

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 2020

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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 Statutory Board Financial Reporting Standards ("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 2020 and the results and changes in equity of the Group and the Authority and cash flows of the Group 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 2020;
- 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 2020;
- 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 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Useful lives of property, plant and equipment (Refer to Note 2.4(b), Note 3, Note 20 and Note 27 to the financial statements)</p> <p>At 31 March 2020, the Group’s property, plant and equipment (“PPE”) amounted to \$56.4 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>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 \$1.3 billion for the financial year ended 31 March 2020. Government grants amortised to match the depreciation expense of PPE funded by government grants amounted to \$0.9 billion. The depreciation expense relating to PPE not funded by government grants amounted to \$0.4 billion for the financial year ended 31 March 2020.</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 would affect the depreciation expense not funded by government grants which may result in a material impact to the financial statements, and the disclosure of the total depreciation expense and amortisation of government grants in the statement of comprehensive income.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We have evaluated the Group’s PPE policies and procedures to identify significant categories of customised PPEs that have different useful lives. • We have assessed the appropriateness of management’s analysis of the useful lives of the Group’s PPE by tracing to underlying documentary evidence such as project documentation, technical assessment and vendors’ specifications. • We have 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. <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 constitutional 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 Group 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

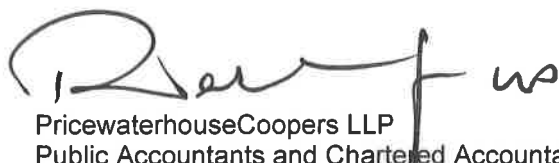
Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Public Sector (Governance) Act, the Act and the requirements of any other written law applicable to moneys of or managed 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, 21 August 2020

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2020

Group	Note	General fund		Restricted funds				Total	
		2020 \$'000	2019 \$'000	Railway Sinking Fund		Bus Contracting		Rail Contracting (TEL)	
				2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Operating income									
- Management fee from Government		675,863	657,718	-	-	-	-	-	675,863
- Fare revenue		-	-	-	-	861,933	834,421	212	862,145
- Bus & bus related lease income		-	-	-	-	84,716	77,001	-	84,716
- Rapid Transit System licence charge		-	-	20,064	2,921	-	-	-	-
- Other operating income	4	352,469	347,958	-	-	394	403	55	20,064
		1,028,332	1,005,676	20,064	2,921	947,043	911,825	267	1,995,706
Operating expenditure									
- Depreciation of property, plant and equipment	20	(963,059)	(897,411)	(122,259)	(131,305)	(191,817)	(75,536)	(21,416)	(1,298,551)
- Service fees		-	-	-	-	(1,705,550)	(1,653,545)	(22,860)	(1,728,410)
- Employee compensation	5	(435,872)	(413,161)	-	-	-	-	-	(435,872)
- Maintenance and upkeep		(127,577)	(154,935)	-	-	-	-	-	(127,577)
- Utilities		(39,309)	(40,396)	-	-	-	-	-	(39,309)
- Agency fees		(79,239)	(91,359)	-	-	(543)	(1)	-	(79,239)
- Bus & bus related leases		(1,819)	(13,516)	-	-	(19,386)	-	-	(1,819)
- Rental on operating leases		(75)	-	-	-	-	-	-	(75)
- Interest expense on lease liabilities		(328,493)	(210,185)	-	-	-	-	-	(328,493)
- Bond interest		-	-	-	-	-	-	-	-
- Loss on disposal and write-off of property, plant and equipment		(3,557)	(58,637)	(3,184)	(141)	(50)	(176)	-	(6,791)
- Information technology expenses		(114,956)	(101,908)	-	-	(5,093)	(5,556)	(2,219)	(122,268)
- Purchases of inventories		(20,592)	(18,003)	-	-	-	-	-	(20,592)
- Changes in inventories		(609)	(2,845)	-	-	-	-	-	(609)
- Communications		(15,157)	(12,170)	-	-	(122)	(114)	-	(15,279)
- Contract services		(12,150)	(9,599)	-	-	-	-	-	(12,150)
- Cash collection and commission charge		(13,611)	(14,305)	-	-	-	-	-	(13,611)
- Other	6(a)	(103,165)	(220,984)	(44,567)	(132)	(54,954)	(65,299)	(1,593)	(204,279)
Total operating expenditure		(2,259,240)	(2,259,414)	(170,010)	(131,578)	(1,977,515)	(1,925,352)	(48,088)	(4,454,853)
Operating deficit		(1,230,908)	(1,253,738)	(149,946)	(128,657)	(1,030,472)	(1,013,527)	(47,821)	(2,459,147)
Other gains and income - net	6(b)	13,041	15,462	43,001	17,174	8,098	3,537	-	64,140
Deficit before Government grants		(1,217,867)	(1,238,276)	(106,945)	(111,483)	(1,022,374)	(1,009,990)	(47,821)	(2,395,007)
									1,920,422
									(1,105,409)
									(1,653,545)
									(413,161)
									(154,935)
									(40,396)
									(91,361)
									(125,125)
									(13,516)
									(19,461)
									(328,493)
									(210,185)
									(58,637)
									(101,908)
									(18,003)
									(2,845)
									(12,170)
									(9,599)
									(14,305)
									(220,984)
									(2,259,414)
									(1,253,738)
									15,462
									(1,238,276)

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 2020

Group	Note	General fund		Railway Sinking Fund		Restricted funds		Rail Contracting (TEL)		Total	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	Bus Contracting 2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Deficit before Government grants		(1,217,867)	(1,238,276)	(106,945)	(111,483)	(1,022,374)	(1,009,990)	(47,821)	(6,367)	(2,395,007)	(2,366,116)
Government grants:											
Deferred capital grants amortised	27	813,642	890,729	2	-	14,732	14,762	25,131	4,987	853,507	910,478
Operating grants		32,699	67,110	-	-	1,023,501	1,008,932	22,690	1,380	1,078,890	1,077,422
Long-term grants	18	46,410	54,308	-	-	-	-	-	-	46,410	54,308
Bond interest grants		328,493	210,185	-	-	-	-	-	-	328,493	210,185
		1,221,244	1,222,332	2	-	1,038,233	1,023,694	47,821	6,367	2,307,300	2,252,393
Surplus/(deficit) before contribution to Consolidated Fund and income tax		3,377	(15,944)	(106,943)	(111,483)	15,859	13,704	-	-	(87,707)	(113,723)
Contribution to Consolidated Fund	7	-	-	-	-	-	-	-	-	-	-
Income tax expense of subsidiaries	8(a)	(3,131)	(2,819)	-	-	-	-	-	-	(3,131)	(2,819)
Net surplus/(deficit) for the financial year		246	(18,763)	(106,943)	(111,483)	15,859	13,704	-	-	(90,838)	(116,542)
Other comprehensive income: <i>Items that may be reclassified subsequently:</i>											
Cash flow hedges	31	7,025	(2,349)	4,708	4,307	-	-	-	-	11,733	1,958
Currency translation differences	31	(1)	(18)	-	-	-	-	-	-	(1)	(18)
Other comprehensive income/(loss), net of tax		7,024	(2,367)	4,708	4,307	-	-	-	-	11,732	1,940
Total comprehensive income/(loss)		7,270	(21,130)	(102,235)	(107,176)	15,859	13,704	-	-	(79,106)	(114,602)



Chan Heng Loon Alair
Chairman

21 August 2020



Ngien Hoon Ping
Chief Executive

21 August 2020

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 2020

	Note	General fund		Railway Sinking Fund		Restricted funds		Rail Contracting (TEL)		Total	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Authority											
Operating income											
- Management fee from Government		675,863	657,718	-	-	-	-	-	-	675,863	657,718
- Fare revenue		-	-	-	-	861,933	834,421	212	-	862,145	834,421
- Bus & bus related lease income		-	-	-	-	84,716	77,001	-	-	84,716	77,001
- Rapid Transit System licence charge		-	-	20,064	2,921	-	-	-	-	20,064	2,921
- Other operating income	4	220,428	228,302	-	-	394	403	55	-	220,877	228,705
		896,291	886,020	20,064	2,921	947,043	911,825	267	-	1,863,665	1,800,766
Operating expenditure											
- Depreciation of property, plant and equipment	20	(955,081)	(892,189)	(122,259)	(131,305)	(191,817)	(75,536)	(21,416)	(1,157)	(1,290,573)	(1,100,187)
- Service fees		-	-	-	-	(1,705,550)	(1,653,545)	(22,860)	-	(1,728,410)	(1,653,545)
- Employee compensation	5	(396,102)	(379,767)	-	-	-	-	-	-	(396,102)	(379,767)
- Maintenance and upkeep		(127,621)	(148,086)	-	-	-	-	-	-	(127,621)	(148,086)
- Utilities		(39,278)	(40,369)	-	-	-	-	-	-	(39,278)	(40,369)
- Agency fees		(82,230)	(92,365)	-	-	(543)	(1)	-	(1)	(82,230)	(92,367)
- Bus & bus related leases		-	-	-	-	-	(125,125)	-	-	(543)	(125,125)
- Interest expense on lease liabilities		-	-	-	-	(19,386)	-	-	-	(19,386)	-
- Rental on operating leases		(1,705)	(10,921)	-	-	-	-	-	-	(1,705)	(10,921)
- Bond interest		(328,493)	(210,185)	-	-	-	-	-	-	(328,493)	(210,185)
- Loss on disposal and write-off of property, plant and equipment		(3,556)	(58,637)	(3,184)	(141)	(50)	(176)	-	-	(6,790)	(58,954)
- Information technology expenses		(111,948)	(105,726)	-	-	(5,093)	(5,556)	(2,219)	(3,361)	(119,260)	(114,643)
- Purchases of inventories		(13,715)	(11,614)	-	-	-	-	-	-	(13,715)	(11,614)
- Changes in inventories		(867)	(2,992)	-	-	-	-	-	-	(867)	(2,992)
- Communications		(15,157)	(12,170)	-	-	(122)	(114)	-	-	(15,279)	(12,284)
- Other	6(a)	(65,733)	(185,526)	(44,567)	(132)	(54,954)	(65,299)	(1,593)	(1,848)	(166,847)	(252,805)
Total operating expenditure		(2,141,486)	(2,150,547)	(170,010)	(131,578)	(1,977,515)	(1,925,352)	(48,088)	(6,367)	(4,337,099)	(4,213,844)
Operating deficit		(1,245,195)	(1,264,527)	(149,946)	(128,657)	(1,030,472)	(1,013,527)	(47,821)	(6,367)	(2,473,434)	(2,413,078)
Other gains and income - net	6(b)	8,013	10,943	43,001	17,174	8,098	3,537	-	-	59,112	31,654
Deficit before Government grants		(1,237,182)	(1,253,584)	(106,945)	(111,483)	(1,022,374)	(1,009,990)	(47,821)	(6,367)	(2,414,322)	(2,381,424)

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 2020

	Note	General fund		Restricted funds				Total			
		2020 \$'000	2019 \$'000	Railway Sinking Fund 2020 \$'000	2019 \$'000	Bus Contracting 2020 \$'000	2019 \$'000	Rail Contracting (TEL) 2020 \$'000	2019 \$'000		
Authority (continued)											
Deficit before Government grants		(1,237,182)	(1,253,584)	(106,945)	(111,483)	(1,022,374)	(1,009,990)	(47,821)	(6,367)	(2,414,322)	(2,381,424)
Government grants:											
Deferred capital grants amortised	27	813,642	889,525	2	-	14,732	14,762	25,131	4,987	853,507	909,274
Operating grants		32,699	67,110	-	-	1,023,501	1,008,932	22,690	1,380	1,078,890	1,077,422
Long-term grants	18	46,410	54,308	-	-	-	-	-	-	46,410	54,308
Bond interest grants		328,493	210,185	-	-	-	-	-	-	328,493	210,185
		1,221,244	1,221,128	2	-	1,038,233	1,023,694	47,821	6,367	2,307,300	2,251,189
(Deficit)/surplus before contribution to Consolidated Fund		(15,938)	(32,456)	(106,943)	(111,483)	15,859	13,704	-	-	(107,022)	(130,235)
Contribution to Consolidated Fund	7	-	-	-	-	-	-	-	-	-	-
Net (deficit)/surplus for the financial year		(15,938)	(32,456)	(106,943)	(111,483)	15,859	13,704	-	-	(107,022)	(130,235)
Other comprehensive income: items that may be reclassified subsequently:											
Cash flow hedges	31	7,025	(2,349)	4,708	4,307	-	-	-	-	11,733	1,958
Other comprehensive income/(loss), net of tax		7,025	(2,349)	4,708	4,307	-	-	-	-	11,733	1,958
Total comprehensive (loss)/income		(8,913)	(34,805)	(102,235)	(107,176)	15,859	13,704	-	-	(95,289)	(128,277)

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 2020

	Note	Group		Authority	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	9	15,882,927	14,561,036	15,659,401	14,335,806
Trade and other receivables	10	1,886,548	1,568,949	1,869,964	1,547,874
Inventories	13	10,718	10,828	7,836	8,704
Financial assets, at fair value through profit or loss	15	119,604	126,895	88,779	97,135
Other current assets	16(a)	19,355	22,606	14,181	17,414
Derivative financial instruments	17	9,905	3,091	9,828	3,084
		17,929,057	16,293,405	17,649,989	16,010,017
Non-current assets					
Property, plant and equipment	20	56,424,630	52,106,125	56,412,562	52,095,543
Derivative financial instruments	17	5,457	2,291	5,457	2,291
Investments in subsidiaries	19	-	-	20,376	20,376
Other non-current assets	16(b)	13,980	13,641	13,641	13,641
Deferred income tax assets	26	77	-	-	-
		56,444,144	52,122,057	56,452,036	52,131,851
Total assets		74,373,201	68,415,462	74,102,025	68,141,868
LIABILITIES					
Current liabilities					
Trade and other payables	22	3,991,602	3,703,619	3,933,089	3,623,781
Derivative financial instruments	17	3,160	4,470	3,160	4,470
Borrowings	24(a)	925,000	-	925,000	-
Current income tax liabilities	8(b)	3,702	2,758	-	-
Provision for pensions and gratuities	23	916	2,136	916	2,136
Lease liabilities	24(b)	127,320	-	125,347	-
		5,051,700	3,712,983	4,987,512	3,630,387
Non-current liabilities					
Derivative financial instruments	17	2,243	2,758	2,243	2,757
Long-term grants received in advance	18	1,616,900	1,801,842	1,616,900	1,801,842
Borrowings	24(a)	9,450,000	8,975,000	9,450,000	8,975,000
Trade and other payables	25	252,414	260,583	252,414	260,583
Deferred income tax liabilities	26	792	1,333	-	-
Deferred capital grants	27	51,940,758	48,131,210	51,955,297	48,145,749
Provision for pensions and gratuities	23	1,769	1,589	1,769	1,589
Lease liabilities	24(b)	464,577	-	464,228	-
		63,729,453	59,174,315	63,742,851	59,187,520
Total liabilities		68,781,153	62,887,298	68,730,363	62,817,907
NET ASSETS		5,592,048	5,528,164	5,371,662	5,323,961
EQUITY					
Capital account – General fund	28	102,954	102,954	102,954	102,954
Share capital	29	4,983,660	4,840,670	4,983,660	4,840,670
Accumulated surplus/(deficit)	30				
- General fund		811,859	811,613	591,452	607,390
- Railway Sinking Fund		(345,494)	(238,551)	(345,494)	(238,551)
- Bus Contracting					
- Bus Operating Fund		(252,708)	(178,488)	(252,708)	(178,488)
- Bus Replacement Fund		281,917	191,838	281,917	191,838
- Rail Contracting (TEL)		-	-	-	-
Other reserves	31				
- General fund		2,751	(4,273)	2,772	(4,253)
- Railway Sinking Fund		7,109	2,401	7,109	2,401
Total equity		5,592,048	5,528,164	5,371,662	5,323,961
Funds held and managed on behalf by the Authority	35	7,547,125	5,415,304	7,547,125	5,415,304

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 2020

Group	Note	Capital account – General fund \$'000	Share capital \$'000	General fund \$'000	Accumulated Surplus							Railway Sinking Fund \$'000	General fund \$'000	Rail Contracting (TEL) \$'000	Sub- total \$'000	Railway Sinking Fund \$'000	Total equity \$'000		
					Bus Contracting													Other Reserves	
					Railway Sinking Fund \$'000	Bus Operating Fund \$'000	Bus Replacement Fund \$'000	Bus Contracting (TEL) \$'000	Sub- total \$'000	General fund \$'000	Rail Contracting (TEL) \$'000							General fund \$'000	Railway Sinking Fund \$'000
2020		102,954	4,840,670	811,613	(238,551)	191,838	13,350	(4,273)	2,401	5,528,164									
Beginning of financial year					(178,488)														
Total comprehensive income for the year				246	15,859		15,859												
Net surplus/(deficit) for the financial year																			
Other comprehensive income																			
Total comprehensive income/(loss) for the year				246	15,859		15,859												
Transfer to Bus Replacement Fund					(90,079)	90,079													
Transaction with owners, recognised directly in equity																			
Issue of shares	29		142,990													142,990			
Total transaction with owners			142,990													142,990			
End of financial year		102,954	4,983,660	811,859	(345,494)	281,917	29,209	2,751	7,109	5,592,048									

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 2020

	Note	Capital account – General fund \$'000	Share capital \$'000	General fund \$'000	Accumulated Surplus							Total equity \$'000	
					Bus Contracting								Other Reserves
					Railway Sinking Fund \$'000	Bus Operating Fund \$'000	Bus Replacement Fund \$'000	Sub-total \$'000	Rail Contracting (TEL) \$'000	General fund \$'000	Railway Sinking Fund \$'000		
Group (continued)													
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)	(116,542)	
Net (deficit)/surplus for the financial year		-	-	-	-	-	-	-	-	-	4,307	1,940	
Other comprehensive (loss)/income		-	-	(18,763)	(111,483)	13,704	-	13,704	-	(2,367)	4,307	(114,602)	
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		-	-	-	-	-	-	-	-	-	-	-	
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**

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2020

Authority	Note	Capital Account – General fund \$'000	Share capital \$'000	General fund \$'000	Accumulated Surplus						Total equity \$'000		
					Bus Contracting							Other Reserves	
					Railway Sinking Fund \$'000	Bus Operating Fund \$'000	Bus Replacement Fund \$'000	Sub-total \$'000	Rail Contracting (TEL) \$'000	General fund \$'000		Railway Sinking Fund \$'000	
2020		102,954	4,840,670	607,390	(238,551)	(178,488)	191,838	13,350	-	(4,253)	2,401	5,323,961	
Beginning of financial year		-	-	(15,938)	(106,943)	15,859	-	15,859	-	-	4,708	(107,022)	
Total comprehensive income for the year		-	-	(15,938)	(106,943)	15,859	-	15,859	-	7,025	4,708	11,733	
Other comprehensive income		-	-	(15,938)	(106,943)	15,859	-	15,859	-	7,025	4,708	(95,289)	
Total comprehensive (loss)/income for the year		-	-	(15,938)	(106,943)	15,859	-	15,859	-	7,025	4,708	(95,289)	
Transfer to Bus Replacement Fund		-	-	-	-	(90,079)	90,079	-	-	-	-	-	
Transaction with owners, recognised directly in equity		-	-	-	-	-	-	-	-	-	-	-	
Issue of shares	29	-	142,990	-	-	-	-	-	-	-	-	142,990	
Total transaction with owners		-	142,990	-	-	-	-	-	-	-	-	142,990	
End of financial year		102,954	4,983,660	591,452	(345,494)	(252,708)	281,917	29,209	-	2,772	7,109	5,371,662	

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 2020

Authority (continued)	Note	Capital Account – General fund \$'000	Share capital \$'000	General fund \$'000	Accumulated Surplus							Total equity \$'000
					Railway Sinking Fund \$'000	Bus Contracting			Rail Contracting (TEL) \$'000	General fund \$'000	Railway Sinking Fund \$'000	
						Operating Fund \$'000	Replacement Fund \$'000	Sub-total \$'000				
2019		102,954	3,559,621	639,846	(127,068)	(113,309)	112,955	(354)	-	(1,904)	(1,906)	4,171,189
Beginning of financial year		-	-	(32,456)	(111,483)	13,704	-	13,704	-	(2,349)	4,307	(130,235)
Total comprehensive income for the year		-	-	-	-	-	-	-	-	-	-	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**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2020

	Note	Group	
		2020	2019
		\$'000	\$'000
Cash flows from operating activities			
Net deficit		(90,838)	(116,542)
Adjustments for:			
Bond interest expense		328,493	210,185
Interest expense on lease liabilities		19,461	-
Depreciation of property, plant and equipment	20	1,298,551	1,105,409
Government grants		(2,307,300)	(2,252,393)
Income tax expense	8(a)	3,131	2,819
Interest income on bank deposits, dividend income and gains on investments (net)	6(b)	(64,140)	(36,173)
Loss on disposal and write-off of property, plant and equipment		6,791	58,954
		(805,851)	(1,027,741)
Changes in working capital:			
- Trade and other receivables		1,091,184	978,099
- Inventories		110	2,754
- Other current and non-current assets		2,912	(1,981)
- Trade and other payables		(352,619)	230,505
- Provision for pensions and gratuities		(1,040)	(388)
Cash (used in)/from operations		(65,304)	181,248
Income tax paid	8(b)	(2,805)	(3,221)
Net cash (used in)/from operating activities		(68,109)	178,027
Cash flows from investing activities			
Dividend received		666	845
Fund management fees paid		(189)	(145)
Interest received		50,172	21,328
Net receipts/(payments) from sale and purchase of investments		3,665	(8,748)
Grants received from Government		5,138,411	6,908,602
Proceeds from disposal of property, plant and equipment		174	267
Purchase of property, plant and equipment		(4,894,360)	(5,280,993)
Net cash from investing activities		298,539	1,641,156
Cash flows from financing activities			
Grants received from Government		-	492,327
Payment of bond interest		(312,848)	(178,410)
Addition of pledged bank deposits		(2)	(428)
Principal payment of lease liabilities		(119,220)	-
Payment of interest on lease liabilities		(19,461)	-
Proceeds from issuance of bonds		1,400,000	4,000,000
Proceeds from issuance of shares	29	142,990	1,280,984
Net cash from financing activities		1,091,459	5,594,473
Net increase in cash and cash equivalents		1,321,889	7,413,656
Cash and cash equivalents at beginning of financial year		14,559,510	7,145,854
Cash and cash equivalents at the end of financial year	9	15,881,399	14,559,510

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 2020

Reconciliation of liabilities arising from financing activities

	1 April 2019 \$'000	Principal and interest payments \$'000	Proceeds from bond issuance \$'000	Non-cash changes			31 March 2020 \$'000
				Adoption of SB-FRS 116 \$'000	Addition during the year \$'000	Interest expense \$'000	
Borrowings	8,975,000	-	1,400,000	-	-	-	10,375,000
Bond interest payable	48,856	(312,848)	-	-	-	328,493	64,501
Lease liabilities	-	(138,681)	-	701,775	9,342	19,461	591,897

	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

Bond interest payable of \$64,501,000 (2019: \$48,856,000) is included within trade and other payables in Note 22.

LAND TRANSPORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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, operate and maintain the railway;
- (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 and rail service contracts for the provision of bus and rail 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 2020

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 2020

On 1 April 2019, 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 adoption of SB-FRS 116 Leases:

Adoption of SB-FRS 116 Leases

When the Group is the lessee

Prior to the adoption of SB-FRS 116, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group's accounting policy on leases after the adoption of SB-FRS 116 is as disclosed in Note 2.13.

On initial application of SB-FRS 116, the Group has elected to apply the following practical expedients:

- i) For all contracts entered into before 1 April 2019 and that were previously identified as leases under SB-FRS 17 Leases and INT SB-FRS 104 Determining whether an Arrangement contains a Lease, the Group has not reassessed if such contracts contain leases under SB-FRS 116; and

LAND TRANSPORT AUTHORITY OF SINGAPORE
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Adoption of SB-FRS 116 Leases (continued)

When the Group is the lessee (continued)

- ii) On a lease-by-lease basis, the Group has:
- a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
 - b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
 - c) accounted for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;
 - d) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
 - e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 April 2019.

For leases previously classified as operating leases on 1 April 2019, the Group has applied the following transition provisions:

- (i) On a lease-by-lease basis, the Group chose to measure its ROU assets at amount equal to lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application (i.e. 1 April 2019).
- (ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 April 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.

When the Group is the lessor

There are no material changes to accounting by the Group as a lessor.

The effects of adoption of SB-FRS 116 on the Group's and the Authority's financial statements as at 1 April 2019 are as follows:

	<u>Increase</u> \$'000
<u>Group</u>	
Property, plant and equipment	701,775
Lease liabilities	701,775
<u>Authority</u>	
Property, plant and equipment	698,109
Lease liabilities	698,109

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Adoption of SB-FRS 116 Leases (continued)

An explanation of the differences between the operating lease commitments previously disclosed in the Group's and the Authority's financial statements as at 31 March 2019 and the lease liabilities recognised in the balance sheet as at 1 April 2019 are as follows:

	<u>Group</u> \$'000	<u>Authority</u> \$'000
Operating lease commitment disclosed as at 31 March 2019	37,864	33,375
Add: Leases included in service agreements*	777,553	777,553
Less: Short-term leases	(2,753)	(2,133)
Less: Low-value leases, except for those under a sublease arrangement	(11,081)	(10,972)
Less: Committed non-cancellable leases with lease terms commencing after 1 April 2019	(23)	-
Less: Discounting effect using weighted average incremental borrowing rate of 4.2%	(99,785)	(99,714)
Lease liabilities recognised as at 1 April 2019	<u>701,775</u>	<u>698,109</u>

* These pertain to leases included in service agreements at 31 March 2019, which are assessed to contain leases upon adoption of SB-FRS 116.

2.2 Revenue

- (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. The Singapore Government is invoiced on a monthly basis.
- (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.
- (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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.2 Revenue (continued)

- (g) Transit acquirer and transaction fees, administration fees and revenue from maintenance contracts are recognised over time when the services are rendered. Certain transaction fees are recognised when the Group satisfies the performance obligation at a point in time.
- (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. The customers are invoiced on a milestone payment schedule. If the value of the goods transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.
- (l) Rail fare revenue relates to rail fare collections from Rail Contracting (TEL) rail services. Under the Rail Contracting (TEL), the operator will be paid a service fee to operate the rail services, while LTA will own all related assets. All rail fare revenue are retained by LTA. Rail fare revenue are recognised over time when the rail services are rendered.
- (m) Interest income is recognised using the effective interest rate method.
- (n) 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 2020

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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

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.

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.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) *Disposals*

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

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

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

(b) Transactions with non-controlling interests

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

2.4 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).

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(a) Measurement (continued)

(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.

(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	99 years
Viaducts and tunnels	30 - 99 years
Railway tracks (including Rails, Sleepers, Fastening Systems, Turnouts & Ballast)	25 - 99 years
Stations, buildings and structures	10 - 99 years
Rail 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.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(c) Subsequent expenditure

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

(d) Disposal

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

2.5 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.

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

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.7 Impairment of non-financial assets (continued)

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

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

2.8 Financial assets

(a) 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.

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

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.8 Financial assets (continued)

(a) Classification and measurement (continued)

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.
- **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".

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.8 Financial assets (continued)

(b) 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.

(c) 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.

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

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.9 Borrowings

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

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

2.10 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.

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

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.11 Derivative financial instruments and hedging activities (continued)

(a) Cash flow hedge (continued)

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

(b) Derivatives that do not qualify for hedge accounting

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

2.12 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.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.13 Leases

The accounting policy for leases before 1 April 2019 are as follows:

When the Group is the lessee

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

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.

The accounting policy for leases from 1 April 2019 are as follows:

When the Group is the lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- **Right-of-use assets**

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are presented within "Property, plant and equipment".

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.13 Leases (continued)

The accounting policy for leases from 1 April 2019 are as follows (continued):

When the Group is the lessee (continued)

- Lease liabilities

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

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.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.16 Income taxes

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

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

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

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

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.

**LAND TRANSPORT AUTHORITY OF SINGAPORE
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For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.18 Employee compensation

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

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

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

(b) Pensions and gratuities

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

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

(c) Employee leave entitlement

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

2.19 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.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.19 Currency translation (continued)

(c) Translation of Group entities' financial statements

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

- (i) Assets and liabilities are translated at the closing rates at the date of the balance sheet;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting exchange differences are recognised in other comprehensive income.

2.20 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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Significant accounting policies (continued)

2.22 Cash and cash equivalents

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

2.23 Dividends

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

3. Critical accounting estimates and assumptions

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

Useful lives of property, plant and equipment

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

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 \$1.3 billion for the financial year ended 31 March 2020 (2019: \$1.1 billion). Government grants amortised to match the depreciation expense of PPE funded by government grants amounted to \$0.9 billion for the financial year ended 31 March 2020 (2019: \$0.9 billion). The depreciation expense relating to PPE not funded by government grants amounted to \$0.4 billion for the financial year ended 31 March 2020 (2019: \$0.2 billion).

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 would affect the depreciation expense not funded by government grants which may result in a material impact to the financial statements, and the disclosure of the total depreciation expense and amortisation of government grants in the statement of comprehensive income.

LAND TRANSPORT AUTHORITY OF SINGAPORE
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

4. Other operating income

<u>Group</u>	<u>At a point in time</u>		<u>Over time</u>		<u>Total</u>	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
General fund						
Vehicle registration related application and licensing fees	40,501	41,634	12,917	13,485	53,418	55,119
Composition fines	23,437	24,568	-	-	23,437	24,568
Transit acquirer and transaction fees	6,965	6,635	67,517	67,304	74,482	73,939
New motor vehicle registration fees	23,615	25,327	-	-	23,615	25,327
Rapid Transit System licensing fees *	-	-	23,419	23,300	23,419	23,300
Administration fees	-	-	59,840	48,693	59,840	48,693
Sale of in-vehicle units	17,155	19,757	-	-	17,155	19,757
Sale of contactless smart cards	14,519	18,237	-	-	14,519	18,237
Maintenance and service project revenue	-	-	24,663	17,604	24,663	17,604
Others	18,371	30,980	19,550	10,434	37,921	41,414
	144,563	167,138	207,906	180,820	352,469	347,958
Restricted fund - Bus Contracting						
Others	-	-	394	403	394	403
Restricted fund - Rail Contracting (TEL)						
Others	-	-	55	-	55	-
	144,563	167,138	208,355	181,223	352,918	348,361

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

LAND TRANSPORT AUTHORITY OF SINGAPORE
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For the financial year ended 31 March 2020

4. Other operating income (continued)

	At a point in time		Over time		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Authority						
General fund						
Vehicle registration related application and licensing fees	40,501	41,634	12,917	13,485	53,418	55,119
Composition fines	23,437	24,568	-	-	23,437	24,568
Transit acquirer fees	-	-	29	64	29	64
New motor vehicle registration fees	23,615	25,327	-	-	23,615	25,327
Rapid Transit System licensing fees *	-	-	23,419	23,300	23,419	23,300
Administration fees	-	-	59,846	48,740	59,846	48,740
Sale of in-vehicle units	17,155	19,757	-	-	17,155	19,757
Others	11,943	24,803	7,566	6,624	19,509	31,427
	<u>116,651</u>	<u>136,089</u>	<u>103,777</u>	<u>92,213</u>	<u>220,428</u>	<u>228,302</u>
Restricted fund - Bus Contracting						
Others	-	-	394	403	394	403
Restricted fund - Rail Contracting (TEL)						
Others	-	-	55	-	55	-
	<u>116,651</u>	<u>136,089</u>	<u>104,226</u>	<u>92,616</u>	<u>220,877</u>	<u>228,705</u>

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

**LAND TRANSPORT AUTHORITY OF SINGAPORE
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For the financial year ended 31 March 2020

5. Employee compensation

	<u>Group</u>		<u>Authority</u>	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Salaries and wages	744,497	737,697	708,900	707,977
Employer's contribution to Central Provident Fund	86,553	79,445	82,380	75,771
Pensions and gratuities benefits	1,131	664	1,131	664
	<u>832,181</u>	<u>817,806</u>	<u>792,411</u>	<u>784,412</u>
Less: Employee compensation capitalised in property, plant and equipment	(396,309)	(404,645)	(396,309)	(404,645)
	<u>435,872</u>	<u>413,161</u>	<u>396,102</u>	<u>379,767</u>

6(a). Other operating expenditure

In the previous financial year ended 31 March 2019, the Group and the Authority recorded a write-off of property, plant and equipment and a corresponding government grant income under the General fund of \$42,599,000. In the financial year ended 31 March 2020, based on the direction received from the Government in the current financial year, it was determined that the write-off of the property, plant and equipment will now be funded by the Railway Sinking Fund. Accordingly, the Group and the Authority recorded the following in the financial year ended 31 March 2020:

- A reversal of write-off of property, plant and equipment and corresponding government grant income of \$42,599,000 under the General fund.
- A write-off of property, plant and equipment of \$42,599,000 under the Railway Sinking Fund.

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6(b). Other gains and income - net

	<u>Group</u>		<u>Authority</u>	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>General fund</u>				
Interest income from deposits	12,569	12,474	8,227	8,870
Unrealised losses from financial assets, at fair value through profit or loss	(2,830)	(308)	(3,260)	(971)
Realised losses from financial assets, at fair value through profit or loss	(724)	(822)	(266)	(209)
Gross dividend income	666	845	574	645
Interest income from investment in debt securities	3,549	3,418	2,739	2,610
Less: Fund management expenses	(189)	(145)	(1)	(2)
	472	2,988	(214)	2,073
	<u>13,041</u>	<u>15,462</u>	<u>8,013</u>	<u>10,943</u>
<u>Restricted fund - Railway Sinking Fund</u>				
Interest income	43,001	17,174	43,001	17,174
<u>Restricted fund - Bus Contracting</u>				
Interest income	8,098	3,537	8,098	3,537
	<u>64,140</u>	<u>36,173</u>	<u>59,112</u>	<u>31,654</u>

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 \$477,052,000 (2019: \$370,043,000) of unrecognised unutilised deficits to be carried forward to offset against future surpluses.

	<u>Group and Authority</u>	
	2020 \$'000	2019 \$'000
Deficit of the Authority before contribution to Consolidated Fund and income tax	(107,022)	(130,235)
Credit to Consolidated Fund at 17%	(18,194)	(22,140)
Effects of:		
- Non-deductible donations	2	5
- Unrecognised deferred benefits relating to unutilised deficits	18,192	22,135
	<u>-</u>	<u>-</u>

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8. Income taxes

(a) Income tax expense

	<u>Group</u>	
	2020 \$'000	2019 \$'000
Tax expense attributable to deficit is made up of:		
- Current income tax	3,749	3,146
- Deferred income tax	(536)	(237)
	<u>3,213</u>	<u>2,909</u>
Over provision in preceding financial years:		
- Current income tax	-	(232)
- Deferred income tax	(82)	142
	<u>3,131</u>	<u>2,819</u>
Deficit before income tax	<u>(87,707)</u>	<u>(113,723)</u>
Tax calculated at a tax rate of 17% (2019: 17%)	(14,910)	(19,333)
Effects of:		
- Deficit of the Authority exempted from income tax	18,194	22,140
- Income not subject to tax	-	(69)
- Expenses not deductible for tax purposes	72	328
- Tax incentives	(143)	(157)
- Over provision in preceding financial years	(82)	(90)
	<u>3,131</u>	<u>2,819</u>

(b) Movements in current income tax liabilities

	<u>Group</u>	
	2020 \$'000	2019 \$'000
Beginning of financial year	2,758	3,065
Income tax paid, net of refund	(2,805)	(3,221)
Tax expense	3,749	3,146
Over provision in preceding financial years	-	(232)
End of financial year	<u>3,702</u>	<u>2,758</u>

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9. Cash and cash equivalents

	<u>Group</u>		<u>Authority</u>	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash at bank and on hand	144,303	156,604	19,289	22,879
Short-term bank deposits	96,773	89,580	-	-
Deposits placed with Accountant- General's Department ("AGD") [Note 9(a)]	15,640,112	14,312,927	15,640,112	14,312,927
Cash at bank managed by fund managers (Note 15)	1,326	430	-	-
Short-term bills managed by fund managers (Note 15)	413	1,495	-	-
	<u>15,882,927</u>	<u>14,561,036</u>	<u>15,659,401</u>	<u>14,335,806</u>
Cash at bank (refundable card proceeds)	218,710	193,404	35,519	35,518
Cash held by a subsidiary (refundable card proceeds) [Note 9(d)]	-	-	25,096	9,314
Less: Amounts due to cardholders	<u>(218,710)</u>	<u>(193,404)</u>	<u>(60,615)</u>	<u>(44,832)</u>
	-	-	-	-

Refundable card proceeds comprises the following:

	<u>Group</u>		<u>Authority</u>	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Refundable card proceeds [Note 9(b)]	209,887	185,882	60,615	44,832
Clearing account [Note 9(c)]	8,823	7,522	-	-
	<u>218,710</u>	<u>193,404</u>	<u>60,615</u>	<u>44,832</u>

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9. Cash and cash equivalents (continued)

- (a) Deposits placed with AGD comprise balances of \$15,640,112,000 (2019: \$14,312,927,000) which are centrally managed by AGD under the Centralised Liquidity Management Framework ("CLM") (Note 38).
- (b) Refundable card proceeds as at 31 March 2020 relate to the stored value on the contactless smart cards and prepaid cards issued. Included in refundable card proceeds is \$149,272,000 relating to amounts held by a subsidiary as a Major Payment Institution under the Payment Services Act 2019. These proceeds are safeguarded separately in designated 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 maintained separately and held by the Authority.

Refundable card proceeds as at 31 March 2019 relate to the stored value on the contactless smart cards issued. Included in refundable card proceeds is \$141,050,000 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 maintained separately and 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.

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

	2020 \$'000	<u>Group</u>	2019 \$'000
Cash and bank balances (as above)	15,882,927		14,561,036
Less: Fixed deposit pledged to a bank	(1,528)		(1,526)
	<u>15,881,399</u>		<u>14,559,510</u>

A fixed deposit of \$1,528,000 (2019: \$1,526,000) has been pledged to a bank for the issue of letters of guarantee to customers.

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10. Trade and other receivables - current

	Group		Authority	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Due from subsidiaries	-	-	17,584	27,723
Due from Government	476,118	443,119	476,118	443,119
Other receivables	112,086	102,595	107,134	94,492
Trade receivables	23,303	34,793	-	-
Less: Allowance for impairment of trade receivables	-	(388)	-	-
	23,303	34,405	-	-
GST receivables	8,291	5,561	8,623	5,890
Advances to contractors	1,073,266	861,255	1,073,266	861,255
Receivables from investments (Note 15)	7	269	1	6
Accrued interest and dividend receivable	188,439	116,482	187,238	115,389
Contract assets (Note 14)	5,038	5,260	-	-
Retentions on contracts in progress	-	3	-	-
	1,886,548	1,568,949	1,869,964	1,547,874

11. Advances due to Government

	Group and Authority	
	2020	2019
	\$'000	\$'000
Beginning of financial year	237,039	(30,170)
Amount received during the financial year	1,124,920	900,784
Amount utilised during the financial year	(1,134,915)	(633,575)
End of financial year	227,044	237,039

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 in advance on a monthly basis from the Government for payments relating to these projects.

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12. Grants received in advance from Government

	<u>Group</u>		<u>Authority</u>	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Beginning of financial year	1,152,073	(160,352)	1,152,589	(160,333)
Grants received from Government	5,138,411	6,208,602	5,137,766	6,207,972
Grants utilised and transferred to deferred capital grants (Note 27)	(4,680,361)	(4,896,177)	(4,680,361)	(4,895,050)
End of financial year	<u>1,610,123</u>	<u>1,152,073</u>	<u>1,609,994</u>	<u>1,152,589</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>	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Finished goods	<u>10,718</u>	<u>10,828</u>	<u>7,836</u>	<u>8,704</u>

The cost of inventories recognised as an expense in income or expenditure amounted to \$21,201,000 (2019: \$20,848,000).

14. Balances from revenue contracts with customers

(a) Contracts assets/(contract liabilities)

	31 March	<u>Group</u>	
	2020 \$'000	31 March 2019 \$'000	1 April 2018 \$'000
Contract assets (Note 10)	5,038	5,260	2,703
Contract liabilities (Note 22)	<u>(4,478)</u>	<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. Balances from revenue contracts with customers (continued)

(b) Revenue recognised in relation to contract liabilities

	<u>Group</u>	
	2020	2019
	\$'000	\$'000
Revenue recognised in current period that was included in the contract liabilities balance at the beginning of the period	<u>8,960</u>	<u>1,681</u>

(c) Unsatisfied performance obligations

	<u>Group</u>	
	31 March	1 April
	2020	2019
	\$'000	\$'000
Aggregated amount of transaction price allocated to contracts that are partially or fully unsatisfied	<u>30,327</u>	<u>31,938</u>

Management expects that the transaction price allocated to unsatisfied performance obligations as of 31 March 2020 and 2019 may be recognised as revenue in the next reporting period as follows:

	2020	2021	2022	2023	2024	2025	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Partial and fully unsatisfied performance obligations as at:							
31 March 2020	-	14,069	9,314	4,110	1,417	1,417	30,327
31 March 2019	13,058	6,500	4,569	4,569	1,621	1,621	31,938

(d) Trade receivables from contracts with customers

		<u>Group</u>	
	Note	31 March	1 April
		2020	2019
		\$'000	\$'000
Trade receivables from contracts with customers	10	23,303	34,793
Less: Allowance for impairment of receivables – non-related parties	10	-	(388)
		<u>23,303</u>	<u>34,405</u>
			<u>23,378</u>

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

	<u>Group</u>		<u>Authority</u>	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Financial assets, at fair value through profit or loss				
- Quoted equity securities	14,029	18,845	10,040	12,554
- Quoted debt securities	105,575	108,050	78,739	84,581
	<u>119,604</u>	<u>126,895</u>	<u>88,779</u>	<u>97,135</u>
Represented by:				
- Internally managed	88,779	97,135	88,779	97,135
- Externally managed	30,825	29,760	-	-
	<u>119,604</u>	<u>126,895</u>	<u>88,779</u>	<u>97,135</u>

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

	<u>Group</u>		<u>Authority</u>	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
United States Dollar	11,496	13,329	-	-
Singapore Dollar	107,194	111,869	88,779	97,135
Euro	288	542	-	-
Others	626	1,155	-	-
	<u>119,604</u>	<u>126,895</u>	<u>88,779</u>	<u>97,135</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>	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Financial assets, at fair value through profit or loss				
- Quoted equity securities	3,989	6,291	-	-
- Quoted debt securities	26,836	23,469	-	-
	<u>30,825</u>	<u>29,760</u>	-	-
Other assets/(liabilities)*:				
- Foreign currency contracts				
- Assets (Note 17)	77	7	-	-
- Liabilities (Note 17)	-	(1)	-	-
- Cash at bank (Note 9)	1,326	430	-	-
- Short-term bills (Note 9)	413	1,495	-	-
- Receivables from investments (Note 10)	7	269	1	6
- Accrued interest and dividend receivables	162	167	-	-
	<u>32,810</u>	<u>32,127</u>	<u>1</u>	<u>6</u>

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

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16(a). Other current assets

	<u>Group</u>		<u>Authority</u>	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Deposits	2,115	1,819	1,576	1,063
Prepayments	17,240	20,787	12,605	16,351
	<u>19,355</u>	<u>22,606</u>	<u>14,181</u>	<u>17,414</u>

16(b). 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.

17. Derivative financial instruments

	Contract/ Notional Amount \$'000	<u>Group</u>	
		Fair value	
		Assets \$'000	Liabilities \$'000
2020			
<i>Cash-flow hedges</i>			
- Foreign currency contracts	409,063	15,285	(5,403)
<i>Non-hedging instruments</i>			
- Foreign currency contracts (Note 15)	12,710	77	-
Total		15,362	(5,403)
Less: Current portion		9,905	(3,160)
Non-current portion		5,457	(2,243)
2019			
<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)
Less: Current portion		3,091	(4,470)
Non-current portion		2,291	(2,758)

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17. Derivative financial instruments (continued)

	Contract/ Notional Amount \$'000	Authority	
		Fair value	
		Assets \$'000	Liabilities \$'000
2020			
<i>Cash-flow hedges</i>			
- Foreign currency contracts	409,063	15,285	(5,403)
Total		15,285	(5,403)
Less: Current portion		9,828	(3,160)
Non-current portion		5,457	(2,243)
2019			
<i>Cash-flow hedges</i>			
- Foreign currency contracts	451,163	5,375	(7,227)
Total		5,375	(7,227)
Less: Current portion		3,084	(4,470)
Non-current portion		2,291	(2,757)

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>	
	2020	2019
	\$'000	\$'000
Beginning of financial year	1,801,842	1,156,150
Long-term grants received	-	700,000
Reclassified to Grants in advance - Bond interest (Note 22)	<u>(138,532)</u>	<u>-</u>
	1,663,310	1,856,150
Less:		
- Amortisation to income or expenditure	<u>(46,410)</u>	<u>(54,308)</u>
End of financial year	<u>1,616,900</u>	<u>1,801,842</u>
 Total cumulative long-term grants received for bond redemption	 <u>2,961,468</u>	 <u>3,100,000</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>	
	2020	2019
	\$'000	\$'000
Equity investment at cost:		
Beginning of financial year	20,376	19,502
Additions	-	874
End of financial year	<u>20,376</u>	<u>20,376</u>

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19. Investments in subsidiaries (continued)

The following are the subsidiaries as at 31 March 2020:

	Name of subsidiary	Principal activities	Country of business/ incorporation	Equity holding		Cost of investment	
				2020 %	2019 %	2020 \$'000	2019 \$'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	1,874
						20,376	20,376
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	-(3)	-(3)

(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

Group	Leasehold land \$'000	Viaducts and tunnels \$'000	Railway tracks \$'000	Stations, buildings and structures \$'000	Rail 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
2020												
<i>Cost</i>												
Beginning of financial year	2,787,368	11,299,283	1,699,806	15,583,157	4,133,740	6,680,294	1,101,112	288,244	17,022	63,868	17,008,410	60,662,304
Adoption of SB-FRS 116 (Note 2.1)	18,879	-	-	4,916	-	128	677,839	13	-	-	-	701,775
Additions	1,454	-	-	268	-	347	-	11,525	-	287	4,906,464	4,920,345
Reclassification	-	(9,605)	2	(14,427)	(5,864)	30,001	-	(32)	-	(75)	-	-
Transferred from construction-in-progress	148,827	821,687	178,833	1,542,010	196,804	704,275	91,262	39,660	224	4,414	(3,727,996)	-
Disposals and write-off	-	-	-	(188)	(10,704)	(27,581)	(257)	(1,873)	(1,638)	(1,324)	-	(43,565)
End of financial year	2,956,528	12,111,365	1,878,641	17,115,736	4,313,976	7,387,464	1,869,956	337,537	15,608	67,170	18,186,878	66,240,859
<i>Accumulated depreciation</i>												
Beginning of financial year	367,489	1,070,454	205,479	2,622,540	1,050,380	2,744,787	225,397	222,051	8,653	38,949	-	8,556,179
Depreciation charge	40,056	120,137	41,848	236,861	209,705	404,634	198,123	39,526	1,416	6,245	-	1,298,551
Reclassification	-	(1,608)	-	(3,863)	(2,312)	7,875	-	(92)	-	-	-	-
Disposals	-	-	-	(187)	(9,247)	(24,117)	(207)	(1,855)	(1,573)	(1,315)	-	(38,501)
End of financial year	407,545	1,188,983	247,327	2,855,351	1,248,526	3,133,179	423,313	259,630	8,496	43,879	-	9,816,229
Net book value at 31 March 2020	2,548,983	10,922,382	1,631,314	14,260,385	3,065,450	4,254,285	1,446,643	77,907	7,112	23,291	18,186,878	56,424,630

The Group and the Authority carry out detailed reviews on the useful lives of its property, plant and equipment on an annual basis, taking into consideration the expected usage of the assets, physical wear and tear and actual and planned asset replacement exercises. Arising from these reviews, the Group and the Authority revised the useful lives of certain viaducts and tunnels, buildings and structures and operating equipment (2019: no change). The effects of these changes were not material to the consolidated financial statements of the Group and financial statements of the Authority for the financial years ended 31 March 2020 and 31 March 2019.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

20. Property, plant and equipment (continued)

Group (continued)	Leasehold land \$'000	Viaducts and tunnels \$'000	Railway tracks \$'000	Stations, buildings and structures \$'000	Rail 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
2019												
<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)
End of financial year	2,787,368	11,299,283	1,699,806	15,563,157	4,133,740	6,680,294	1,101,112	288,244	17,022	63,868	17,008,410	60,662,304
<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)
End of financial year	367,489	1,070,454	205,479	2,622,540	1,050,380	2,744,787	225,397	222,051	8,653	38,949	-	8,556,179
Net book value at 31 March 2019	2,419,879	10,228,829	1,494,327	12,960,617	3,083,360	3,935,507	875,715	66,193	8,369	24,919	17,008,410	52,106,125

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20. Property, plant and equipment (continued)

Authority	Leasehold land \$'000	Viaducts and tunnels \$'000	Railway tracks \$'000	Stations, buildings and structures \$'000	Rail 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
2020												
<i>Cost</i>												
Beginning of financial year	2,787,368	11,299,283	1,699,806	15,582,625	4,133,740	6,667,637	1,101,112	275,971	17,148	60,485	17,007,950	60,633,125
Adoption of SB-FRS 116 (Note 2.1)	18,879	-	-	1,378	-	-	677,839	13	-	-	-	698,109
Additions	1,454	-	-	237	-	-	-	7,744	-	28	4,905,075	4,914,538
Reclassification	-	(9,605)	2	(14,502)	(5,864)	30,001	-	(32)	-	-	-	-
Transferred from construction-in-progress	148,827	821,687	178,833	1,542,010	196,804	704,007	91,262	39,613	224	4,394	(3,727,661)	-
Disposals and write-off	-	-	-	-	(10,704)	(27,452)	(257)	(1,519)	(1,638)	(1,263)	-	(42,833)
End of financial year	2,956,528	12,111,365	1,878,641	17,111,748	4,313,976	7,374,193	1,869,956	321,790	15,734	63,644	18,185,364	66,202,939
<i>Accumulated depreciation</i>												
Beginning of financial year	367,489	1,070,454	205,479	2,622,171	1,050,380	2,736,812	225,397	213,991	8,779	36,630	-	8,537,582
Depreciation charge	40,056	120,137	41,848	234,886	209,705	401,602	198,123	36,957	1,416	5,843	-	1,290,573
Reclassification	-	(1,608)	-	(3,863)	(2,312)	7,815	(207)	(32)	-	-	-	-
Disposals	-	-	-	-	(9,247)	(23,988)	(207)	(1,508)	(1,573)	(1,255)	-	(37,778)
End of financial year	407,545	1,188,983	247,327	2,853,194	1,248,526	3,122,241	423,313	249,408	8,622	41,218	-	9,790,377
Net book value at 31 March 2020	2,548,983	10,922,382	1,631,314	14,258,554	3,065,450	4,251,952	1,446,643	72,382	7,112	22,426	18,185,364	56,412,562

LAND TRANSPORT AUTHORITY OF SINGAPORE
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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	Rail 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
<i>Authority (continued)</i>												
2019												
<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	29,825	767	6,697	(1,020,273)	-
Disposals and write-off	-	-	(2,420)	(430)	(2,420)	(46,787)	(631)	(2,539)	(548)	(7,049)	(40,698)	(101,162)
End of financial year	2,787,368	11,299,283	1,699,806	15,582,825	4,133,740	6,667,637	1,101,112	275,971	17,148	60,485	17,007,950	60,633,125
<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)
End of financial year	367,489	1,070,454	205,479	2,622,171	1,050,380	2,736,812	225,397	213,991	8,779	36,630	-	8,537,582
Net book value at 31 March 2019	2,419,879	10,228,829	1,494,327	12,960,454	3,083,360	3,930,825	875,715	61,980	8,369	23,855	17,007,950	52,095,543

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For the financial year ended 31 March 2020

21(a). Leases – The Group and the Authority as a lessee

Leasehold land

The Group and the Authority has made an upfront payment to secure the right-of-use of a 99-year leasehold land, which is used in the Group's and the Authority's operations.

Building and structures

The Group and the Authority leases office space for the purpose of back office operations and for the provision of customer service to its customers.

IT equipment and computers

The Group leases IT equipment and computers (e.g. storage systems) for its back office operations and kiosks for the sale of cards and other form factors.

Bus & bus related assets

The Group and the Authority leases buses, bus depots and bus interchanges under the public bus services contracts with certain bus operators under the BCM.

There are no externally imposed covenant on these lease arrangements.

(a) *Carrying amounts*

ROU assets classified within Property, plant and equipment

	<u>31 March 2020</u>	<u>1 April 2019</u>
	\$'000	\$'000
<u>Group</u>		
Leasehold land	2,548,983	2,438,758
Building and structures	2,592	4,916
Operating equipment	87	128
Buses & bus related assets	571,004	677,839
Computers	6,853	13
	<u>3,129,519</u>	<u>3,121,654</u>
	<u>31 March 2020</u>	<u>1 April 2019</u>
	\$'000	\$'000
<u>Authority</u>		
Leasehold land	2,548,983	2,438,758
Building and structures	933	1,378
Buses & bus related assets	571,004	677,839
Computers	6,752	13
	<u>3,127,672</u>	<u>3,117,988</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

21(a). Leases – The Group and the Authority as a lessee (continued)

(b) Depreciation charge during the year

	<u>Group</u> 2020 \$'000	<u>Authority</u> 2020 \$'000
Leasehold land	40,056	40,056
Building and structures	2,599	682
Operating equipment	52	-
Buses & bus related assets	106,835	106,835
Computers	761	723
Total	<u>150,303</u>	<u>148,296</u>

(c) Interest expense

Interest expense on lease liabilities	<u>19,461</u>	<u>19,386</u>
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(d) Lease expense not capitalised in lease liabilities

Lease expense – short-term leases	3,033	2,995
Lease expense – low-value leases	5,937	5,860
Total	<u>8,970</u>	<u>8,855</u>

(e) Total cash outflow for all the leases in 2020 was \$148,084,000 and \$145,930,000 for the Group and the Authority respectively.

(f) Addition of ROU assets during the financial year 2020 was \$158,168,000 and \$157,980,000 for the Group and the Authority respectively.

21(b). Leases – The Authority as a lessor

Nature of the Authority's leasing activities – Authority as a lessor

The Authority has leased out property, plant and equipment to a subsidiary for monthly lease payments. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

22. Trade and other payables - current

	<u>Group</u>		<u>Authority</u>	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Due to subsidiaries	-	-	937	11
Trade and other payables	1,683,088	1,726,163	1,631,072	1,661,558
Advances due to Government (Note 11)	227,044	237,039	227,044	237,039
Payables to Government	79,321	57,350	79,321	57,350
Grants received in advance				
- Development projects (Note 12)	1,610,123	1,152,073	1,609,994	1,152,589
- Bond interest	138,532	300,000	138,532	300,000
Retention monies due to contractors	122,597	106,311	122,597	106,311
Deposits	96,306	89,472	94,644	87,106
Accrual of annual leave	30,113	22,665	28,948	21,817
Contract liabilities (Note 14)	4,478	12,546	-	-
	<u>3,991,602</u>	<u>3,703,619</u>	<u>3,933,089</u>	<u>3,623,781</u>

23. Provision for pensions and gratuities

	<u>Group and Authority</u>	
	2020 \$'000	2019 \$'000
Beginning of financial year	3,725	4,113
Provision made	1,131	664
Provision utilised	(2,171)	(1,052)
End of financial year	<u>2,685</u>	<u>3,725</u>
Amount payable within one year	916	2,136
Amount payable after one year	<u>1,769</u>	<u>1,589</u>
	<u>2,685</u>	<u>3,725</u>

The pension obligation is calculated using the projected salary increment of minimum 0% (2019: 0%), expected retirement age at 62 years (2019: 60 years) and life expectancy of up to 82 years (2019: 82 years). The computed pension obligation is discounted to the present value using discount rates of 0.99% for below and 0.83% for above 55 years old (2019: 1.93% for below and 2.05% for above 55 years old) which are based on the market yields on government bonds.

LAND TRANSPORT AUTHORITY OF SINGAPORE
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

24(a). 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>2020</u>	<u>Principal</u>			
\$	\$	%		
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	1,500,000,000	3.450	40 years	30 Jul 2058
1,000,000,000	1,000,000,000	3.430	35 years	30 Oct 2053
1,500,000,000	1,500,000,000	3.380	40 years	30 Jan 2059
1,400,000,000	-	3.300	35 years	03 Jun 2054
10,375,000,000	8,975,000,000			

	<u>Group and Authority</u>	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Amount payable within one year	925,000	-
Amount payable after one year	9,450,000	8,975,000
	10,375,000	8,975,000

Fair value of borrowings

Unsecured bonds	12,133,311	9,313,438
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The fair values above were based on quoted market ask prices at the balance sheet date.

24(b). Lease liabilities

	<u>Group</u>		<u>Authority</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$'000	\$'000	\$'000	\$'000
<i>Current</i>				
Lease liabilities	127,320	-	125,347	-
<i>Non-current</i>				
Lease liabilities	464,577	-	464,228	-
	591,897	-	589,575	-

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For the financial year ended 31 March 2020

25. Trade and other payables - non-current

	Group		Authority	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Retention monies due to contractors	252,414	260,583	252,414	260,583

26. Deferred income tax (assets)/liabilities

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

	Group	
	2020 \$'000	2019 \$'000
Deferred income tax assets		
- To be recovered within one year	(77)	-
Deferred income tax liabilities		
- To be settled within one year	792	1,333

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

2020	At	Adjustment on	At	Charged/(credited)	At
	31 March	adoption of SB-	1 April	to statement of	31 March
	2019	FRS 116	2019	comprehensive	2020
	\$'000	\$'000	\$'000	income	\$'000
				[Note 8(a)]	
				\$'000	
Deferred tax liabilities/(assets)					
Property, plant and equipment	1,616	-	1,616	(128)	1,488
Accrued interest	70	-	70	19	89
Provisions	(353)	-	(353)	(425)	(778)
Lease liabilities	-	(623)	(623)	228	(395)
Lease assets	-	623	623	(312)	311
	1,333	-	1,333	(618)	715

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

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For the financial year ended 31 March 2020

27. Deferred capital grants

	<u>Group</u>		<u>Authority</u>	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Beginning of financial year	48,131,210	44,145,511	48,145,749	44,159,973
Capital grants received and utilised (Note 12)	4,680,361	4,896,177	4,680,361	4,895,050
	<u>52,811,571</u>	<u>49,041,688</u>	<u>52,826,110</u>	<u>49,055,023</u>
Less:				
- Amortisation to income or expenditure	(853,507)	(910,478)	(853,507)	(909,274)
- Asset transferred to Government*	(17,306)	-	(17,306)	-
End of financial year	<u>51,940,758</u>	<u>48,131,210</u>	<u>51,955,297</u>	<u>48,145,749</u>
Total grants received and utilised since establishment of the Authority	<u>61,532,069</u>	<u>56,851,708</u>	<u>61,530,779</u>	<u>56,850,418</u>

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 \$871 million (2019: \$805 million).

* During the financial year ended 31 March 2020, fixed assets of \$17,306,000 were transferred back to the government under the direction of the government. Accordingly, the corresponding deferred capital grants of the same amount were derecognised.

28. Capital account – General fund

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.

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For the financial year ended 31 March 2020

29. Share capital

<u>Authority</u>	<u>No. of shares</u>	<u>Amount</u>
2020	'000	\$'000
Beginning of financial year	4,840,670	4,840,670
Shares issued	142,990	142,990
End of financial year	<u>4,983,660</u>	<u>4,983,660</u>
2019		
Beginning of financial year	3,559,621	3,559,621
Shares issued	1,281,049	1,281,049
End of financial year	<u>4,840,670</u>	<u>4,840,670</u>
Comprising		
2020		
- General fund	1,225,181	1,225,181
- Railway Sinking Fund	2,582,928	2,582,928
- Bus Contracting	1,175,551	1,175,551
	<u>4,983,660</u>	<u>4,983,660</u>
2019		
- General fund	1,190,876	1,190,876
- Railway Sinking Fund	2,582,928	2,582,928
- Bus Contracting	1,066,866	1,066,866
	<u>4,840,670</u>	<u>4,840,670</u>

During the financial year, the Authority issued 142,990,000 (2019: 1,281,049,000) shares for cash consideration of \$142,990,000 (2019: \$1,280,984,000) and non-cash consideration of \$NIL (2019: \$65,000).

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.

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30. Accumulated surplus/(deficit)

(a) General fund

As at 31 March 2020, 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:

	<u>Group and Authority</u>	
	2020	2019
	\$'000	\$'000
Net deficit for the year	(106,943)	(111,483)
Other comprehensive income for the year	4,708	4,307
Accumulated deficit and other reserve brought forward	(236,150)	(128,974)
Accumulated deficit and other reserve carried forward	(338,385)	(236,150)
Represented by:		
Property, plant and equipment	1,590,279	1,399,979
Cash and cash equivalents	2,316,383	2,222,101
Trade and other receivables	357,725	270,597
Other current assets	143	176
Derivative financial instruments	7,110	2,401
Grants received in advance	(1,713,367)	(1,426,727)
Trade and other payables	(77,605)	(121,341)
Deferred capital grants	(236,125)	(408)
Share capital	(2,582,928)	(2,582,928)
	(338,385)	(236,150)

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For the financial year ended 31 March 2020

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:

	<u>Group and Authority</u>	
	2020	2019
	\$'000	\$'000
Beginning of financial year	2,327,033	1,121,992
Add:		
Licence charge	20,064	2,921
Interest income	43,001	17,174
Proceeds from disposal of property, plant and equipment	37	145
Grants received	522,359	1,427,135
Less:		
Acquisition of property, plant and equipment	(313,946)	(242,334)
End of financial year	<u>2,598,548</u>	<u>2,327,033</u>
Represented by:		
Cash and cash equivalents	2,316,383	2,222,101
Trade and other receivables	357,725	226,097
Other current assets	143	176
Trade and other payables	(75,703)	(121,341)
	<u>2,598,548</u>	<u>2,327,033</u>

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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:

	<u>Group and Authority</u>	
	2020	2019
	\$'000	\$'000
Net surplus for the year	15,859	13,704
Accumulated deficit brought forward	(178,488)	(113,309)
Transfer to Bus Replacement Fund	(90,079)	(78,883)
Accumulated deficit carried forward	(252,708)	(178,488)
Represented by:		
Property, plant and equipment	1,528,357	945,892
Cash and cash equivalents	199,881	159,964
Trade and other receivables	229,867	278,703
Other current asset	41	-
Trade and other payables	(430,622)	(454,252)
Lease liabilities	(571,004)	-
Deferred capital grant	(33,677)	(41,929)
Share capital	(1,175,551)	(1,066,866)
	(252,708)	(178,488)

(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:

	<u>Group and Authority</u>	
	2020	2019
	\$'000	\$'000
Beginning of financial year	191,838	112,955
Transfer from Bus Operating Fund:		
- Bus & bus related lease income	84,716	77,001
- Interest income	5,363	1,882
	90,079	78,883
End of financial year	281,917	191,838
Represented by:		
Cash and cash equivalents	270,180	180,328
Trade and other receivables	11,737	11,510
	281,917	191,838

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30. Accumulated surplus/(deficit) (continued)

(d) Restricted fund - Rail Contracting (Thomson-East Coast Line)

The Rail Contracting (TEL) consists of the operations of Thomson-East Coast Line. The TEL stage one commenced revenue service on 31st January 2020 with the opening of three stations. The entire line of 32 new stations will open in stages and be fully operational by 2024. The fare and non-fare revenue collected from Rail Operations can only be used to pay the rail operator service fees and other expenses for provision of rail services. In the event that the rail operations results in a deficit, the net operating costs will be funded by operating grants from the government.

The fund is accounted for as follows:

	Group and Authority	
	2020	2019
	\$'000	\$'000
Net surplus for the year	-	-
Accumulated surplus brought forward	-	-
Accumulated surplus carried forward	-	-
Represented by:		
Property, plant and equipment	11,770,773	10,132,859
Cash and cash equivalents	263	476
Trade and other receivables	222,111	284,921
Trade and other payables	(222,374)	(285,397)
Deferred capital grants	(11,770,773)	(10,132,859)
	-	-

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31. Other reserves

	<u>Group</u>		<u>Authority</u>	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
(a) <u>Composition:</u>				
Hedging reserve	9,881	(1,852)	9,881	(1,852)
Currency translation reserve	(21)	(20)	-	-
	<u>9,860</u>	<u>(1,872)</u>	<u>9,881</u>	<u>(1,852)</u>
<u>Included in:</u>				
- General fund	2,751	(4,273)	2,772	(4,253)
- Railway Sinking Fund	7,109	2,401	7,109	2,401
	<u>9,860</u>	<u>(1,872)</u>	<u>9,881</u>	<u>(1,852)</u>
(b) <u>Movements:</u>				
Hedging reserve				
Beginning of financial year	(1,852)	(3,810)	(1,852)	(3,810)
Net movement in cash flow hedges	11,733	1,958	11,733	1,958
End of financial year	<u>9,881</u>	<u>(1,852)</u>	<u>9,881</u>	<u>(1,852)</u>
Currency translation reserve				
Beginning of financial year	(20)	(2)	-	-
Net currency translation differences of financial statements of foreign subsidiary	(1)	(18)	-	-
End of financial year	<u>(21)</u>	<u>(20)</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>	
	2020 \$'000	2019 \$'000
Amounts approved and contracted for	<u>8,820,671</u>	<u>12,112,009</u>

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32. Commitments and other matters (continued)

(b) Operating lease commitments – where the Group and the Authority are lessees

As at 31 March 2019, 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	2019
	\$'000	\$'000
Not later than one year	21,187	17,956
Between one and five years	16,677	15,419
	<u>37,864</u>	<u>33,375</u>

As disclosed in Note 2.1, the Group has adopted SB-FRS 116 on 1 April 2019. These lease payments have been recognised as property, plant and equipment and lease liabilities on the balance sheet as at 31 March 2020, except for short-term and low value leases.

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.

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For the financial year ended 31 March 2020

33. Financial risk management (continued)

(a) Market risk

(i) *Currency risk*

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

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

The effects of changes in foreign currency exchange rates against the SGD on the net deficit 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.

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33. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

If prices for Singapore and global equities changes by 9% (2019: 6%) and 7% (2019: 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>	
	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
<u>Group</u>		
<i>Singapore Portfolio</i>		
- Increase by	(757)	(554)
- Decrease by	757	554
	<hr/>	<hr/>
<i>Global Portfolio</i>		
- Increase by	(279)	(398)
- Decrease by	279	398
	<hr/>	<hr/>
<u>Authority</u>		
<i>Singapore Portfolio</i>		
- Increase by	(757)	(554)
- Decrease by	757	554
	<hr/>	<hr/>

(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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For the financial year ended 31 March 2020

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 and contract assets, 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 and contract assets 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 and contract assets.

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 uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

In measuring the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

33. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

The Group's trade receivables and contract assets as at 31 March 2020 and 31 March 2019 are set out as follows:

	Group	
	31 March 2020 \$'000	31 March 2019 \$'000
Current	19,462	17,587
Past due < 3 months	7,724	20,265
Past due 3 to 6 months	860	1,674
Past due over 6 months	295	139
	28,341	39,665

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Based on the above assessment, the Group has concluded that the credit loss from these trade receivables and contract assets as at 31 March 2020 is immaterial.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables are written off, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

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

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For the financial year ended 31 March 2020

33. Financial risk management (continued)

(c) Liquidity risk

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

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

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000
Group			
At 31 March 2020			
Gross-settled foreign currency contracts			
- Assets	(223,366)	(192,505)	(5,979)
- Liabilities	216,621	189,542	5,728
Other financial liabilities	3,957,011	162,517	89,897
Borrowings	1,248,573	1,994,998	15,607,012
Lease liabilities	139,658	436,471	96,096
	5,338,497	2,591,023	15,792,754
At 31 March 2019			
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
	3,959,471	2,970,766	13,145,891
Authority			
At 31 March 2020			
Gross-settled foreign currency contracts			
- Assets	(210,579)	(192,505)	(5,979)
- Liabilities	203,911	189,542	5,728
Other financial liabilities	3,904,141	162,517	89,897
Borrowings	1,248,573	1,994,998	15,607,012
Lease liabilities	137,685	436,122	96,096
	5,283,731	2,590,674	15,792,754
At 31 March 2019			
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
	3,893,034	2,970,765	13,145,891

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For the financial year ended 31 March 2020

33. Financial risk management (continued)

(d) Capital risk

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

The Group defines capital as its equity, deferred capital grants and borrowings. The Group monitors the 'net operating 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 2020:

	<u>Level 1</u> \$'000	<u>Level 2</u> \$'000	<u>Total</u> \$'000
Group			
2020			
Assets			
Financial assets, at fair value through profit or loss			
- Equities securities	14,029	-	14,029
- Debt securities	105,575	-	105,575
Derivatives not designated as hedging instruments			
- Foreign currency contracts	-	77	77
Derivatives designated as hedging instruments			
- Cash flow hedges	-	15,285	15,285
Total assets	119,604	15,362	134,966
Liabilities			
Derivatives designated as hedging instruments			
- Cash flow hedges	-	(5,403)	(5,403)
Total liabilities	-	(5,403)	(5,403)
	<u>Level 1</u> \$'000	<u>Level 2</u> \$'000	<u>Total</u> \$'000
Group			
2019			
Assets			
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
Total assets	126,895	5,382	132,277
Liabilities			
Derivatives not designated as hedging instruments			
- Foreign currency contracts	-	(1)	(1)
Derivatives designated as hedging instruments			
- Cash flow hedges	-	(7,227)	(7,227)
Total liabilities	-	(7,228)	(7,228)

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For the financial year ended 31 March 2020

33. Financial risk management (continued)

(e) Fair value measurements (continued)

	<u>Level 1</u> \$'000	<u>Level 2</u> \$'000	<u>Total</u> \$'000
Authority			
2020			
Assets			
Financial assets, at fair value through profit or loss			
- Equities securities	10,040	-	10,040
- Debt securities	78,739	-	78,739
Derivatives designated as hedging instruments			
- Cash flow hedges	-	15,285	15,285
Total assets	88,779	15,285	104,064
Liabilities			
Derivatives designated as hedging instruments			
- Cash flow hedges	-	(5,403)	(5,403)
Total liabilities	-	(5,403)	(5,403)

	<u>Level 1</u> \$'000	<u>Level 2</u> \$'000	<u>Total</u> \$'000
Authority			
2019			
Assets			
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
Total assets	97,135	5,375	102,510
Liabilities			
Derivatives designated as hedging instruments			
- Cash flow hedges	-	(7,227)	(7,227)
Total liabilities	-	(7,227)	(7,227)

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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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 values of borrowings are disclosed in Note 24(a).

(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>	<u>Authority</u>
	\$'000	\$'000
2020		
Financial assets, at amortised cost	16,684,995	16,449,052
Financial liabilities, at amortised cost	15,206,435	15,150,078
	<hr/>	<hr/>
2019		
Financial assets, at amortised cost	15,259,728	15,017,598
Financial liabilities, at amortised cost	12,926,656	12,859,364
	<hr/>	<hr/>

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>	
	2020	2019
	\$'000	\$'000
Salaries	12,254	13,218
Employer CPF contributions	328	365
Board members' allowances	319	312
	<hr/>	<hr/>
	12,901	13,895

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35. Funds held and managed on behalf by the Authority

Funds held and managed on behalf by the Authority includes:

	Group and Authority	
	2020	2019
	\$'000	\$'000
Bus Service Enhancement Fund [Note 35(a)]	392,064	393,398
Funds to support Research & Development [Note 35(b)]	6,132	5,868
Rail Infrastructure Fund [Note 35(c)]	7,148,929	5,016,038
	7,547,125	5,415,304

(a) Bus Service Enhancement Fund

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

The fund is accounted for as follows:

	Group and Authority	
	2020	2019
	\$'000	\$'000
Income & Expenditure Statement		
Income		
Interest income	3,157	2,731
	3,157	2,731
Expenditure		
Operating subsidy (i)(a)	(4,491)	(4,583)
	(4,491)	(4,583)
End of financial year	(1,334)	(1,852)

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For the financial year ended 31 March 2020

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

(a) Bus Service Enhancement Fund (continued)

Balance Sheet	Group and Authority	
	2020	2019
	\$'000	\$'000
Represented by:		
Assets		
Deposit placed with Monetary Authority of Singapore	323,259	323,259
Deposit placed with AGD	67,698	69,987
Other receivables	1,199	871
	392,156	394,117
Non-current assets		
Buses & bus related assets	5	5
	5	5
Total assets	392,161	394,122
Liabilities		
Other payables	(97)	(724)
	(97)	(724)
Net assets	392,064	393,398
Accumulated surplus		
Beginning of financial year	393,398	395,315
Movement for the financial year	(1,334)	(1,852)
Amount injected into the Authority under Bus Contracting	-	(65)
End of financial year	392,064	393,398

(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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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:

	<u>Group and Authority</u>	
	2020	2019
	\$'000	\$'000
Income & Expenditure Statement		
Expenditure		
Grants disbursed to external parties	(4,590)	(2,423)
End of financial year	<u>(4,590)</u>	<u>(2,423)</u>
Balance Sheet		
Represented by:		
Assets		
Deposit placed with AGD	6,161	5,873
Other receivables	62	25
	<u>6,223</u>	<u>5,898</u>
Liabilities		
Other payables	(91)	(30)
	<u>(91)</u>	<u>(30)</u>
Net assets	<u>6,132</u>	<u>5,868</u>
Accumulated surplus		
Beginning of financial year	5,868	2,699
Funds from National Research Fund	1,851	5,592
Movement for the financial year	(4,590)	(2,423)
End of financial year	<u>6,132</u>	<u>5,868</u>

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For the financial year ended 31 March 2020

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:

	Group and Authority	
	2020	2019
	\$'000	\$'000
Income & Expenditure Statement		
Income		
Interest income	132,891	16,038
	<hr/>	<hr/>
End of financial year	132,891	16,038
	<hr/>	<hr/>
Balance Sheet		
Represented by:		
Assets		
Deposit placed with AGD (Note 38)	7,064,668	5,000,405
Other receivables	84,261	15,633
	<hr/>	<hr/>
	7,148,929	5,016,038
	<hr/>	<hr/>
Accumulated surplus		
Beginning of financial year	5,016,038	-
Funds from Government	2,000,000	5,000,000
Movement for the financial year	132,891	16,038
	<hr/>	<hr/>
End of financial year	7,148,929	5,016,038
	<hr/>	<hr/>

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.

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37. Coronavirus Disease 2019 (“COVID-19”) impact

Since the outbreak of COVID-19 pandemic in early 2020, a series of precautionary and control measures have been undertaken by the Singapore Government, including implementation of the "Circuit Breaker" measures. These measures have affected the Group's and the Authority's business activities, construction works and operations from April 2020.

The Group and the Authority have been adopting measures, including but not limited to flexible work-from-home practices and procurement of supplies for pandemic prevention and control.

In preparing these financial statements, the management of the Group and the Authority have assessed its non-financial assets for indicators of impairment and financial assets for any credit loss provision based on the conditions at the balance sheet date taking into account the COVID-19 situation.

Based on the result of the assessments carried out, there is no impairment charge and credit loss provision that need to be made for the financial year ended 31 March 2020.

As the COVID-19 outbreak has resulted in heightened uncertainty over the macro-economic conditions, the Group's and the Authority's financial results for the financial year ending 31 March 2021 may be affected. The extent of which could not be estimated as at the date of this report.

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38. Events occurring after balance sheet date

On 11 May 2020, the Authority placed cash and bank balances of \$12.4 billion in the Special Singapore Government Securities with flexibility for annual withdrawals of principal amount commencing from May 2022. The amount of \$12.4 billion was made up of \$5.5 billion of LTA cash deposits (Note 9(a)) and \$6.9 billion of the Rail Infrastructure Fund cash deposits (Note 35(c)).

On 27 May 2020, the Authority made the principal and final interest payments on its unsecured 10-year bonds of \$275,000,000 at 2.71% coupon rate upon maturity.

39. New or revised accounting standards and interpretations

Amendments to SB-FRS 103 *Business Combination* (effective for annual periods beginning on or after 1 January 2020)

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under SB-FRS 103. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

Entities can apply a 'concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

These amendments are applied to business combinations and asset acquisitions with acquisition date on or after 1 January 2020. Early application is permitted. The Group does not expect any significant impact arising from applying these amendments.

40. Authorisation of financial statements

These financial statements were authorised for issue by the members of the Authority on 21 August 2020.