-	-	69	409	-	215	5,349,859	5,350,552
Reclassification	-	24,089	(24,089)	-	-	-	-	-	-	-	-	-
Transferred from construction-in-progress	15,482	85,428	17,753	124,752	236,228	334,539	168,702	29,925	767	6,697	(1,020,273)	-
Disposals and write-off	-	-	-	(430)	(2,420)	(46,787)	(631)	(2,539)	(548)	(7,049)	(40,698)	(101,102)
<b>End of financial year</b>	<b>2,787,368</b>	<b>11,299,283</b>	<b>1,699,806</b>	<b>15,582,625</b>	<b>4,133,740</b>	<b>6,667,637</b>	<b>1,101,112</b>	<b>275,971</b>	<b>17,148</b>	<b>60,485</b>	<b>17,007,950</b>	<b>60,633,125</b>
<i>Accumulated depreciation</i>												
Beginning 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
Depreciation charge	28,241	115,833	40,982	222,555	209,886	365,261	79,384	31,477	1,483	5,085	-	1,100,187
Reclassification	-	622	(622)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(329)	(524)	(28,715)	(437)	(2,539)	(539)	(7,000)	-	(40,083)
<b>End of financial year</b>	<b>367,489</b>	<b>1,070,454</b>	<b>205,479</b>	<b>2,622,171</b>	<b>1,050,380</b>	<b>2,736,812</b>	<b>225,397</b>	<b>213,991</b>	<b>8,779</b>	<b>36,630</b>	<b>-</b>	<b>8,537,582</b>
<b>Net book value at 31 March 2019</b>	<b>2,419,879</b>	<b>10,228,829</b>	<b>1,494,327</b>	<b>12,960,454</b>	<b>3,083,360</b>	<b>3,930,825</b>	<b>875,715</b>	<b>61,980</b>	<b>8,369</b>	<b>23,855</b>	<b>17,007,950</b>	<b>52,095,543</b>



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**20. Property, plant and equipment (continued)**

Authority (continued)												
2018												
	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
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	60,822	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

In 2018, 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 was not material to the financial statements for the financial year ended 31 March 2018.

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*For the financial year ended 31 March 2019*

**21. Other non-current assets**

Other non-current assets comprise mainly 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**

	<u>Group</u>		<u>Authority</u>	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Due to subsidiaries	–	–	11	–
Trade and other payables	1,726,163	1,602,585	1,661,558	1,552,496
Advances due to Government (Note 11)	237,039	–	237,039	–
Payables to Government	57,350	37,049	57,350	37,049
Grants received in advance				
– Development projects (Note 12)	1,152,073	–	1,152,589	–
– Bond interest	300,000	–	300,000	–
Retention monies due to contractors	106,311	75,626	106,311	75,626
Deposits	89,472	60,789	87,106	59,121
Accrual of annual leave	22,665	24,081	21,817	22,834
Contract liabilities (Note 14)	12,546	–	–	–
Due to customers on contracts in progress (Note 14)	–	1,262	–	–
	<b>3,703,619</b>	<b>1,801,392</b>	<b>3,623,781</b>	<b>1,747,126</b>

**23. Provision for pensions and gratuities**

	<u>Group and Authority</u>	
	2019 \$'000	2018 \$'000
Beginning of financial year	4,113	9,135
Provision made	664	546
Provision utilised	(1,052)	(5,568)
End of financial year	<b>3,725</b>	<b>4,113</b>
Amount payable within one year	<b>2,136</b>	<b>2,474</b>
Amount payable after one year	<b>1,589</b>	<b>1,639</b>
	<b>3,725</b>	<b>4,113</b>

The pension obligation is calculated using the projected salary increment of minimum 0% (2018: 0.5%), expected retirement age at 60 years (2018: 59 years) and life expectancy of up to 82 years (2018: 82 years). The computed pension obligation is discounted to the present value using discount rates of 1.93% for below and 2.05% for above 55 years old (2018: 2.05% for below and 1.76% for above 55 years old) which are based on the market yields on government bonds.

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**24. Borrowings**

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

<u>Group and Authority</u>		<u>Coupon rate</u>	<u>Tenure</u>	<u>Maturity</u>
<u>2019</u>	<u>Principal</u>			
\$	2018	%		
	\$			
200,000,000	200,000,000	2.900	20 years	19 June 2023
275,000,000	275,000,000	2.710	10 years	27 May 2020
500,000,000	500,000,000	3.275	15 years	29 Oct 2025
600,000,000	600,000,000	2.570	7 years	31 Aug 2022
600,000,000	600,000,000	3.090	12 years	31 Aug 2027
650,000,000	650,000,000	2.730	5 years	18 Sep 2020
650,000,000	650,000,000	3.510	15 years	18 Sep 2030
300,000,000	300,000,000	2.750	10 years	19 Mar 2028
1,200,000,000	1,200,000,000	3.350	30 years	19 Mar 2048
1,500,000,000	—	3.450	40 years	30 Jul 2058
1,000,000,000	—	3.430	35 years	30 Oct 2053
1,500,000,000	—	3.380	40 years	30 Jan 2059
<b>8,975,000,000</b>	<b>4,975,000,000</b>			

<u>Group and Authority</u>	
<u>2019</u>	<u>2018</u>
<u>\$'000</u>	<u>\$'000</u>
Amount payable after one year	<b>8,975,000</b>
	<b>4,975,000</b>
<u>Fair value of borrowings</u>	
Unsecured bonds	<b>9,313,438</b>
	<b>5,110,635</b>

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

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**25. Trade and other payables – non-current**

	<b>Group and Authority</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Retention monies due to contractors	<b>260,583</b>	<b>246,967</b>

**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:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Deferred income tax assets</b>		
- To be recovered within one year	–	(48)
<b>Deferred income tax liabilities</b>		
- To be settled within one year	<b>1,333</b>	<b>1,476</b>

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

	<b>At 1 April 2017 \$'000</b>	<b>Charged/(credited) to statement of comprehensive income [Note 8(a)] \$'000</b>	<b>At 31 March 2018 \$'000</b>	<b>Charged/(credited) to statement of comprehensive income [Note 8(a)] \$'000</b>	<b>At 31 March 2019 \$'000</b>
<b>Deferred tax liabilities/(assets)</b>					
Property, plant and equipment	936	896	1,832	(216)	1,616
Accrued interest	64	(11)	53	17	70
Provisions	(436)	(21)	(457)	104	(353)
	<b>564</b>	<b>864</b>	<b>1,428</b>	<b>(95)</b>	<b>1,333</b>

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**27. Deferred capital grants**

	<u>Group</u>		<u>Authority</u>	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Beginning of financial year	44,145,511	40,060,033	44,159,973	40,074,572
Capital grants received and utilised (Note 12)	4,896,177	4,860,900	4,895,050	4,860,737
	49,041,688	44,920,933	49,055,023	44,935,309
Less: Amortisation to income or expenditure	(910,478)	(775,422)	(909,274)	(775,336)
End of financial year	48,131,210	44,145,511	48,145,749	44,159,973
Total grants received and utilised since establishment of the Authority	56,851,708	51,955,531	56,850,418	51,955,368

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 \$805 million (2018: \$725 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**

<u>Authority</u>	<u>No. of shares</u> <u>'000</u>	<u>Amount</u> <u>\$'000</u>
<b>2019</b>		
Beginning of financial year	3,559,621	3,559,621
Shares issued	1,281,049	1,281,049
End of financial year	4,840,670	4,840,670
<b>2018</b>		
Beginning of financial year	2,233,094	2,233,094
Shares issued	1,326,527	1,326,527
End of financial year	3,559,621	3,559,621

During the financial year, the Authority issued 1,281,049,000 (2018: 1,326,527,000) shares for cash consideration of \$1,280,984,000 (2018: \$1,315,448,000) and non-cash consideration of \$65,000 (2018: \$11,079,000).

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**29. Share capital (continued)**

All issued shares are issued 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.

**30. Accumulated surplus/(deficit)**

**(a) General fund**

As at 31 March 2019, a portion of the Authority's accumulated 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.

**(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:

	<b>Group and Authority</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Net deficit for the year	(111,483)	(98,624)
Other comprehensive income/(loss) for the year	4,307	(1,906)
Accumulated deficit and other reserve brought forward	(128,974)	(28,444)
<b>Accumulated deficit and other reserve carried forward</b>	<b>(236,150)</b>	<b>(128,974)</b>
<b>Represented by:</b>		
Property, plant and equipment	1,399,979	1,333,868
Cash and cash equivalents	2,222,101	1,028,250
Trade and other receivables	270,597	239,256
Other current assets	176	—
Derivative financial instruments	2,401	(1,906)
Grants received in advance	(1,426,727)	—
Trade and other payables	(121,341)	(145,514)
Deferred capital grants	(408)	—
Share capital	(2,582,928)	(2,582,928)
	<b>(236,150)</b>	<b>(128,974)</b>

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**30. Accumulated surplus/(deficit) (continued)**

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

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:

	<b>Group and Authority</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Beginning of financial year</b>	<b>1,121,992</b>	<b>43,547</b>
<b>Add:</b>		
Issuance of shares	—	1,220,432
Licence charge	<b>2,921</b>	<b>12</b>
Interest income	<b>17,174</b>	<b>2,101</b>
Proceeds from disposal of property, plant and equipment	<b>145</b>	<b>14</b>
Grants received	<b>1,427,135</b>	<b>—</b>
<b>Less:</b>		
Acquisition of property, plant and equipment	<b>(242,334)</b>	<b>(144,113)</b>
Other expenses	<b>—</b>	<b>(1)</b>
<b>End of financial year</b>	<b>2,327,033</b>	<b>1,121,992</b>
<b>Represented by:</b>		
Cash and cash equivalents	<b>2,222,101</b>	<b>1,028,250</b>
Trade and other receivables	<b>226,097</b>	<b>239,256</b>
Other current assets	<b>176</b>	<b>—</b>
Trade and other payables	<b>(121,341)</b>	<b>(145,514)</b>
	<b>2,327,033</b>	<b>1,121,992</b>

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**30. Accumulated surplus/(deficit) (continued)**

**(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:

	<b>Group and Authority</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Net surplus for the year	13,704	11,096
Accumulated deficit brought forward	(113,309)	(52,252)
Transfer to Bus Replacement Fund	(78,883)	(72,153)
<b>Accumulated deficit carried forward</b>	<b>(178,488)</b>	<b>(113,309)</b>
<b>Represented by:</b>		
Property, plant and equipment	945,892	780,614
Cash and cash equivalents	159,964	46,636
Trade and other receivables	278,703	426,115
Trade and other payables	(454,252)	(474,650)
Deferred capital grant	(41,929)	(45,461)
Share capital	(1,066,866)	(846,563)
	<b>(178,488)</b>	<b>(113,309)</b>

**(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 comprises the following:

	<b>Group and Authority</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Beginning of financial year</b>	<b>112,955</b>	<b>40,802</b>
Transfer from Bus Operating Fund:		
- Bus & bus related lease income	77,001	71,684
- Interest income	1,882	469
	<b>78,883</b>	<b>72,153</b>
<b>End of financial year</b>	<b>191,838</b>	<b>112,955</b>
<b>Represented by:</b>		
Cash and cash equivalents	180,328	103,826
Trade and other receivables	11,510	9,129
	<b>191,838</b>	<b>112,955</b>



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**31. Other reserves**

	<u>Group</u>		<u>Authority</u>	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
(a) <u>Composition:</u>				
Hedging reserve	(1,852)	(3,810)	(1,852)	(3,810)
Currency translation reserve	(20)	(2)	—	—
	<u>(1,872)</u>	<u>(3,812)</u>	<u>(1,852)</u>	<u>(3,810)</u>
<u>Included in:</u>				
- General Fund	(4,273)	(1,906)	(4,253)	(1,904)
- Railway Sinking Fund	2,401	(1,906)	2,401	(1,906)
	<u>(1,872)</u>	<u>(3,812)</u>	<u>(1,852)</u>	<u>(3,810)</u>
(b) <u>Movements:</u>				
<b>Hedging reserve</b>				
Beginning of financial year	(3,810)	1,412	(3,810)	1,412
Net movement in cash flow hedges	1,958	(5,222)	1,958	(5,222)
End of financial year	<u>(1,852)</u>	<u>(3,810)</u>	<u>(1,852)</u>	<u>(3,810)</u>
<b>Currency translation reserve</b>				
Beginning of financial year	(2)	(16)	—	—
Net currency translation differences of financial statements of foreign subsidiary	(18)	14	—	—
End of financial year	<u>(20)</u>	<u>(2)</u>	<u>—</u>	<u>—</u>

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:

	<u>Group and Authority</u>	
	2019 \$'000	2018 \$'000
Amounts approved and contracted for	<u>12,112,009</u>	<u>13,115,697</u>

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**32. Commitments and other matters (continued)**

**(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:

	<u>Group</u>		<u>Authority</u>	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Not later than one year	21,516	8,993	17,956	7,234
Between one and five years	17,145	12,886	15,419	10,313
	<u>38,661</u>	<u>21,879</u>	<u>33,375</u>	<u>17,547</u>

**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 any 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.

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

(a) Market risk (continued)

(i) *Currency risk (continued)*

The effects of changes in foreign currency exchange rates against the SGD on the net deficit 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 classified as fair value through profit or loss. 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.

If prices for Singapore and global equities changes by 6% (2018: 5%) and 5% (2018: 5%) respectively, with all other variables including rate of contribution to Consolidated Fund and tax rate being held constant, the effect on deficit after tax will be:

	<u>Deficit after contribution to Consolidated Fund and income tax</u>	
	<b>2019</b>	2018
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Group</u></b>		
<i>Singapore Portfolio</i>		
- Increase by	<b>(554)</b>	(533)
- Decrease by	<b>554</b>	533
<i>Global Portfolio</i>		
- Increase by	<b>(398)</b>	(962)
- Decrease by	<b>398</b>	962
<b><u>Authority</u></b>		
<i>Singapore Portfolio</i>		
- Increase by	<b>(554)</b>	(533)
- Decrease by	<b>554</b>	533

(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 mainly arises from interest bearing financial liabilities.

As disclosed in Note 18, interest on the unsecured bonds issued by the Authority are fully funded by government grants. Accordingly, there is no net effect on the net deficit of the Group arising from the interest rate risk.

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

**(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.

**(i) Risk management**

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. There is insignificant credit risk on the amount due from Government. 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 trade receivables.

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.

**(ii) Impairment of financial assets**

The Group has no financial assets that are subject to more than immaterial credit losses where the expected credit loss model has been applied.

The Group has applied the simplified approach by using the provision matrix to measure the lifetime expected credit losses for trade receivables from its customers.

The Group considers a trade receivable as in default if the counterparty fails to make contractual payments within a commercially reasonable timeframe that is determined by the Group, and writes off the trade receivable when there is no reasonable expectation of recovery. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

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

(b) Credit risk (continued)

(ii) *Impairment of financial assets (continued)*

The Group's trade receivables as at 31 March 2019 and 1 April 2018 are set out as follows:

	<b>Group</b>	
	<b>31 March</b>	<b>1 April</b>
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Current	12,327	14,274
Past due < 3 months	20,265	8,674
Past due 3 to 6 months	1,674	430
Past due over 6 months	139	—
	<b>34,405</b>	<b>23,378</b>

Based on the above assessment, the Group has concluded that the credit loss from trade receivables as at 31 March 2019 is immaterial.

Cash and cash equivalents, receivables due from government, other receivables and deposits are subject to immaterial credit loss.

The Group's credit risk exposure in relation to trade receivables under SB-FRS 39 as at 31 March 2018 are set out as follows:

	<b>Group</b>
	<b>\$'000</b>
Current	14,274
Past due < 3 months	8,674
Past due 3 to 6 months	430
	<b>23,378</b>

Prior to 1 April 2018, the impairment of the financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Group considered that there was evidence if any of the following indicators were present:

- There is significant difficulty of the debtor
- Breach of contract, such as default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation

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*For the financial year ended 31 March 2019*

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

**(b) Credit risk (continued)**

**(ii) Impairment of financial assets (continued)**

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

*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.

There are no material credit loss allowance for financial asset at amortised cost as at 31 March 2018.

**(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
<b>Group</b>			
<b>At 31 March 2019</b>			
Gross-settled foreign currency contracts			
- Assets	(218,571)	(242,056)	(5,366)
- Liabilities	219,950	242,607	5,282
Other financial liabilities	3,668,408	201,247	59,336
Borrowings	289,684	2,768,968	13,086,639
	<b>3,959,471</b>	<b>2,970,766</b>	<b>13,145,891</b>
<b>At 31 March 2018</b>			
Gross-settled foreign currency contracts			
- Assets	(105,034)	(229,705)	(10,245)
- Liabilities	105,084	233,857	9,841
Other financial liabilities	1,776,049	200,879	46,088
Borrowings	152,598	2,065,210	4,804,016
	<b>1,928,697</b>	<b>2,270,241</b>	<b>4,849,700</b>

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*For the financial year ended 31 March 2019*

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

(c) Liquidity risk (continued)

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000
<b>Authority</b>			
<b>At 31 March 2019</b>			
Gross-settled foreign currency contracts			
- Assets	(203,741)	(242,056)	(5,366)
- Liabilities	205,127	242,606	5,282
Other financial liabilities	3,601,964	201,247	59,336
Borrowings	289,684	2,768,968	13,086,639
	<b>3,893,034</b>	<b>2,970,765</b>	<b>13,145,891</b>
<b>At 31 March 2018</b>			
Gross-settled foreign currency contracts			
- Assets	(89,588)	(229,705)	(10,245)
- Liabilities	89,650	233,857	9,841
Other financial liabilities	1,724,292	200,879	46,088
Borrowings	152,598	2,065,210	4,804,016
	<b>1,876,952</b>	<b>2,270,241</b>	<b>4,849,700</b>

(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 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).

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

**(e) Fair value measurements (continued)**

The following table presents the assets and liabilities measured at fair value at 31 March 2019:

	<u>Level 1</u> \$'000	<u>Level 2</u> \$'000	<u>Total</u> \$'000
<b>Group</b>			
<b>2019</b>			
<b>Assets</b>			
Financial assets, at fair value through profit or loss			
- Equities securities	18,845	–	18,845
- Debt securities	108,050	–	108,050
Derivatives not designated as hedging instruments			
- Foreign currency contracts	–	7	7
Derivatives designated as hedging instruments			
- Cash flow hedges	–	5,375	5,375
<b>Total assets</b>	<b>126,895</b>	<b>5,382</b>	<b>132,277</b>
<b>Liabilities</b>			
Derivatives not designated as hedging instruments			
- Foreign currency contracts	–	(1)	(1)
Derivatives designated as hedging instruments			
- Cash flow hedges	–	(7,227)	(7,227)
<b>Total liabilities</b>	<b>–</b>	<b>(7,228)</b>	<b>(7,228)</b>
	<u>Level 1</u> \$'000	<u>Level 2</u> \$'000	<u>Total</u> \$'000
<b>Group</b>			
<b>2018</b>			
<b>Assets</b>			
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
<b>Total assets</b>	<b>119,271</b>	<b>3,201</b>	<b>122,472</b>
<b>Liabilities</b>			
Derivatives not designated as hedging instruments			
- Foreign currency contracts	–	(2)	(2)
Derivatives designated as hedging instruments			
- Cash flow hedges	–	(6,997)	(6,997)
<b>Total liabilities</b>	<b>–</b>	<b>(6,999)</b>	<b>(6,999)</b>



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

**(e) Fair value measurements (continued)**

	<u>Level 1</u> \$'000	<u>Level 2</u> \$'000	<u>Total</u> \$'000
<b><u>Authority</u></b>			
<b>2019</b>			
<b>Assets</b>			
Financial assets, at fair value through profit or loss			
- Equities securities	12,554	—	12,554
- Debt securities	84,581	—	84,581
Derivatives designated as hedging instruments			
- Cash flow hedges	—	5,375	5,375
<b>Total assets</b>	<b>97,135</b>	<b>5,375</b>	<b>102,510</b>
<b>Liabilities</b>			
Derivatives designated as hedging instruments			
- Cash flow hedges	—	(7,227)	(7,227)
<b>Total liabilities</b>	<b>—</b>	<b>(7,227)</b>	<b>(7,227)</b>
	<u>Level 1</u> \$'000	<u>Level 2</u> \$'000	<u>Total</u> \$'000
<b><u>Authority</u></b>			
<b>2018</b>			
<b>Assets</b>			
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
<b>Total assets</b>	<b>91,208</b>	<b>3,187</b>	<b>94,395</b>
<b>Liabilities</b>			
Derivatives designated as hedging instruments			
- Cash flow hedges	—	(6,997)	(6,997)
<b>Total liabilities</b>	<b>—</b>	<b>(6,997)</b>	<b>(6,997)</b>

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.

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*For the financial year ended 31 March 2019*

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

(e) Fair value measurements (continued)

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.

(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:

	<u>Group</u> \$'000	<u>Authority</u> \$'000
<b>2019</b>		
Financial assets, at amortised cost	15,259,728	15,017,598
Financial liabilities, at amortised cost	12,926,656	12,859,364
<b>2018</b>		
Loans and receivables	7,870,983	7,662,593
Financial liabilities, at amortised cost	7,022,097	6,969,093

**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:

	<u>Group and Authority</u> 2019 \$'000	2018 \$'000
Salaries	13,218	11,705
Employer CPF contributions	365	335
Board members' allowances	312	313
	13,895	12,353

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

Funds held and managed on behalf by the Authority includes:

	<u>Group and Authority</u>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Bus Service Enhancement Fund [Note 35(a)]	<b>393,398</b>	395,315
Funds to support Research & Development [Note 35(b)]	<b>5,868</b>	2,699
Rail Infrastructure Fund [Note 35(c)]	<b>5,016,038</b>	—
	<b>5,415,304</b>	398,014

**(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:

	<u>Group and Authority</u>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Income &amp; Expenditure Statement</b>		
<b>Income</b>		
Interest income	<b>2,731</b>	2,300
	<b>2,731</b>	2,300
<b>Expenditure</b>		
Operating subsidy (i)(a)	<b>(4,583)</b>	(30,598)
	<b>(4,583)</b>	(30,598)
<b>End of financial year</b>	<b>(1,852)</b>	(28,298)

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2019*

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

**(a) Bus Service Enhancement Fund (continued)**

<b>Balance Sheet</b>	<b>Group and Authority</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Represented by:</b>		
<b>Assets</b>		
Deposit placed with Monetary Authority of Singapore	323,259	323,259
Deposit placed with AGD	69,987	71,624
Other receivables	871	497
	<b>394,117</b>	<b>395,380</b>
<b>Non-current assets</b>		
Buses & bus related assets	5	—
	<b>5</b>	<b>—</b>
<b>Total assets</b>	<b>394,122</b>	<b>395,380</b>
<b>Liabilities</b>		
Other payables	724	65
	<b>724</b>	<b>65</b>
<b>Net assets</b>	<b>393,398</b>	<b>395,315</b>
<b>Accumulated surplus</b>		
Beginning of financial year	395,315	434,692
Movement for the financial year	(1,852)	(28,298)
Amount injected into the Authority under Bus Contracting	(65)	(11,079)
<b>End of financial year</b>	<b>393,398</b>	<b>395,315</b>

**(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) 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.**

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*For the financial year ended 31 March 2019*

**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:

	<b>Group and Authority</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Income &amp; Expenditure Statement</b>		
<b>Income</b>		
Interest income	—	1
<b>Expenditure</b>		
Grants disbursed to external parties	(2,423)	(302)
<b>End of financial year</b>	<b>(2,423)</b>	<b>(301)</b>
<b>Balance Sheet</b>		
<b>Represented by:</b>		
<b>Assets</b>		
Deposit placed with AGD	5,873	3,000
Other receivables	25	1
	<b>5,898</b>	<b>3,001</b>
<b>Liabilities</b>		
Other payables	(30)	(302)
	<b>(30)</b>	<b>(302)</b>
<b>Net assets</b>	<b>5,868</b>	<b>2,699</b>
<b>Accumulated surplus</b>		
Beginning of financial year	2,699	—
Funds from National Research Fund	5,592	3,000
Movement for the financial year	(2,423)	(301)
<b>End of financial year</b>	<b>5,868</b>	<b>2,699</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

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

**(c) Rail Infrastructure Fund**

The Rail Infrastructure Fund ("RIF") was established in accordance with Section 13C of the Act which came into effect on 15 January 2019. The Authority was given the authority to manage and administer RIF in accordance to Section 6 of the Act. The moneys in the RIF may be withdrawn by the Authority for the specific purpose of expansion of the domestic rail network. 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:

	<u><b>Group and Authority</b></u>
	<b>2019</b>
	<b>\$'000</b>
<b>Income &amp; Expenditure Statement</b>	
<b>Income</b>	
Interest income	16,038
<b>End of financial year</b>	<u>16,038</u>
<b>Balance Sheet</b>	
<b>Represented by:</b>	
<b>Assets</b>	
Deposit placed with AGD	5,000,405
Other receivables	15,633
	<u>5,016,038</u>
<b>Accumulated surplus</b>	
Beginning of financial year	—
Funds from Government	5,000,000
Movement for the financial year	16,038
<b>End of financial year</b>	<u>5,016,038</u>

**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.

# LAND TRANSPORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2019*

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### 37. Events occurring after balance sheet date

On 3 June 2019, the Authority issued unsecured 35-year bonds of \$1,400,000,000 at 3.30% coupon rate payable semi-annually in arrears.

### 38. New or revised accounting standards and interpretations

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 Group will apply the standard from its mandatory adoption date of 1 April 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

As at the reporting date, the Group has non-cancellable operating lease of \$38,661,000 (Note 32). Of these commitments, approximately \$3,637,000 relate to short-term leases and \$10,982,000 to low-value leases which will both be recognised on a straight-line basis as expense in profit or loss.

For the remaining lease commitments, the Group expects to recognise right-of-use assets and lease liabilities of approximately \$23,975,000 on 1 April 2019. Net current assets will be \$12,788,000 lower due to the presentation of a portion of the liability as a current liability.

The Group expects that net surplus will decrease by approximately \$15,000 for the financial year ended 31 March 2020 as a result of adopting SB-FRS 116. Operating cash flows will increase and financing cash flows decrease by approximately \$12,825,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group's activities as a lessor are not material and the Group does not expect any significant impact on the financial statements.

### 39. Authorisation of financial statements

These financial statements were authorised for issue by the members of the Authority on 25 July 2019.