

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 2021

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For the financial year ended 31 March 2021

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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 2021 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 2021;
- 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 2021;
- 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 2021. 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 9 and Note 25 to the financial statements)</p> <p>At 31 March 2021, the Group's property, plant and equipment ("PPE") amounted to \$58.2 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 PPE are funded by government grants, the depreciation expense of these PPE 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 2021. 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 2021.</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 PPE 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. The other information 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 other information, 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 financial 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, 8 July 2021

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2021

In \$ millions	Note	General fund		Restricted funds		Total	
		2021	2020	Railway Sinking Fund	Bus and Rail Contracting	2021	2020
				2021	2020		
Group							
Operating income							
- Management fee from Government		717	676	-	-	717	676
- Fare revenue		-	-	-	862	607	862
- Bus & bus related lease income		-	-	-	85	94	85
- Rapid Transit System licence charge		-	-	43	-	43	20
- Other operating income	4	277	353	1	*	279	353
		994	1,029	44	20	1,740	1,996
Operating expenditure							
- Depreciation of property, plant and equipment	9	931	963	125	122	1,324	1,299
- Bond interest		320	328	-	-	320	328
- Service fees and incentives		216	-	-	-	1,880	1,728
- Employee compensation	5	437	436	-	-	437	436
- Maintenance and upkeep		140	128	*	-	143	128
- Information technology expenses		124	115	-	7	128	122
- Agency fees		80	79	-	-	80	79
- Utilities		27	39	-	-	27	39
- Purchases of inventories		16	21	-	-	16	21
- Communications		16	15	-	*	16	15
- Interest expense on lease liabilities	10(c)	*	*	-	19	11	19
- Loss on disposal and write-off of property, plant and equipment		63	4	-	*	63	7
- Other	6(a)	163	132	*	57	235	234
Total operating expenditure		2,533	2,260	125	170	2,022	2,025
Operating deficit		(1,539)	(1,231)	(81)	(150)	(1,320)	(1,078)
Other gains and income - net	6(b)	16	13	23	43	44	64
Deficit before Government grants		(1,523)	(1,218)	(58)	(107)	(1,315)	(1,070)
						(2,896)	(2,395)

* Amount less than \$1,000,000

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 2021

In \$ millions	Note	General fund		Restricted funds		Total	
		2021	2020	Railway Sinking Fund 2021	Bus and Rail Contracting 2020	2021	2020
Group (continued)							
Deficit before Government grants		(1,523)	(1,218)	(58)	(107)	(1,315)	(1,070)
Government grants:							
Deferred capital grants amortised	25	883	814	2	*	77	40
Operating grants		312	33	-	-	1,248	1,046
Long-term grants	24	47	46	-	-	-	-
Bond interest grants		320	328	-	-	-	-
		1,562	1,221	2	*	1,325	1,086
Surplus/(deficit) before contribution to Consolidated Fund and income tax		39	3	(56)	(107)	10	16
Contribution to Consolidated Fund	7	-	-	-	-	-	-
Income tax expense of subsidiaries	8(a)	(1)	(3)	-	-	(1)	(3)
Net surplus/(deficit) for the financial year		38	*	(56)	(107)	10	16
Other comprehensive income:							
<i>Items that may be reclassified subsequently:</i>							
Cash flow hedges	29	(8)	7	(5)	5	-	-
Other comprehensive (loss)/income, net of tax		(8)	7	(5)	5	-	-
Total comprehensive income/(loss)		30	7	(61)	(102)	10	16

* Amount less than \$1,000,000


Chan Heng Loon Alan
Chairman

8 July 2021


Ng Lang
Chief Executive

8 July 2021

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 2021

In \$ millions	Note	General fund		Restricted funds			Total
		2021	2020	Railway Sinking Fund		Bus and Rail Contracting	
				2021	2020		
Authority							
Operating income							
- Management fee from Government		717	676	-	-	-	717
- Fare revenue		-	-	-	-	862	607
- Bus & bus related lease income		-	-	-	-	85	94
- Rapid Transit System licence charge		-	-	43	20	-	43
- Other operating income	4	179	221	1	-	*	181
		896	897	44	20	702	1,642
Operating expenditure							
- Depreciation of property, plant and equipment	9	923	955	125	122	268	1,316
- Bond interest		320	328	-	-	-	320
- Service fees and incentives		216	-	-	-	1,728	1,880
- Employee compensation	5	398	396	-	-	-	398
- Maintenance and upkeep		139	128	*	-	-	142
- Information technology expenses		121	112	-	-	7	125
- Agency fees		82	82	-	-	*	82
- Utilities		27	39	-	-	-	27
- Purchases of inventories		13	14	-	-	-	13
- Communications		16	15	-	-	*	16
- Interest expense on lease liabilities	10(c)	-	-	-	-	19	11
- Loss on disposal and write-off of property, plant and equipment		63	4	-	3	*	63
- Other	6(a)	121	69	*	45	72	193
Total operating expenditure		2,439	2,142	125	170	2,022	4,586
Operating deficit		(1,543)	(1,245)	(81)	(150)	(1,320)	(2,944)
Other gains and income - net	6(b)	12	8	23	43	5	40
Deficit before Government grants		(1,531)	(1,237)	(58)	(107)	(1,315)	(2,904)

* Amount less than \$1,000,000

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 2021

In \$ millions	Note	General fund		Restricted funds			Total		
		2021	2020	Railway Sinking Fund 2021	2020	Bus and Rail Contracting 2021	2020	2021	2020
Authority (continued)									
Deficit before Government grants		(1,531)	(1,237)	(58)	(107)	(1,315)	(1,070)	(2,904)	(2,414)
Government grants:									
Deferred capital grants amortised	25	883	814	2	*	77	40	962	854
Operating grants		311	33	-	-	1,248	1,046	1,559	1,079
Long-term grants	24	47	46	-	-	-	-	47	46
Bond interest grants		320	328	-	-	-	-	320	328
		1,561	1,221	2	*	1,325	1,086	2,888	2,307
Surplus/(deficit) before contribution to Consolidated Fund		30	(16)	(56)	(107)	10	16	(16)	(107)
Contribution to Consolidated Fund	7	-	-	-	-	-	-	-	-
Net surplus/(deficit) for the financial year		30	(16)	(56)	(107)	10	16	(16)	(107)
Other comprehensive income:									
Items that may be reclassified subsequently:									
Cash flow hedges	29	(8)	7	(5)	5	-	-	(13)	12
Other comprehensive (loss)/income, net of tax		(8)	7	(5)	5	-	-	(13)	12
Total comprehensive income/(loss)		22	(9)	(61)	(102)	10	16	(29)	(95)

* Amount less than \$1,000,000

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 2021

In \$ millions	Note	<u>Group</u>		<u>Authority</u>	
		2021	2020	2021	2020
ASSETS					
Non-current assets					
Property, plant and equipment	9	58,246	56,425	58,232	56,413
Investments in subsidiaries	11	-	-	20	20
Financial assets, at amortised cost	18(b)	5,400	-	5,400	-
Derivative financial instruments	12	3	5	3	5
Other non-current assets	13	14	14	14	14
Deferred income tax assets		1	*	-	-
		<u>63,664</u>	<u>56,444</u>	<u>63,669</u>	<u>56,452</u>
Current assets					
Cash and cash equivalents	14	9,880	15,883	9,658	15,659
Trade and other receivables	15	1,827	1,905	1,809	1,884
Inventories	17	12	11	10	8
Financial assets:					
- At fair value through profit or loss	18(a)	112	120	81	89
- At amortised cost	18(b)	100	-	100	-
Derivative financial instruments	12	1	10	1	10
		<u>11,932</u>	<u>17,929</u>	<u>11,659</u>	<u>17,650</u>
Total assets		<u>75,596</u>	<u>74,373</u>	<u>75,328</u>	<u>74,102</u>
LIABILITIES					
Current liabilities					
Trade and other payables	19	3,746	3,992	3,700	3,935
Derivative financial instruments	12	3	3	3	3
Borrowings	22	-	925	-	925
Lease liabilities		121	127	119	125
Current income tax liabilities	8(b)	2	3	-	-
		<u>3,872</u>	<u>5,050</u>	<u>3,822</u>	<u>4,988</u>
Non-current liabilities					
Trade and other payables	23	256	254	256	254
Derivative financial instruments	12	3	2	3	2
Borrowings	22	9,450	9,450	9,450	9,450
Lease liabilities		368	465	365	464
Long-term grants received in advance	24	1,934	1,617	1,934	1,617
Deferred capital grants	25	54,061	51,941	54,075	51,955
Deferred income tax liabilities		*	1	-	-
		<u>66,072</u>	<u>63,730</u>	<u>66,083</u>	<u>63,742</u>
Total liabilities		<u>69,944</u>	<u>68,780</u>	<u>69,905</u>	<u>68,730</u>
NET ASSETS		<u>5,652</u>	<u>5,593</u>	<u>5,423</u>	<u>5,372</u>
EQUITY					
General fund					
- Capital account	26	103	103	103	103
- Share capital	27	1,263	1,225	1,263	1,225
- Accumulated surplus		850	812	621	591
- Other reserves	29	(5)	3	(5)	3
		<u>2,211</u>	<u>2,143</u>	<u>1,982</u>	<u>1,922</u>
Railway Sinking Fund					
- Share capital	27	2,583	2,583	2,583	2,583
- Accumulated deficit	28(a)	(401)	(345)	(401)	(345)
- Other reserves	29	2	7	2	7
		<u>2,184</u>	<u>2,245</u>	<u>2,184</u>	<u>2,245</u>
Bus and Rail Contracting					
- Share capital	27	1,218	1,176	1,218	1,176
- Accumulated surplus	28(b)	39	29	39	29
		<u>1,257</u>	<u>1,205</u>	<u>1,257</u>	<u>1,205</u>
Total equity		<u>5,652</u>	<u>5,593</u>	<u>5,423</u>	<u>5,372</u>
Other funds held and managed by the Authority					
	33	<u>7,642</u>	<u>7,547</u>	<u>7,642</u>	<u>7,547</u>

* Amount less than \$1,000,000

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 2021

In \$ millions	Note	General Fund				Railway Sinking Fund				Bus and Rail Contracting				Total equity
		Capital account	Share capital	Accumulated surplus	Other reserves	Sub-total	Share capital	Accumulated surplus	Other reserves	Sub-total	Share capital	Accumulated surplus	Sub-total	
Group														
2021														
Beginning of financial year		103	1,225	812	3	2,143	2,583	(345)	7	2,245	1,176	29	1,205	5,593
Total comprehensive income for the year														
Net surplus/(deficit) for the financial year		-	-	38	-	38	-	(56)	-	(56)	-	10	10	(8)
Other comprehensive loss		-	-	-	(8)	(8)	-	-	(5)	(5)	-	-	-	(13)
Total comprehensive income/(loss) for the year		-	-	38	(8)	30	-	(56)	(5)	(61)	-	10	10	(21)
Transaction with owners, recognised directly in equity														
Issue of shares	27	-	38	-	-	38	-	-	-	-	42	-	42	80
Total transaction with owners		-	38	-	-	38	-	-	-	-	42	-	42	80
End of financial year		103	1,263	850	(5)	2,211	2,583	(401)	2	2,184	1,218	39	1,257	5,652

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 2021

In \$ millions	Note	General Fund				Railway Sinking Fund			Bus and Rail Contracting			Total equity	
		Capital account	Share capital	Accumulated surplus	Other reserves	Sub-total	Share capital	Accumulated surplus	Other reserves	Sub-total	Share capital		Accumulated surplus
Group (continued)													
2020													
Beginning of financial year		103	1,191	812	(4)	2,102	(238)	2	2,347	1,067	13	1,080	5,529
Total comprehensive income for the year													
Net (deficit)/surplus for the financial year		-	-	*	-	-	(107)	-	(107)	-	16	16	(91)
Other comprehensive income		-	-	-	7	7	-	5	5	-	-	-	12
Total comprehensive income/(loss) for the year		-	-	*	7	7	(107)	5	(102)	-	16	16	(79)
Transaction with owners, recognised directly in equity													
Issue of shares	27	-	34	-	-	34	-	-	-	109	-	109	143
Total transaction with owners		-	34	-	-	34	-	-	-	109	-	109	143
End of financial year		103	1,225	812	3	2,143	(345)	7	2,245	1,176	29	1,205	5,593

* Amount less than \$1,000,000

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 2021

In \$ millions	Note	General Fund				Railway Sinking Fund				Bus and Rail Contracting				Total equity
		Capital account	Share capital	Accumulated surplus	Sub- total	Share capital	Accumulated surplus	Other reserves	Sub- total	Share capital	Accumulated surplus	Sub- total		
Authority														
2021														
Beginning of financial year		103	1,225	591	3	1,922	2,583	(345)	7	2,245	1,176	29	1,205	5,372
Total comprehensive income for the year														
Net surplus/(deficit) for the financial year		-	-	30	-	30	-	(56)	-	(56)	-	10	10	(16)
Other comprehensive loss		-	-	-	(8)	(8)	-	-	(5)	(5)	-	-	-	(13)
Total comprehensive income/(loss) for the year		-	-	30	(8)	22	-	(56)	(5)	(61)	-	10	10	(29)
Transaction with owners, recognised directly in equity														
Issue of shares	27	-	38	-	-	38	-	-	-	-	42	-	42	80
Total transaction with owners		-	38	-	-	38	-	-	-	-	42	-	42	80
End of financial year		103	1,263	621	(5)	1,982	2,583	(401)	2	2,184	1,218	39	1,257	5,423

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 2021

In \$ millions	Note	General Fund				Railway Sinking Fund			Bus and Rail Contracting			Total equity	
		Capital account	Share capital	Accumulated surplus	Other reserves	Sub-total	Share capital	Accumulated surplus	Sub-total	Share capital	Accumulated surplus		Sub-total
Authority (continued)													
2020													
Beginning of financial year		103	1,191	607	(4)	1,897	2,583	(238)	2	2,347	1,067	1,080	5,324
Total comprehensive income for the year													
Net (deficit)/surplus for the financial year		-	-	(16)	-	(16)	-	(107)	-	(107)	-	16	(107)
Other comprehensive income		-	-	-	7	7	-	-	5	5	-	-	12
Total comprehensive income/(loss) for the year		-	-	(16)	7	(9)	-	(107)	5	(102)	-	16	(95)
Transaction with owners, recognised directly in equity	27												
Issue of shares		-	34	-	-	34	-	-	-	-	109	109	143
Total transaction with owners		-	34	-	-	34	-	-	-	-	109	109	143
End of financial year		103	1,225	591	3	1,922	2,583	(345)	7	2,245	1,176	1,205	5,372

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 2021

In \$ millions	Note	2021	Group 2020
Cash flows from operating activities			
Net deficit		(8)	(91)
Adjustments for:			
Bond interest expense		320	328
Interest expense on lease liabilities		11	19
Depreciation of property, plant and equipment	9	1,324	1,299
Government grants		(2,889)	(2,307)
Income tax expense	8(a)	1	3
Interest income on bank deposits, dividend income and gains on investments (net)	6(b)	(44)	(64)
Loss on disposal and write-off of property, plant and equipment		62	7
		(1,223)	(806)
Changes in working capital:			
- Trade and other receivables		1,695	1,094
- Inventories		(1)	*
- Trade and other payables		(574)	(353)
Cash used in operations		(103)	(65)
Income tax paid	8(b)	(3)	(3)
Net cash used in operating activities		(106)	(68)
Cash flows from investing activities			
Purchase of financial assets, at amortised cost		(5,500)	-
Dividend received		1	1
Interest received		67	50
Net receipts from sale and purchase of investments		12	3
Grants received from Government		3,775	5,138
Proceeds from disposal of property, plant and equipment		2	*
Purchase of property, plant and equipment		(3,181)	(4,894)
Net cash (used in)/from investing activities		(4,824)	298
Cash flows from financing activities			
Grants received from Government		236	-
Repayment of borrowings		(925)	-
Payment of bond interest		(323)	(313)
Principal payment of lease liabilities		(130)	(119)
Payment of interest on lease liabilities		(11)	(19)
Proceeds from issuance of bonds		-	1,400
Proceeds from issuance of shares	27	80	143
Discharge of pledged bank deposit		2	-
Net cash (used in)/from financing activities		(1,071)	1,092
Net (decrease)/increase in cash and cash equivalents		(6,001)	1,322
Cash and cash equivalents at beginning of financial year		15,881	14,559
Cash and cash equivalents at the end of financial year	14	9,880	15,881

* Amount less than \$1,000,000

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

**LAND TRANSPORT AUTHORITY OF SINGAPORE
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CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2021

Reconciliation of liabilities arising from financing activities

In \$ millions	1 April 2020	Principal and interest payments	Repayment of borrowings	Non-cash changes			31 March 2021
				Addition during the year	Modification of lease liabilities	Interest expense	
Borrowings	10,375	-	(925)	-	-	-	9,450
Bond interest payable	64	(323)	-	-	-	320	61
Lease liabilities	592	(141)	-	22	5	11	489

In \$ millions	1 April 2019	Principal and interest payments	Proceeds from bond issuance	Non-cash changes			31 March 2020
				Adoption of SB-FRS 116	Addition during the year	Interest expense	
Borrowings	8,975	-	1,400	-	-	-	10,375
Bond interest payable	49	(313)	-	-	-	328	64
Lease liabilities	-	(138)	-	702	9	19	592

Bond interest payable of \$61,000,000 (2020: \$64,000,000) is included within trade and other payables in Note 19.

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

LAND TRANSPORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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, designing, constructing, managing and maintaining roads and related facilities;
- (c) Planning, designing, constructing, managing, operating and maintaining the railway;
- (d) Owning bus and rail operating assets and regulating 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").

LAND TRANSPORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

1. General information (continued)

The principal activities of the subsidiaries are:

<u>Name of subsidiary</u>	<u>Principal activities</u>
Held by the Authority	
MSI Global Private Limited	Provision of consultancy services and development of and/or operations of electronic services related to land transport
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
Transit Link Pte Ltd	Provision of ticket payment services within the transit arena
SG HSR Pte Ltd	Provision of infrastructure engineering design and consultancy services, and/or construction of bridge, tunnel, viaduct and elevated highway
Subsidiary of MSI Global Private Limited	
MSI (Shanghai) Engineering Consultancy Private Limited	Provision of consultancy services and development of and/or operations of electronic services related to land transport

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

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the 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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2021

On 1 April 2020, 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.

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). 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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.2 Revenue (continued)

- (f) Composition fines are recognised at the point of collection of the settlement.
- (g) Transit acquirer and transaction fees, administration fees and revenue from maintenance contracts are recognised over time when the services are rendered. 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 2021

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 that the Group loses control over the subsidiaries.

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.

(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.

LAND TRANSPORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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.

2.4 Property, plant and equipment

(a) Measurement

(i) *Property, plant and equipment*

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

(ii) *Component of costs*

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

LAND TRANSPORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(a) Measurement (continued)

(ii) *Component of costs (continued)*

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. The Group has broad categories of assets, but within each category are different equipment/components with different useful lives. The following are the range of useful lives of different components:

	Useful lives	
	For the financial year ended 31 March	
	2021	2020
Leasehold land	99 years	99 years
Viaducts and tunnels	30 - 99 years	30 - 99 years
Railway tracks (including Rails, Sleepers, Fastening Systems, Turnouts & Ballast)	25 - 99 years	25 - 99 years
Stations, buildings and structures	10 - 99 years	10 - 99 years
Rail rolling stock	15 - 30 years	15 - 40 years
Operating equipment	5 - 50 years	7 - 50 years
Buses & bus related assets	3 - 17 years	3 - 17 years
Motor vehicles	5 - 10 years	5 - 10 years
Computers, furniture, fittings, and office equipment	3 - 10 years	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.

LAND TRANSPORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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 2021

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
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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".

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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 31 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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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 2021

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.

LAND TRANSPORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.13 Leases

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 conveys 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 recognises 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 assets are 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".

- **Lease liabilities**

The initial measurement of a lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For a contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.13 Leases (continued)

When the Group is the lessee (continued)

- **Lease liabilities (continued)**

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 and services transferred by the Group exceed the payments, a contract asset is recognised. If the payments exceed the value of the goods and services transferred, a contract liability is recognised.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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 AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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.

LAND TRANSPORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.20 Government grants

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

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

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

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

2.21 Funds held and managed on behalf by the Authority

Funds held and managed on behalf by the Authority are contributions received from other organisations for specific purposes. The net assets of the funds is presented at the bottom of the balance sheets as prescribed by SB-FRS Guidance Note 3 *Accounting and Disclosures for Trust Funds*. Details of income, expenditure, assets and liabilities are disclosed in Note 33.

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 payment.

LAND TRANSPORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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 PPE are funded by government grants, the depreciation expense of these PPE 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 2021 (2020: \$1.3 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 2021 (2020: \$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 2021 (2020: \$0.4 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.

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2021

4. Other operating income

In \$ millions	At a point in time		Over time		Total	
	2021	2020	2021	2020	2021	2020
<u>Group</u>						
<u>General fund</u>						
Vehicle registration fees	50	64	13	13	63	77
Transit acquirer and transaction fees	7	7	47	67	54	74
Administration fees	-	-	44	60	44	60
Maintenance and service project revenue	-	-	23	25	23	25
Composition fines	15	24	-	-	15	24
Rapid Transit System licensing fees **	19	-	26	23	26	23
Sale of goods	11	32	-	-	19	32
Others	11	18	22	20	33	38
	102	145	175	208	277	353
<u>Restricted fund – Railway Sinking Fund</u>						
Others	1	-	-	-	1	-
<u>Restricted fund – Bus and Rail Contracting</u>						
Others	-	-	1	*	1	*
	103	145	176	208	279	353

* Amount less than \$1,000,000

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

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

For the financial year ended 31 March 2021

4. Other operating income (continued)

In \$ millions	At a point in time		Over time		Total	
	2021	2020	2021	2020	2021	2020
<u>Authority</u>						
General fund						
Vehicle registration fees	50	64	13	13	63	77
Administration fees	-	-	44	60	44	60
Composition fines	15	24	-	-	15	24
Rapid Transit System licensing fees **	-	-	26	23	26	23
Sale of goods	12	17	-	-	12	17
Others	7	12	12	8	19	20
	84	117	95	104	179	221
<u>Restricted fund – Railway Sinking Fund</u>						
Others	1	-	-	-	1	-
<u>Restricted fund – Bus and Rail Contracting</u>						
Others	-	-	1	*	1	*
	85	117	96	104	181	221

* Amount less than \$1,000,000

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

5. Employee compensation

In \$ millions	<u>Group</u>		<u>Authority</u>	
	2021	2020	2021	2020
Salaries and wages	719	745	684	709
Employer's contribution to Central Provident Fund	84	86	80	82
Pensions and gratuities benefits	1	1	1	1
	<u>804</u>	<u>832</u>	<u>765</u>	<u>792</u>
Less: Employee compensation capitalised in property, plant and equipment	(367)	(396)	(367)	(396)
	<u>437</u>	<u>436</u>	<u>398</u>	<u>396</u>

6(a). Other operating expenditure

Included within Other operating expenditure for the financial year ended 31 March 2020 is an amount of \$43,000,000 which relates to an adjustment passed to present the write-off of certain property, plant and equipment in the financial year ended 31 March 2019 under the appropriate fund category.

In the 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 \$43,000,000. In the financial year ended 31 March 2020, based on the direction received from the Government then, it was determined that the write-off would be funded by the Railway Sinking Fund. Accordingly, the Group and the Authority recorded the following in the financial statements for the financial year ended 31 March 2020:

- A reversal of write-off of property, plant and equipment and corresponding government grant income of \$43,000,000 under the General fund.
- A write-off of property, plant and equipment of \$43,000,000 under the Railway Sinking Fund.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

6(b). Other gains and income - net

In \$ millions	<u>Group</u>		<u>Authority</u>	
	2021	2020	2021	2020
<u>General fund</u>				
Interest income from deposits	7	13	5	8
Fair value losses from financial assets, at fair value through profit or loss	5	(4)	5	(3)
Gross dividend income	1	1	*	*
Interest income from investment in debt securities	3	3	2	3
	9	*	7	*
	16	13	12	8
<u>Restricted fund – Railway Sinking Fund</u>				
Interest income from deposits	17	43	17	43
Interest income from investment in financial assets, at amortised cost	6	-	6	-
	23	43	23	43
<u>Restricted fund – Rail and Bus Contracting</u>				
Interest income from deposits	5	8	5	8
	44	64	40	59

* Amount less than \$1,000,000

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 contribution is based on a percentage of the Authority's net surplus as specified by the Minister for Finance. The contribution rate is pegged to the prevailing corporate tax rate and the applicable rate for 2021 is 17% (2020: 17%).

The Authority's contribution to consolidated fund for 2021 is \$Nil (2020: \$Nil) due to a net deficit position. The Authority has approximately \$493,000,000 (2020: \$477,000,000) of unrecognised unutilised deficits to be carried forward to offset against future surpluses.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

8. Income taxes

(a) Income tax expense

In \$ millions	2021	Group 2020
Tax expense attributable to deficit is made up of:		
- Current income tax	2	3
- Deferred income tax	(1)	-
	<u>1</u>	<u>3</u>
Deficit before income tax	<u>(7)</u>	<u>(88)</u>
Tax calculated at a tax rate of 17% (2020: 17%)	(1)	(15)
Effects of:		
- Deficit of the Authority exempted from income tax	2	18
	<u>1</u>	<u>3</u>

For the financial year ended 31 March 2021, a subsidiary has unrecognised unutilised tax losses of approximately \$2,000,000 (2020 : \$NIL) at the balance sheet date as the subsidiary has assessed that the availability of future taxable profits which the unutilised tax losses can be utilised is uncertain. These tax losses can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. These tax losses have no expiry date.

(b) Movements in current income tax liabilities

In \$ millions	2021	Group 2020
Beginning of financial year	3	3
Income tax paid, net of refund	(3)	(3)
Tax expense	<u>2</u>	<u>3</u>
End of financial year	<u>2</u>	<u>3</u>

LAND TRANSPORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

9. Property, plant and equipment

In \$ millions	Leasehold land	Viaducts and tunnels	Railway tracks	Stations, buildings and structures	Rail rolling stock	Operating equipment	Buses & bus related assets	Computers	Motor vehicles	Furniture, fittings, and office equipment	Construction-in-progress	Total
Group												
2021												
<i>Cost</i>												
Beginning of financial year	2,957	12,111	1,879	17,116	4,314	7,387	1,870	338	15	67	18,187	66,241
Additions	22	-	-	5	-	-	-	9	-	-	3,177	3,213
Reclassification	-	-	-	-	-	-	-	-	-	-	-	-
Transferred from construction-in-progress	-	5	2	66	35	190	101	31	2	1	(433)	-
Disposals and write-off	(13)	(2)	-	-	(4)	(65)	(11)	(5)	(1)	(1)	(60)	(162)
End of financial year	2,966	12,114	1,881	17,187	4,345	7,512	1,960	373	16	67	20,871	69,292
<i>Accumulated depreciation</i>												
Beginning of financial year	408	1,188	248	2,855	1,249	3,134	423	259	8	44	-	9,816
Depreciation charge	42	131	44	245	219	375	217	42	2	7	-	1,324
Reclassification	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	(13)	-	-	-	(4)	(63)	(7)	(5)	(1)	(1)	-	(94)
End of financial year	437	1,319	292	3,100	1,464	3,446	633	296	9	50	-	11,046
Net book value at 31 March 2021	2,529	10,795	1,589	14,087	2,881	4,066	1,327	77	7	17	20,871	58,246

* Amount less than \$1,000,000

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 rolling stock and operating equipment (2020: viaducts and tunnels, buildings and structures and operating equipment). 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 2021 and 31 March 2020. The revised useful lives are disclosed under Note 2.4(b) to the financial statements.

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

For the financial year ended 31 March 2021

9. Property, plant and equipment (continued)

In \$ millions	Leasehold land	Viaducts and tunnels	Railway tracks	Stations, buildings and structures	Rail rolling stock	Operating equipment	Buses & bus related assets	Computers	Motor vehicles	Furniture, fittings, and office equipment	Construction-in-progress	Total
Group (continued)												
2020												
Cost												
Beginning of financial year	2,787	11,299	1,700	15,583	4,134	6,680	1,101	288	17	64	17,009	60,662
Adoption of SB-FRS 116 (Note 2.1)	19	-	-	5	-	-	678	*	-	-	-	702
Additions	2	-	-	*	-	-	-	12	-	-	4,906	4,920
Reclassification	-	(10)	*	(14)	(6)	30	-	*	-	*	-	-
Transferred from construction-in-progress	149	822	179	1,542	197	704	91	40	*	4	(3,728)	-
Disposals and write-off	-	-	-	*	(11)	(27)	*	(2)	(2)	(1)	-	(43)
End of financial year	2,957	12,111	1,879	17,116	4,314	7,387	1,870	338	15	67	18,187	66,241
Accumulated depreciation												
Beginning of financial year	368	1,070	206	2,622	1,050	2,745	225	222	9	39	-	8,556
Depreciation charge	40	120	42	237	210	405	198	40	1	6	-	1,299
Reclassification	-	(2)	-	(4)	(2)	8	-	*	-	-	-	-
Disposals	-	-	-	*	(9)	(24)	*	(3)	(2)	(1)	-	(39)
End of financial year	408	1,188	248	2,855	1,249	3,134	423	259	8	44	-	9,816
Net book value at 31 March 2020	2,549	10,923	1,631	14,261	3,065	4,253	1,447	79	7	23	18,187	56,425

* Amount less than \$1,000,000

**LAND TRANSPORT AUTHORITY OF SINGAPORE
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9. Property, plant and equipment (continued)

In \$ millions	Leasehold land	Viaducts and tunnels	Railway tracks	Stations, buildings and structures	Rail rolling stock	Operating equipment	Buses & bus related assets	Computers	Motor vehicles	Furniture, fittings, and office equipment	Construction- in-progress	Total
Authority												
2021												
Cost												
Beginning of financial year	2,957	12,111	1,879	17,112	4,314	7,375	1,870	322	15	64	18,185	66,204
Additions	22	-	-	-	-	-	-	4	-	-	3,177	3,203
Reclassification	-	*	-	*	*	*	*	-	-	-	-	-
Transferred from construction-in-progress	*	5	2	66	35	189	101	30	2	1	(431)	-
Disposals and write-off	(13)	(2)	-	*	(4)	(65)	(11)	(5)	(1)	(1)	(50)	(162)
End of financial year	2,966	12,114	1,881	17,178	4,345	7,499	1,960	351	16	64	20,871	69,245
Accumulated depreciation												
Beginning of financial year	408	1,188	248	2,853	1,249	3,123	423	249	8	42	-	9,791
Depreciation charge	42	131	44	244	219	373	217	38	2	6	-	1,316
Reclassification	-	*	-	*	-	*	*	-	-	-	-	-
Disposals	(13)	*	-	*	(4)	(63)	(7)	(5)	(1)	(1)	-	(94)
End of financial year	437	1,319	292	3,097	1,464	3,433	633	282	9	47	-	11,013
Net book value at 31 March 2021	2,529	10,795	1,589	14,081	2,881	4,066	1,327	69	7	17	20,871	58,232

* Amount less than \$1,000,000

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

9. Property, plant and equipment (continued)

In \$ millions	Leasehold land	Viaducts and tunnels	Railway tracks	Stations, buildings and structures	Rail rolling stock	Operating equipment	Buses & bus related assets	Computers	Motor vehicles	Furniture, fittings, and office equipment	Construction- in-progress	Total
Authority (continued)												
2020												
Cost												
Beginning of financial year	2,787	11,299	1,700	15,583	4,134	6,668	1,101	276	17	61	17,008	60,634
Adoption of SB-FRS 116												
(Note 2.1)	19	-	-	1	-	-	678	*	-	-	-	698
Additions	2	-	-	*	-	-	-	8	-	*	4,905	4,915
Reclassification	-	(10)	-	(14)	(6)	30	-	-	-	-	-	-
Transferred from												
construction-in-progress	149	822	179	1,542	197	704	91	40	*	4	(3,728)	-
Disposals and write-off	-	-	-	-	(11)	(27)	*	(2)	(2)	(1)	-	(43)
End of financial year	2,957	12,111	1,879	17,112	4,314	7,375	1,870	322	15	64	18,185	66,204
Accumulated depreciation												
Beginning of financial year	368	1,070	206	2,622	1,050	2,737	225	214	9	37	-	8,538
Depreciation charge	40	120	42	235	210	402	198	37	1	6	-	1,291
Reclassification	-	(2)	-	(4)	(2)	8	-	*	-	-	-	-
Disposals	-	-	-	-	(9)	(24)	*	(2)	(2)	(1)	-	(38)
End of financial year	408	1,188	248	2,853	1,249	3,123	423	249	8	42	-	9,791
Net book value at 31 March 2020	2,549	10,923	1,631	14,259	3,065	4,252	1,447	73	7	22	18,185	56,413

* Amount less than \$1,000,000

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

For the financial year ended 31 March 2021

10. Leases – The Group and the Authority as a lessee

Leasehold land

The Group and the Authority has made upfront payments to secure the right-of-use of 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 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 covenants on these lease arrangements.

(a) Carrying amounts

ROU assets classified within Property, plant and equipment

In \$ millions	31 March 2021	1 April 2020
Group		
Leasehold land	2,529	2,549
Building and structures	5	3
Buses & bus related assets	449	571
Computers	7	7
	<u>2,990</u>	<u>3,130</u>
Authority		
Leasehold land	2,529	2,549
Building and structures	*	1
Buses & bus related assets	449	571
Computers	7	7
	<u>2,985</u>	<u>3,128</u>

* Amount less than \$1,000,000

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For the financial year ended 31 March 2021

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

In \$ millions	<u>Group</u>		<u>Authority</u>	
	2021	2020	2021	2020
(b) <i>Depreciation charge during the year</i>				
Leasehold land	42	40	42	40
Building and structures	3	3	1	1
Buses & bus related assets	119	107	119	107
Computers	3	1	3	1
Total	167	151	165	149
(c) <i>Interest expense</i>				
Interest expense on lease liabilities	11	19	11	19
(d) <i>Lease expense not capitalised in lease liabilities</i>				
Lease expense – short-term leases	*	3	*	3
Lease expense – low-value leases	8	6	7	6
Total	8	9	7	9

* Amount less than \$1,000,000

- (e) Total cash outflow for all the leases in 2021 was \$149,000,000 (2020: \$148,000,000) and \$145,000,000 (2020: \$146,000,000) for the Group and the Authority respectively.
- (f) Addition of ROU assets and modification of lease liabilities for the Group during the financial year 2021 was \$22,000,000 and \$5,000,000 (2020: \$158,000,000 and \$Nil). Addition of ROU assets for the Authority during the financial year 2021 was \$22,000,000 (2020: \$158,000,000).

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11. Investments in subsidiaries

In \$ millions			2021		Authority 2020		
Equity investment at cost:							
Beginning and end of financial year			20		20		
The following are the subsidiaries as at 31 March 2021:							
	Name of subsidiary	Principal activities	Country of business/ incorporation	Equity holding		Cost of investment	
				2021 %	2020 %	2021 \$ Mil	2020 \$ Mil
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	1	1
(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	15	15
(1)	Transit Link Pte Ltd	Provision of ticket payment services within the transit arena	Singapore	100	100	3	3
(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	1
						20	20
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 XinYun Certified Public Accountants Partnership.						
(3)	Held through a subsidiary.						

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12. Derivative financial instruments

In \$ millions	Contract/ Notional Amount	<u>Group and Authority</u>	
		Fair value	
		Assets	Liabilities
2021			
<i>Cash-flow hedges</i>			
- Foreign currency contracts	408	4	(6)
Total		4	(6)
Less: Current portion		1	(3)
Non-current portion		3	(3)
2020			
<i>Cash-flow hedges</i>			
- Foreign currency contracts	409	15	(5)
Total		15	(5)
Less: Current portion		10	(3)
Non-current portion		5	(2)

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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13. 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.

14. Cash and cash equivalents

In \$ millions	<u>Group</u>		<u>Authority</u>	
	2021	2020	2021	2020
Cash at bank and on hand	141	144	20	19
Short-term bank deposits	99	97	-	-
Deposits placed with Accountant-General's Department ("AGD") [Note 14(a)]	9,638	15,640	9,638	15,640
Cash at bank and short-term bills managed by fund managers [Note 18(a)]	2	2	-	-
	<u>9,880</u>	<u>15,883</u>	<u>9,658</u>	<u>15,659</u>
Cash at bank (refundable card proceeds)	209	219	54	36
Cash held by a subsidiary (refundable card proceeds) [Note 14(b)]	-	-	6	25
Less: Amounts due to cardholders	<u>(209)</u>	<u>(219)</u>	<u>(60)</u>	<u>(61)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Refundable card proceeds comprises the following:

In \$ millions	<u>Group</u>		<u>Authority</u>	
	2021	2020	2021	2020
Refundable card proceeds [Note 14(c)]	199	210	60	61
Clearing account [Note 14(d)]	10	9	-	-
	<u>209</u>	<u>219</u>	<u>60</u>	<u>61</u>

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14. Cash and cash equivalents (continued)

- (a) Deposits placed with AGD comprise balances of \$9,638,000,000 (2020: \$15,640,000,000) which are centrally managed by AGD under the Centralised Liquidity Management Framework ("CLM").
- (b) Cash held by a subsidiary relates to concession card float held for the purpose of facilitating concession card settlement on behalf of the Authority.
- (c) Refundable card proceeds as at 31 March 2021 relate to the stored value on the contactless smart cards and prepaid cards issued. Included in refundable card proceeds is \$139,000,000 (2020: \$149,000,000) 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.
- (d) 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.
- (e) The Authority's utilisation of \$6,000,000,000 (2020: \$10,198,000,000) of the cash and cash equivalents is subject to approval from the Government.

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

In \$ millions	2021	<u>Group</u>	2020
Cash and bank balances (as above)	9,880		15,883
Less: Fixed deposit pledged to a bank	*		(2)
	<u>9,880</u>		<u>15,881</u>

* Amount less than \$1,000,000

A fixed deposit of \$Nil (2020: \$2,000,000) has been pledged to a bank for the issue of letters of guarantee to customers.

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15. Trade and other receivables - current

In \$ millions	<u>Group</u>		<u>Authority</u>	
	2021	2020	2021	2020
Due from subsidiaries	-	-	21	18
Due from Government	450	476	450	476
Trade receivables	20	23	-	-
Other receivables	99	119	96	115
Advances to contractors	1,172	1,073	1,172	1,073
Contract assets (Note 16)	10	5	-	-
Accrued interest and dividend receivable	49	190	49	188
Prepayments	25	17	20	13
Deposits	2	2	1	1
	1,827	1,905	1,809	1,884

16. Balances from revenue contracts with customers

(a) Contracts assets/(contract liabilities)

In \$ millions	<u>Group</u>		
	31 March 2021	31 March 2020	1 April 2019
Contract assets (Note 15)	10	5	5
Contract liabilities (Note 19)	(3)	(4)	(13)

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. The contract assets balances for the Group increased as the Group provided more services ahead of the agreed payment schedules.

(b) Revenue recognised in relation to contract liabilities

In \$ millions	<u>Group</u>	
	2021	2020
Revenue recognised in current period that was included in the contract liabilities balance at the beginning of the period	3	9

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16. Balances from revenue contracts with customers (continued)

(c) Unsatisfied performance obligations

In \$ millions	31 March 2021	<u>Group</u> 1 April 2020
Aggregated amount of transaction price allocated to contracts that are partially or fully unsatisfied	<u>42</u>	<u>30</u>

Management expects that the transaction price allocated to unsatisfied performance obligations as of 31 March 2021 and 31 March 2020 may be recognised as revenue in the next reporting period as follows:

In \$ millions	2021	2022	2023	2024	2025	Total
Partial and fully unsatisfied performance obligations as at:						
31 March 2021	-	21	11	7	3	42
31 March 2020	14	9	4	2	1	30

(d) Trade receivables from contracts with customers

In \$ millions	Note	31 March 2021	<u>Group</u> 31 March 2020	1 April 2019
Trade receivables from contracts with customers	15	20	23	35
Less: Allowance for impairment of receivables – non-related parties	15	-	-	(1)
		<u>20</u>	<u>23</u>	<u>34</u>

17. Inventories

In \$ millions	2021	<u>Group</u> 2020	2021	<u>Authority</u> 2020
Finished goods	<u>12</u>	<u>11</u>	<u>10</u>	<u>8</u>

The cost of inventories recognised as an expense in income or expenditure amounted to \$15,000,000 (2020: \$22,000,000).

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18(a). Financial assets, at fair value through profit or loss

In \$ millions	<u>Group</u>		<u>Authority</u>	
	2021	2020	2021	2020
Financial assets, at fair value through profit or loss				
- Quoted equity securities	17	14	13	10
- Quoted debt securities	95	106	68	79
	<u>112</u>	<u>120</u>	<u>81</u>	<u>89</u>
Represented by:				
- Internally managed	81	89	81	89
- Externally managed	31	31	-	-
	<u>112</u>	<u>120</u>	<u>81</u>	<u>89</u>

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

In \$ millions	<u>Group</u>		<u>Authority</u>	
	2021	2020	2021	2020
Singapore Dollar	108	107	81	89
United States Dollar	3	12	-	-
Others	1	1	-	-
	<u>112</u>	<u>120</u>	<u>81</u>	<u>89</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:

In \$ millions	<u>Group</u>		<u>Authority</u>	
	2021	2020	2021	2020
Financial assets, at fair value through profit or loss				
- Quoted equity securities	4	4	-	-
- Quoted debt securities	27	27	-	-
	<u>31</u>	<u>31</u>	<u>-</u>	<u>-</u>
Other assets/(liabilities)*:				
- Cash at bank and short-term bills (Note 14)	2	2	-	-
	<u>33</u>	<u>33</u>	<u>-</u>	<u>-</u>

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

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18(b). Financial assets, at amortised cost

In \$ millions	<u>Group</u>		<u>Authority</u>	
	2021	2020	2021	2020
<i>Current</i>				
Special Singapore Government Securities	100	-	100	-
<i>Non-current</i>				
Special Singapore Government Securities	5,400	-	5,400	-
	5,500	-	5,500	-

The Authority invested in fixed rate Special Singapore Government Securities. The interest rate on these securities is 1.37% per annum.

The fair value of the financial assets carried at amortised cost approximate their carrying amounts.

19. Trade and other payables - current

In \$ millions	<u>Group</u>		<u>Authority</u>	
	2021	2020	2021	2020
Due to subsidiaries	-	-	1	1
Payable to Government	50	79	50	79
Trade and other payables	1,419	1,683	1,378	1,631
Retention monies due to contractors	133	123	133	123
Advances due to Government (Note 20)	36	227	36	227
Grants received in advance				
- Development projects (Note 21)	1,937	1,610	1,937	1,610
- Bond interest	36	139	36	139
Deposits	82	96	81	95
Accrual of annual leave	50	30	48	29
Contract liabilities (Note 16)	3	4	-	-
Provision for pensions and gratuities	*	1	*	1
	3,746	3,992	3,700	3,935

* Amount less than \$1,000,000

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20. Advances due to Government

In \$ millions	<u>Group and Authority</u>	
	2021	2020
Beginning of financial year	227	237
Amount received during the financial year	779	1,125
Amount utilised during the financial year	(970)	(1,135)
End of financial year	<u>36</u>	<u>227</u>

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.

21. Grants received in advance from Government

In \$ millions	<u>Group and Authority</u>	
	2021	2020
Beginning of financial year	1,610	1,153
Grants received from Government	3,410	5,137
Grants utilised and transferred to deferred capital grants (Note 25)	(3,083)	(4,680)
End of financial year	<u>1,937</u>	<u>1,610</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 rail and rail-related assets.

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22. 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>Principal</u>				
2021 \$ Mil	2020 \$ Mil	%		
-	275	2.710	10 years	27 May 2020
-	650	2.730	5 years	18 Sep 2020
600	600	2.570	7 years	31 Aug 2022
200	200	2.900	20 years	19 June 2023
500	500	3.275	15 years	29 Oct 2025
600	600	3.090	12 years	31 Aug 2027
300	300	2.750	10 years	19 Mar 2028
650	650	3.510	15 years	18 Sep 2030
1,200	1,200	3.350	30 years	19 Mar 2048
1,000	1,000	3.430	35 years	30 Oct 2053
1,400	1,400	3.300	35 years	03 Jun 2054
1,500	1,500	3.450	40 years	30 Jul 2058
1,500	1,500	3.380	40 years	30 Jan 2059
9,450	10,375			

In \$ millions

Amount payable within one year
Amount payable after one year

Group and Authority
2021 **2020**

-	925
9,450	9,450
9,450	10,375

Fair value of borrowings

Unsecured bonds

10,737	12,133
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The fair values above were based on quoted market ask prices at the balance sheet date.

23. Trade and other payables - non-current

In \$ millions	<u>Group</u>		<u>Authority</u>	
	2021	2020	2021	2020
Retention monies due to contractors	254	252	254	252
Provision for pensions and gratuities	2	2	2	2
	256	254	256	254

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24. 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.

In \$ millions	<u>Group and Authority</u>	
	2021	2020
Beginning of financial year	1,617	1,802
Long-term grants received	400	-
Reclassified to Grants in advance - Bond interest (Note 19)	(36)	(139)
	<u>1,981</u>	<u>1,663</u>
Less:		
- Amortisation to income or expenditure	(47)	(46)
End of financial year	<u>1,934</u>	<u>1,617</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.

25. Deferred capital grants

In \$ millions	<u>Group</u>		<u>Authority</u>	
	2021	2020	2021	2020
Beginning of financial year	51,941	48,132	51,955	48,146
Capital grants received and utilised (Note 21)	3,083	4,680	3,083	4,680
	<u>55,024</u>	<u>52,812</u>	<u>55,038</u>	<u>52,826</u>
Less:				
- Amortisation to income or expenditure	(962)	(854)	(962)	(854)
- Asset transferred to Government*	(1)	(17)	(1)	(17)
End of financial year	<u>54,061</u>	<u>51,941</u>	<u>54,075</u>	<u>51,955</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 \$874 million (2020: \$871 million).

* During the financial year ended 31 March 2021, property, plant and equipment of \$1,000,000 (2020: \$17,000,000) were transferred back to the Government under the direction of the Government. Accordingly, the corresponding deferred capital grants of the same amount were derecognised.

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26. 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.

27. Share capital

	<u>No. of shares</u>	<u>Amount</u>
	Mil	\$ Mil
Authority		
2021		
Beginning of financial year	4,984	4,984
Shares issued		
- General fund	38	38
- Bus and Rail Contracting	42	42
End of financial year	<u>5,064</u>	<u>5,064</u>
2020		
Beginning of financial year	4,841	4,841
Shares issued		
- General fund	34	34
- Bus and Rail Contracting	109	109
End of financial year	<u>4,984</u>	<u>4,984</u>
Comprising		
2021		
- General fund	1,263	1,263
- Railway Sinking Fund	2,583	2,583
- Bus and Rail Contracting	1,218	1,218
	<u>5,064</u>	<u>5,064</u>
2020		
- General fund	1,225	1,225
- Railway Sinking Fund	2,583	2,583
- Bus and Rail Contracting	1,176	1,176
	<u>4,984</u>	<u>4,984</u>

During the financial year, the Authority issued 80,000,000 (2020: 143,000,000) shares for cash consideration of \$80,000,000 (2020: \$143,000,000).

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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28. Accumulated surplus/(deficit)

(a) 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).

Details of the fund are as follows:

In \$ millions	<u>Group and Authority</u>	
	2021	2020
Net deficit for the financial year	(56)	(238)
Accumulated deficit at beginning of the year	(345)	(107)
Accumulated deficit at end of the year	(401)	(345)
Represented by:		
Property, plant and equipment	1,758	1,590
Cash and cash equivalents	2,038	2,316
Trade and other receivables	353	358
Financial assets, at amortised cost	500	-
Derivative financial instruments	2	7
Trade and other payables	(44)	(77)
Grants received in advance	(1,924)	(1,713)
Deferred capital grants	(499)	(236)
Share capital	(2,583)	(2,583)
Other reserves	(2)	(7)
	(401)	(345)

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28. Accumulated surplus/(deficit) (continued)

(b) Restricted funds – Bus and Rail Contracting

The accumulated surplus of Bus and Rail Contracting includes:

In \$ millions	Group and Authority	
	2021	2020
Bus Contracting [Note 28(b)(i)]	39	29
Rail Contracting [Note 28(b)(ii)]	*	-
	39	29

* Amount less than \$1,000,000

(i) Bus Contracting

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 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.

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28. Accumulated surplus/(deficit) (continued)

(b) Restricted funds – Bus and Rail Contracting (continued)

(i) Bus Contracting (continued)

Details of the fund are as follows:

In \$ millions	Group and Authority	
	2021	2020
Operating income		
- Fare revenue	606	862
- Bus & bus related lease income	94	85
- Other operating income	*	*
	700	947
Operating expenditure		
- Depreciation of property, plant and equipment	209	192
- Service fees and incentives	1,536	1,705
- Information technology expenses	3	5
- Communications	*	*
- Interest expense on lease liabilities	11	19
- Loss on disposal and write-off of property, plant and equipment	*	*
- Other	62	56
Total operating expenditure	1,821	1,977
Operating deficit	(1,121)	(1,030)
Other gains and income - net	5	8
Deficit before Government grants	(1,116)	(1,022)
Government grants:		
Deferred capital grants amortised	12	15
Operating grants	1,114	1,023
	1,126	1,038
Surplus before contribution to Consolidated Fund	10	16
Contribution to Consolidated Fund	-	-
Net surplus for the financial year	10	16
Accumulated surplus at the beginning of the year	29	13
Accumulated surplus at the end of the year	39	29
Represented by:		
Property, plant and equipment	1,369	1,528
Cash and cash equivalents	579	470
Trade and other receivables	211	242
Trade and other payables	(417)	(430)
Lease liabilities	(456)	(571)
Deferred capital grants	(29)	(34)
Share capital	(1,218)	(1,176)
	39	29

* Amount less than \$1,000,000

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28. Accumulated surplus/(deficit) (continued)

(b) Restricted funds – Bus and Rail Contracting (continued)

(ii) 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 result in a deficit, the net operating costs will be funded by operating grants from the Government.

Details of the fund are as follows:

In \$ millions	Group and Authority	
	2021	2020
Operating income		
- Fare revenue	1	*
- Other operating income	1	*
	<u>2</u>	<u>*</u>
Operating expenditure		
- Depreciation of property, plant and equipment	59	22
- Service fees and incentives	128	23
- Maintenance and upkeep	3	-
- Information technology expenses	1	2
- Other	10	1
Total operating expenditure	<u>201</u>	<u>48</u>
Operating deficit	(199)	(48)
Other gains and income - net	-	-
Deficit before Government grants	<u>(199)</u>	<u>(48)</u>
Government grants:		
Deferred capital grants amortised	65	25
Operating grants	134	23
	<u>199</u>	<u>48</u>
Surplus before contribution to Consolidated Fund	*	-
Contribution to Consolidated Fund	-	-
Net surplus for the financial year	<u>*</u>	<u>-</u>
Accumulated surplus at the beginning of the year	-	-
Accumulated surplus at the end of the year	<u>*</u>	<u>-</u>
Represented by:		
Property, plant and equipment	18,861	11,771
Cash and cash equivalents	4	*
Trade and other receivables	2,964	222
Trade and other payables	(2,968)	(222)
Deferred capital grants	(18,861)	(11,771)
	<u>*</u>	<u>-</u>

* Amount less than \$1,000,000

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For the financial year ended 31 March 2021

29. Other reserves

In \$ millions		<u>Group and Authority</u>	
		2021	2020
(a)	<u>Composition:</u>		
	Hedging reserve	(3)	10
		(3)	10
	<u>Included in:</u>		
	- General fund	(5)	3
	- Railway Sinking Fund	2	7
		(3)	10
(b)	<u>Movements:</u>		
	Hedging reserve		
	Beginning of financial year	10	(2)
	Net movement in cash flow hedges		
	- General fund	(8)	7
	- Railway Sinking Fund	(5)	5
	End of financial year	(3)	10

Other reserves are non-distributable.

30. 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:

In \$ millions	<u>Group and Authority</u>	
	2021	2020
Amounts approved and contracted for	13,184	8,821

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For the financial year ended 31 March 2021

31. Financial risk management

Financial risk factors

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

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

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

(a) Market risk

(i) Currency risk

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

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

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 not exposed to significant 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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31. Financial risk management (continued)

(a) Market risk (continued)

(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 24, 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.

(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 adopting the policy of dealing only with high credit quality counterparties. 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.

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31. Financial risk management (continued)

(b) Credit risk (continued)

(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. In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress, which management has assessed separately from the trade receivables due to the specific credit risk characteristics of the respective contracts. Management monitors the contract assets balance by individual contracts and concluded that there was no credit loss for these contract assets.

The Group's trade receivables as at 31 March 2021 and 31 March 2020 are set out as follows:

In \$ millions	Group	
	31 March 2021	31 March 2020
<u>Trade receivables</u>		
Not past due	13	15
Past due 0 to 3 months	6	7
Past due 3 to 6 months	1	1
	20	23

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 as at 31 March 2021 is immaterial.

Trade receivables 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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31. 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.

In \$ millions	Less than 1 year	Between 1 and 5 years	Over 5 years
Group			
At 31 March 2021			
Gross-settled foreign currency contracts			
- Assets	(147)	(253)	(7)
- Liabilities	149	253	7
Other financial liabilities	3,693	182	72
Borrowings	310	2,474	14,818
Lease liabilities	135	396	25
	4,140	3,052	14,915
At 31 March 2020			
Gross-settled foreign currency contracts			
- Assets	(211)	(193)	(6)
- Liabilities	204	190	6
Other financial liabilities	3,957	163	90
Borrowings	1,249	1,995	15,607
Lease liabilities	140	436	96
	5,339	2,591	15,793
Authority			
At 31 March 2021			
Gross-settled foreign currency contracts			
- Assets	(147)	(253)	(7)
- Liabilities	149	253	7
Other financial liabilities	3,652	182	72
Borrowings	310	2,474	14,818
Lease liabilities	133	393	25
	4,097	3,049	14,915
At 31 March 2020			
Gross-settled foreign currency contracts			
- Assets	(211)	(193)	(6)
- Liabilities	204	190	6
Other financial liabilities	3,904	163	90
Borrowings	1,249	1,995	15,607
Lease liabilities	138	436	96
	5,284	2,591	15,793

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For the financial year ended 31 March 2021

31. 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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For the financial year ended 31 March 2021

31. Financial risk management (continued)

(e) Fair value measurements (continued)

The following table presents the assets and liabilities measured at fair value at 31 March 2021:

In \$ millions	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<u>Group</u>			
<u>2021</u>			
Assets			
Financial assets, at fair value through profit or loss			
- Equities securities	17	-	17
- Debt securities	95	-	95
Derivatives designated as hedging instruments			
- Cash flow hedges	-	4	4
Total assets	112	4	116
Liabilities			
Derivatives designated as hedging instruments			
- Cash flow hedges	-	(6)	(6)
Total liabilities	-	(6)	(6)

In \$ millions	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<u>Group</u>			
<u>2020</u>			
Assets			
Financial assets, at fair value through profit or loss			
- Equities securities	14	-	14
- Debt securities	106	-	106
Derivatives designated as hedging instruments			
- Cash flow hedges	-	15	15
Total assets	120	15	135
Liabilities			
Derivatives designated as hedging instruments			
- Cash flow hedges	-	(5)	(5)
Total liabilities	-	(5)	(5)

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31. Financial risk management (continued)

(e) Fair value measurements (continued)

In \$ millions	Level 1	Level 2	Total
Authority			
2021			
Assets			
Financial assets, at fair value through profit or loss			
- Equities securities	13	-	13
- Debt securities	68	-	68
Derivatives designated as hedging instruments			
- Cash flow hedges	-	4	4
Total assets	81	4	85
Liabilities			
Derivatives designated as hedging instruments			
- Cash flow hedges	-	(6)	(6)
Total liabilities	-	(6)	(6)

In \$ millions	Level 1	Level 2	Total
Authority			
2020			
Assets			
Financial assets, at fair value through profit or loss			
- Equities securities	10	-	10
- Debt securities	79	-	79
Derivatives designated as hedging instruments			
- Cash flow hedges	-	15	15
Total assets	89	15	104
Liabilities			
Derivatives designated as hedging instruments			
- Cash flow hedges	-	(5)	(5)
Total liabilities	-	(5)	(5)

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

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

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

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For the financial year ended 31 March 2021

31. 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 22.

(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 12 and Note 18 to the financial statements, except for the following:

In \$ millions	<u>Group</u>	<u>Authority</u>
2021		
Financial assets, at amortised cost	10,500	10,275
Financial liabilities, at amortised cost	13,886	13,840
2020		
Financial assets, at amortised cost	16,685	16,449
Financial liabilities, at amortised cost	15,206	15,150

32. 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:

In \$ millions	<u>Group and Authority</u>	
	2021	2020
Salaries	11	12
Employer CPF contributions	*	1
	11	13

* Amount less than \$1,000,000

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33. Other funds held and managed by the Authority

The Authority holds and manages the following funds on behalf of the Government:

In \$ millions	Group and Authority	
	2021	2020
Rail Infrastructure Fund [Note 33(a)]	7,246	7,149
Bus Service Enhancement Fund [Note 33(b)]	393	392
Funds to support Research & Development [Note 33(c)]	3	6
	7,642	7,547

(a) 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.

Details of the fund are as follows:

In \$ millions	Group and Authority	
	2021	2020
Income & Expenditure Statement		
Income		
Interest income from investment in financial assets, at amortised cost	84	-
Interest income from bank deposits	13	133
Net surplus for the financial year	97	133
Balance Sheet		
Represented by:		
Assets		
Financial assets, at amortised cost	6,900	-
Deposit placed with AGD	311	7,065
Other receivables	35	84
	7,246	7,149
Accumulated surplus		
Beginning of financial year	7,149	5,016
Funds from Government	-	2,000
Movement for the financial year	97	133
End of financial year	7,246	7,149

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

(b) 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.

Details of the fund are as follows:

In \$ millions	<u>Group and Authority</u>	
	2021	2020
Income & Expenditure Statement		
Income		
Interest income from investment in financial assets, at amortised cost	1	-
Interest income from bank deposits	1	3
	<u>2</u>	<u>3</u>
Expenditure		
Operating subsidy (i)(a)	(1)	(4)
	<u>(1)</u>	<u>(4)</u>
Net surplus/(deficit) for the financial year	<u>1</u>	<u>(1)</u>
Balance Sheet		
Represented by:		
Assets		
Financial assets, at amortised cost	323	323
Deposit placed with AGD	69	68
Other receivables	1	1
	<u>393</u>	<u>392</u>
Total assets	<u>393</u>	<u>392</u>
Net assets	<u>393</u>	<u>392</u>
Accumulated surplus		
Beginning of financial year	392	393
Movement for the financial year	1	(1)
End of financial year	<u>393</u>	<u>392</u>

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For the financial year ended 31 March 2021

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

(b) Bus Service Enhancement Fund (continued)

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

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

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

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

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For the financial year ended 31 March 2021

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

(c) 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.

Details of the fund are as follows:

In \$ millions	<u>Group and Authority</u>	
	2021	2020
Income & Expenditure Statement		
Expenditure		
Grants disbursed to external parties	(3)	(5)
Net deficit for the financial year	(3)	(5)
Balance Sheet		
Represented by:		
Assets		
Deposit placed with AGD	6	6
	6	6
Liabilities		
Other payables	(3)	*
	(3)	*
Net assets	3	6
Accumulated surplus		
Beginning of financial year	6	6
Funds from National Research Fund	-	5
Movement for the financial year	(3)	(5)
End of financial year	3	6

* Amount less than \$1,000,000

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34. 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.

35. Restatement of comparative information

During the financial year ended 31 March 2021, the Group and the Authority have changed the presentation for the Bus Contracting and Rail Contracting (TEL) restricted funds and have presented them as Bus and Rail Contracting restricted fund as it is assessed that these restricted funds are similar in nature and fulfil similar purposes. The comparative information for the financial year ended 31 March 2020 is updated and presented on a similar basis.

36. Coronavirus Disease 2019 ("COVID-19") impact

The response to the COVID-19 pandemic has required border closures, production stoppages, workplace closures, movement controls and other measures imposed by governments around the world. The Group's operations are in Singapore, and they have been affected by the spread of COVID-19 since March 2020.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the financial year ended 31 March 2021:

- i. The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- ii. Border closures, production stoppages and workplace closures have negatively impacted the Group's business activities, including the progress of construction work and its operations.
- iii. The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets and provisions for onerous contracts as at 31 March 2021.

As the global COVID-19 situation remains very fluid, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its future operating and financial performance. If the situation persists beyond management's current expectations, the Group's assets may be subject to write downs in subsequent financial periods.

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37. New or revised accounting standards and interpretations

The following are mandatory amendments to existing standards that have been issued, and are relevant for the Group's accounting periods beginning after 1 April 2021 and which the Group has not early adopted:

- **Amendments to SB-FRS 1-1 Presentation of Financial Statements:**
Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)
- **Amendments to SB-SFRS 1-16 Property, Plant and Equipment:**
Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)
- **Amendments to SB-SFRS 1-37 Provisions, Contingent Liabilities and Contingent Assets:**
Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)

The Group does not expect any significant impact arising from applying these amendments.

38. Authorisation of financial statements

These financial statements were authorised for issue by the Board of Directors of the Authority on 8 July 2021.