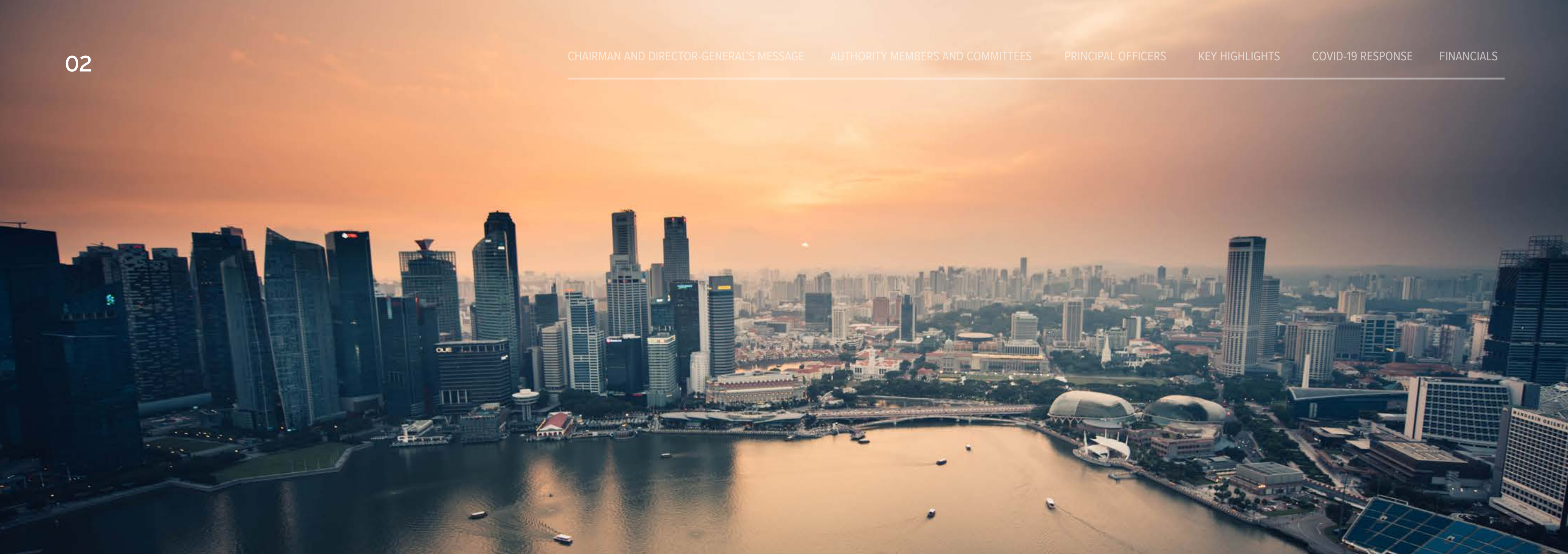
CAAS
Civil Aviation Authority of Singapore

ANNUAL REPORT
2019/2020

TOGETHER WE WILL SOAR AGAIN



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TOGETHER, WE WILL SOAR AGAIN

In 2019, Singapore's aviation sector made good progress. Passenger and aircraft movements continued to grow. Amidst the growth in traffic, productivity and efficiency improved. Changi Airport also won several "Best Airport" awards. To cap the year, in October 2019, Jewel Changi Airport opened its doors, transforming the airport from just an air transport node to a destination.

CAAS made good progress in many areas of our work. On the international front, we successfully secured re-election to the International Civil Aviation Organisation (ICAO) Council at the 40th ICAO Assembly, obtaining the highest number of votes. We also secured a seat on the Air Navigation Commission, which advises the Council on safety and air navigation issues. These are testament to the confidence and consistent support of the international community for Singapore.

We also improved safety by enhancing our regulatory regime, most significantly in regard to unmanned aircraft (UA) operations. As part of this effort, we set up the Unmanned Aircraft Systems Advisory Panel (UASAP) in May 2019 to help review and provide recommendations to enhance Singapore's UA regulatory framework. In line with the recommendations of the UASAP, we implemented mandatory UA registration on 2 January 2020 to reinforce the importance of safe and responsible UA operations in Singapore.

In 2019, our commitment to improving innovation and strengthening our thought leadership saw us establishing a Joint Aviation Innovation Research (AIR) Lab with Thales in Singapore. This plays a key role in developing advanced air traffic management capabilities. We also widened our aviation medicine collaboration with Changi General Hospital and set up the Changi Aviation Medicine Centre in June 2019. This is Singapore's first aviation medical centre which provides customised care for aviation professionals.

PREPAREDNESS FOR THE UNFORESEEN

Even as we reached new heights during the year, we also responded to new challenges. These include increasing complexities in managing safety and security risks, and the impact on climate change.

In June 2019, Singapore encountered UA intrusions at Changi Airport. A multi-agency effort was deployed towards ensuring the safety of Changi Airport operations. We have since strengthened our counter-UA capabilities at the airport. As a result, there have been no severe disruptions to airport operations due to UA intrusions.

Then, in January 2020, the global aviation sector began to experience an unprecedented disruption with the COVID-19 pandemic. The aviation industry globally has been deeply impacted. By end March 2020, traffic in Singapore had dropped to 1.65 million passenger movements, a decrease of 70.7% compared to the same period the year before.

RESPONDING TO COVID-19

To help our aviation sector ride out the pandemic, immediate cost relief packages were provided to help the aviation community defray business costs and protect jobs, as well as safeguard Singapore's air connectivity amidst the impact of the outbreak.

CAAS worked together with Changi Airport Group, other agencies and our airlines to ensure that Singapore maintained air links for the flow of essential goods and for Singaporeans and other visitors to be able to return home. We also facilitated innovative operational solutions by granting approval to Jetstar Asia, SilkAir, Singapore Airlines and Scoot Tigerair for the carriage of cargo in the passenger cabin to support increased demand for cargo capacity during this time.

OPTIMISING RESOURCES

Over the last few months, our aviation landscape has changed significantly. We must be ready to adjust our plans where needed and optimise our resources. In this regard, operations at Changi Terminals 2 and 4 were suspended to save on running costs, allowing us to speed up on-going renovations. At the same time, we have also put a pause on the T5 development project for two years in the first instance. We will take this time to review the design to better meet post-pandemic needs.

The aviation industry's recovery will take time. With strict cost controls and financial planning, CAAS will be able to ride out this challenging period. We have the resources to ensure the long-term agility and resilience of our sector. In the financial year ending 31 March 2020, CAAS achieved a net surplus of S$27 million and our financial fundamentals remain strong with S$2.6 billion in net assets.

IMPORTANCE OF CLOSE COLLABORATION

Aviation generates economic growth, creates jobs, and facilitates international trade and tourism. It is therefore critical for us to preserve our air connectivity and revive our air hub. In this regard, CAAS's immediate focus is on restoring air traffic, protecting aviation workers' jobs and ensuring safety.

To overcome the challenges ahead and advance aviation for the future, close collaboration amongst different stakeholders remains key. We have achieved many successes for the aviation sector through the unfailing support of the aviation community, our partners, and our staff in the past. It is even more critical now that we work together to revive the Singapore air hub and regain travellers' confidence.

On this note, we would like to extend special thanks to members of the UASAP for their invaluable time and support in reviewing existing regulations and putting forth recommendations to enhance Singapore's UA regulatory framework. We also welcome our new Authority Members MG Kelvin Khong and Chua Kwan Ping, who joined us on 15 Apr 2019 and 1 Jul 2019 respectively. We look forward to their continued guidance.

At the heart of our organisation are our employees. It has been an exhilarating and intense year for CAAS. We wish to express our deepest appreciation for our CAAS teams, who continue to achieve meaningful advancements in making Singapore proud.

As we adapt to new realities, we stand united and ready to support the aviation community. Just as we have overcome past crises, we will emerge stronger from this as one aviation community.

Together, we will soar again.

Mr Edmund Cheng
Chairman

Mr Kevin Shum
Director-General

AUTHORITY MEMBERS

As at 31st March 2020

Mr Edmund Cheng
Chairman

Ms Cham Hui Fong
Member

Mr Chandra Mohan K Nair
Member

Ms Choo Oi Yee
Member

Mr Chua Kwan Ping
Member
(from 1 Jul 2019)

MG Kelvin Khong
Member
(from 15 Apr 2019)

AUTHORITY MEMBERS

As at 31st March 2020

Mr Kevin Shum
Director-General

Prof. Wee Chow Hou
Member

Mr Wong Kang Jet
Member

Ms Mary Yeo
Member

Mr Mark Chong
Member

Prof. Chong Tow Chong
Member

Mr Tan Pheng Hock
Member

THE AUTHORITY'S COMMITTEES

As at 31st March 2020

STAFF & RENUMERATION COMMITTEE

Chairman	Mr Edmund Cheng
Members	Prof. Chong Tow Chong
	MG Kelvin Khong (from 1 Jun 2019)
	Mr Kevin Shum
	Mr Wong Kang Jet
Secretary	Ms Florence Tan

INVESTMENT COMMITTEE

Chairman	Ms Choo Oi Yee
Members	Mr Tan Pheng Hock
	Mr Kevin Shum
Secretary	Ms Chia Sin Yee

AUDIT COMMITTEE

Chairman	Prof. Wee Chow Hou
Members	Mr Chandra Mohan K Nair
	Mr Mark Chong
	Mr Chua Kwan Ping (from 29 Aug 2019)
	Ms Mary Yeo
Secretary	Mr Tan Kwang Wei

TENDERS COMMITTEE

Chairman	Mr Edmund Cheng
Alternate Chairman	Prof. Chong Tow Chong
Members	Ms Cham Hui Fong
	Mr Kevin Shum
Alternate Member	Mr Wong Kang Jet
Secretary	Not Applicable

CYBER SECURITY AND DATA GOVERNANCE COMMITTEE (FROM 27 JUN 2019)

Chairman	Mr Mark Chong (from 1 Jul 2019)
Members	Mr Baey Chin Cheng (from 1 Jul 2019)
	Mr Kevin Shum (from 1 Jul 2019)
	Mr Tan Pheng Hock (from 1 Jul 2019)
	Mr Tan Shong Ye (from 1 Jul 2019)
	Ms Shirley Wong (from 10 Jul 2019)
Secretary	Mr Dalen Tan (up to 28 Aug 2019)
	Mr Adrian Chang (from 29 Aug 2019)

CAAS BUILDINGS AND INFRASTRUCTURE COMMITTEE (FROM 17 JAN 2020)

Chairman	Mr Edmund Cheng
Members	Ms Helen Chen (from 23 Jan 2020)
	Mr Chow Kok Fong (from 23 Jan 2020)
	Mr Chua Kwan Ping
	Mr Kevin Shum
	Mr Tan Pheng Hock
Secretary	Mr Peter Wee

PRINCIPAL OFFICERS

As at 31st March 2020

Mr Kevin Shum
Director-General

Mr Tay Tiang Guan
Deputy Director-General

Mr Soh Poh Theen
Deputy Director-General (Air Navigation Services)

Mr Ng Tee Chiou
Permanent Representative on the Council of the ICAO

Ms Eileen Poh
Senior Director (International Relations Group) / Director (International Relations) / Alternate Representative on the Council of the ICAO

Mr Tan Kah Han
Senior Director (Safety Regulation Group) / Director (Airworthiness Certification and Unmanned Aircraft Systems) / Director (Safety Policy and Planning)

PRINCIPAL OFFICERS

As at 31st March 2020

Ms Margaret Tan
Director (Airport Economic Regulation and Aviation Security)

Dr Chong Chun Hon
Chairman (Civil Aviation Medical Board)

Mr Peter Wee
Director (Corporate Development and Emergency Preparedness) / Corporate Secretary / Quality Service Manager

Ms Chia Sin Yee
Director (Finance)

Mr Phua Chai Teck
Director (Airport Development and Planning)

Ms Tan Siew Huay
Director (Legal)

PRINCIPAL OFFICERS

As at 31st March 2020

Mr Michael Lim
Director (Singapore Aviation Academy)

Mr Alan Foo
Director (Flight Standards)

Mr Loo Chee Beng
Director (Aeronautical Telecommunications and Engineering) / Director (Air Traffic Management Plans and Development)

Mr Vincent Hwa
Director (Air Traffic Services)

Ms Florence Tan
Director (Human Resource)

Ms Lydia Tan
Director (Corporate Communications)

PRINCIPAL OFFICERS

As at 31st March 2020

Mr Daniel Ng
Director (Air Transport)

Mr Ho Yuen Sang
Director (Aviation Industry)

Mr Chew Choong Cheng
Director (Aerodrome and Air Navigation Services Regulation)

Mr Sidney Koh
Director (Air Navigation Services Policy)

Mr Tan Kwang Wei
Director (Internal Audit)

Mr Adrian Chang
Director (Futures and Information Technology)

KEY HIGHLIGHTS

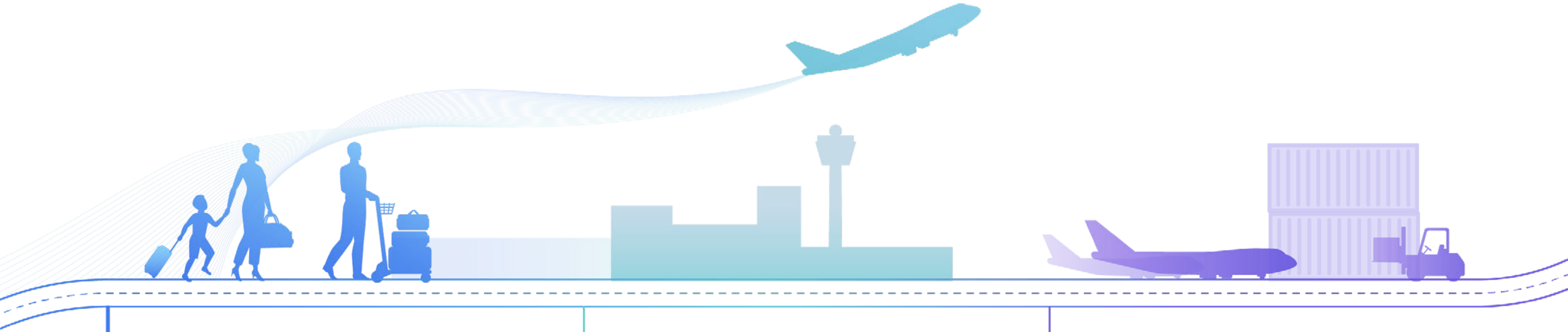
REACH AND GROWTH

AIR HUB

Singapore's connectivity to key global and emerging markets continued to grow. In 2019, CAAS successfully expanded Singapore's existing Air Services Agreements and connectivity to ASEAN countries and China.

> "Global connectivity is of fundamental importance to Singapore. It links us to the rest of the world. It defines us as a global city.
>
> **Mr Khaw Boon Wan**
> Minister for Transport

AIR HUB HIGHLIGHTS



PASSENGER MOVEMENTS AT CHANGI

	(MILLIONS)
2019	68.3
2018	65.6
2017	62.2

COMMERCIAL AIRCRAFT MOVEMENTS AT CHANGI

	(THOUSANDS)
2019	382
2018	386
2017	373

AIRFREIGHT THROUGHPUT AT CHANGI

	(MILLION TONNES)
2019	2.01
2018	2.15
2017	2.13

AIR HUB HIGHLIGHTS

NEW AND EXPANDED AIR SERVICES AGREEMENTS

Japan • Maldives
Myanmar • Republic of Korea
ASEAN-China Air Transport Agreement

6 NEW PASSENGER AIRLINES

AirAsia X Berhad • Chongqing Airlines
GoAir • Jeju Air • Urumqi Air • Vistara

3 NEW PASSENGER CITY LINKS

Busan • Hefei • Xuzhou

LEADING-EDGE AND PASSION

AIR TRAFFIC MANAGEMENT

As an Air Navigation Service Provider, CAAS continues to maintain a high level of safety and efficiency even as air traffic in the Singapore Flight Information Region continues to grow in volume and complexity. At the heart of our operations is our Air Traffic Control Officers (ATCOs). To help them become even more efficient and skilled in their work, we have streamlined our air traffic control operations and provided greater progression opportunities through upskilling.

▶ Our ATCOs share their passion for their work.

AIR TRAFFIC MOVEMENTS

In Singapore Flight Information Region

730,000
FY2019/2020

746,000
FY2018/2019

726,000
FY2017/2018

“Air Navigation Service Providers must be agile in adapting to the ever-changing landscape and plan ahead of the curve.

Mr Kevin Shum
Director-General, CAAS

We continue to make significant investments in technology and equipment to provide a safer, and more cost-effective service. Recognising digitalisation as an essential enabler towards being future-ready, we are tapping on opportunities that new and leading-edge technologies offer to improve our capabilities and enhance our productivity.

- The **Smart Digital Tower** prototype commenced shadow mode operations in 2019.

- **Air Traffic Management (ATM) Digital Assistant** – Using speech recognition, the ATM Digital Assistant can transcribe air traffic controllers' voice commands into text so as to eliminate repetitive manual data entry and verification.

- **Space-based Automatic Dependent Surveillance-Broadcast (ADS-B)** – As one of the first Air Navigation Service Providers to use space-based ADS-B in the Asia-Pacific region, this technology will provide comprehensive air traffic surveillance coverage even over remote and oceanic airspace in real-time.

- **Flight Trajectory Optimiser** – This tool helps optimise flight trajectories, which will lower fuel consumption, augment air traffic controllers' situational awareness and improve schedule adherence.

- **AI-Enabled Controller Assistive Tool** – This tool can augment tactical tasks undertaken by air traffic controllers to enable them to resolve aircraft conflicts more efficiently.

- **Network Capacity Optimisation Tool** – This tool is able to determine where the areas of congestion are in the airspace and at airports in the region. It can be calibrated to set hypothetical capacity limits to highlight existing constraints and simulate future scenarios to aid in decision-making.

EFFECTIVENESS AND EFFICIENCY

AVIATION SAFETY

Safety is always a priority. To ensure that our regulations remain effective and relevant to the changing industry landscape, we completed 15 rule reviews and updated 22 guidance materials in 2019. We also conducted 10 safety audits and 671 inspections of Air Operator Certificate holders.

CAAS APPROVAL HOLDERS

As at 31st March 2020

252 REGISTERED AIRCRAFT

2 CERTIFIED AERODROMES

37 DESIGN AND PRODUCTION ORGANISATIONS

11 AVIATION TRAINING ORGANISATIONS

1 AIR NAVIGATION SERVICE PROVIDER

2 AIR TRAFFIC CONTROL TRAINING ORGANISATIONS

12 MAINTENANCE TRAINING ORGANISATIONS

168 MAINTENANCE AND REPAIR ORGANISATIONS

126 AIR NAVIGATION SYSTEMS ENGINEERING OFFICERS

5 AIR OPERATOR CERTIFICATE HOLDERS

477 AIR TRAFFIC CONTROL OFFICERS

1,875 AIRCRAFT MAINTENANCE LICENCE HOLDERS

4,128 FLIGHT CREW LICENCES

“As we adopt more cutting-edge innovations, it is also critical that adequate resources be dedicated to ensure that our safety regulatory systems remain competent and relevant.

Dr Lam Pin Min
Senior Minister of State, Ministry of Transport

CAAS is committed to fostering a strong safety culture, improving operational efficiency, and enhancing our service delivery to the industry. In this regard, we will continue our public education efforts and press ahead with our digital transformation plans across our organisation.

Photo:
My PEL Hub was established as a one-stop-service-centre for licence holders, co-locating medical assessment and personnel licensing services under a single shopfront for greater convenience.

▶ **Pack-It Right** – Remember to pack your portable electronic devices and spare lithium batteries individually in protective cases to prevent accidental activation or short circuits.

POSSIBILITIES AND RESPONSIBILITIES

UNMANNED AIRCRAFT SYSTEMS

Recognising the potential benefits of Unmanned Aircraft (UA) technology, CAAS continues to support the fast-growing industry. We work closely with industry partners to experiment and explore the exciting application possibilities in supply chains and transportation. Through these collaborations, we also learn to shape our regulations as the technology and applications develop and evolve.

Photo:
CAAS signed an MoU with Airbus to collaborate on advancing development of Urban Air Mobility and its supporting services such as Unmanned Air Traffic Management in dense urban environments like Singapore.

▶ In 2019, urban air mobility pioneer Volocopter successfully completed its first manned flight trial over Singapore's Marina Bay. Click here to watch Volocopter's manned flight trial over Marina Bay.

UA PERMITS ISSUED

As at 31st March 2020

OPERATOR PERMITS

631
FY2019/2020

539
FY2018/2019

441
FY2017/2018

ACTIVITY PERMITS

2,673
FY2019/2020

2,452
FY2018/2019

1,679
FY2017/2018

"Urban Air Mobility has the potential to reinvent the way services are provided and how we move people and goods in urban environments.

Mr Kevin Shum
Director-General, CAAS

Even as we explore the potential of this technology, to better mitigate against the public and aviation safety risks posed by UA, we have further enhanced our regulatory framework. CAAS has stepped up efforts to educate and encourage UA operators to fly safely and responsibly in compliance with regulations. To mitigate operational risks and ensure compliance, we have increased the maximum penalties for contravention of UA offences, commensurate with the potential endangerment and widespread disruption caused by the errant use of UA. We have also heightened enforcement action and surveillance against UA operators who contravene regulations.

- In January 2020, we introduced mandatory registration of UA above 250g. This will help create greater accountability and traceability among UA users Register your UA before you fly.

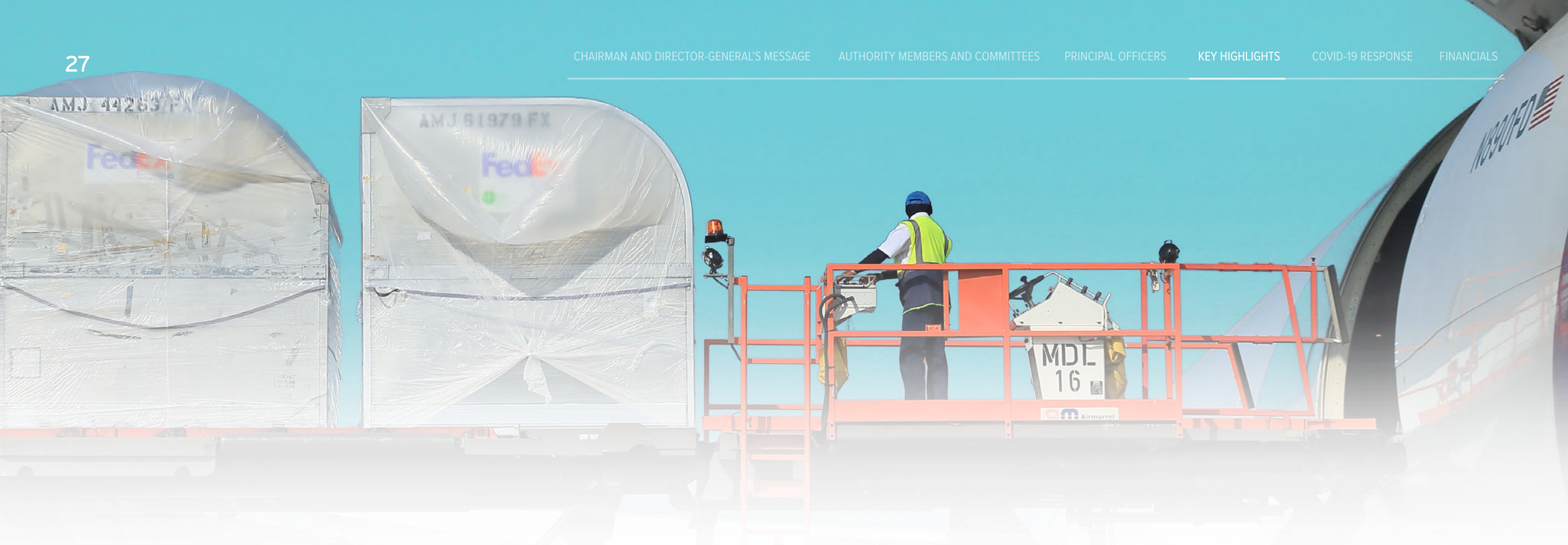
- OneMap app – This authoritative reference helps UA operators determine if a UA operator's planned flight path falls within a permitted flying area.

INNOVATION AND PRODUCTIVITY

INDUSTRY DEVELOPMENT

We have made good progress towards our industry transformation goals. Our efforts are aligned with three strategic thrusts – Innovation and Speed, Technology and Productivity, and Being Future-ready. Through the Aviation Development Fund, we continue to support companies to develop innovative solutions that will improve operational processes and enhance productivity in the aviation sector.

> “We need to multiply our value to the users of our Air Hub, passengers and airlines. We need to do this whilst bearing in mind our constraints, such as land and human capital.
>
> **Mr Kevin Shum**
> Director-General, CAAS



45 PROJECTS

Funded under the Aviation Development Fund in FY2019/2020

▶ Our senior workers are ready to embrace change and technology.

ENABLING SEAMLESS GROUND OPERATIONS

ENHANCING PASSENGER/ BAGGAGE HANDLING AND DISRUPTION MANAGEMENT

AUTOMATION AND DIGITALISATION EFFORTS

TRUST AND SUPPORT

INTERNATIONAL RELATIONS

CAAS continues to serve as an important voice in global aviation. In 2019, we held leadership positions in 21 international transport forums, committees and bodies. We were also a member in over 100 ICAO Expert Bodies. CAAS also participated in the Joint Authorities Technical Review (JATR) convened by the Federal Aviation Administration (FAA) to identify areas for improvement in the aircraft certification process, using the Boeing 737 Max as a case study.

To enable open and robust discussions to advance international civil aviation, CAAS also provides different platforms to bring aviation leaders and experts together.

▶ The 7th World Civil Aviation Chief Executives Forum (WCACEF) in 2019 brought together 115 global aviation leaders from 75 States and 14 International Organisations. Click here for key highlights from WCACEF2019.

DEVELOPMENT OF GLOBAL AVIATION HUMAN CAPITAL

As at 31st March 2020

2,347 International Participants from 118 Countries

15 New Programmes

22 On-site Programmes Conducted in 17 Countries and Territories

6 Seminars and Conferences Organised

Singapore Aviation Academy (SAA), the training arm of CAAS, plays a key role in developing the next generation of aviation professionals. In support of ICAO's "No Country Left Behind" initiative, the Singapore-ICAO Developing Countries Training Programme was expanded in 2019. This extends support to developing States in their efforts to grow and strengthen their aviation capabilities.

DEDICATION AND PERSEVERANCE

COVID-19

Through their professionalism, dedication and perseverance, our CAAS teams continue to go above and beyond their call of duty to support the whole-of-government's response to COVID-19 on the aviation front.

01 SAFE MEASURES

- Enabled smooth border control operations at Changi Airport to safeguard public health
- Conducted regular inspections on the grounded aircraft parked at Changi Airport to ensure that the aircraft remain in airworthy condition
- Ensured continued safe provision of air traffic services
- Ensured compliance with safe measures

02 CONNECTIVITY

- Facilitated flights to ensure the flow of essential goods and for Singaporeans and other visitors to be able to return home
- Developed schemes to revive air travel

03 INDUSTRY SUPPORT

- Developed cost relief packages to support the industry
- Collaborated closely with tripartite partners to support air transport companies and workers
- Facilitated innovative operational solutions to support airlines (e.g. carriage of cargo in passenger cabins)
- Supported foreign worker dormitory managers in making a difference to the welfare and well-being of foreign workers

FINANCIAL STATEMENTS

For Year Ended 31st March 2020

STATEMENT BY THE AUTHORITY MEMBERS

We, Edmund Cheng and Kevin Shum, being two of the Authority Members of Civil Aviation Authority of Singapore (the "Authority"), do hereby state that, in the opinion of the Authority Members:

(i) the accompanying statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, together with the notes thereto, are drawn up so as to give a true and fair view of the state of affairs of the Authority as at 31 March 2020 and the financial performance, changes in equity and cash flows of the Authority for the financial year then ended in accordance with the provisions of the Public Sector (Governance) Act 2018, Act 5 of 2018 (the "Public Sector (Governance) Act"), the Civil Aviation Authority of Singapore Act, Chapter 41 (the "Act") and Statutory Board Financial Reporting Standards;

(ii) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Authority during the financial year have been, 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

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

On behalf of the Authority Members

Edmund Cheng
Chairman

Kevin Shum
Director-General

Singapore
26 June 2020

INDEPENDENT AUDITOR'S REPORT

Members of the Authority
Civil Aviation Authority of Singapore

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Civil Aviation Authority of Singapore (the "Authority"), which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 60.

In our opinion, the accompanying financial statements 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 Civil Aviation Authority of Singapore Act, Chapter 41 (the "Act") and Statutory Board Financial Reporting Standards ("SB-FRS") so as to give a true and fair view of, the financial position of the Authority as at 31 March 2020 and of the financial performance, changes in equity and cash flows of the Authority for the year ended on that date.

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 are independent of the Authority in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the Statement by the Authority Members set out in page 1.

Our opinion on the financial statements does not cover the other information and we do 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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Public Sector (Governance) Act, the Act and SB-FRS, and for maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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 Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Authority or for the Authority to cease operations.

Those charged with governance' responsibilities include overseeing the Authority's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

Members of the Authority
Civil Aviation Authority of Singapore

Report on the Audit of the Financial Statements

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.

- 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 Authority'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 Authority'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 Authority 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.

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.

INDEPENDENT AUDITOR'S REPORT

Members of the Authority
Civil Aviation Authority of Singapore

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

(i) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Authority during the year are, in all material respects, in accordance with the provisions of the Public Sector (Governance) Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Authority; and

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

Basis for Opinion

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

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Public Sector (Governance) Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Authority. This responsibility includes monitoring related compliance requirements relevant to the Authority, and implementing internal controls as management determines are necessary to enable compliance with the requirements.

Auditor's Responsibilities for the Compliance Audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Public Sector (Governance) Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Authority.

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

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

26 June 2020

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2019/20	2018/19
		S$'000	S$'000
Equity			
Capital account	10	2,179,233	2,179,090
Accumulated surplus		459,511	436,727
		2,638,744	2,615,817
Non-current assets			
Property, plant and equipment	11	342,599	6,023,363
Right-of-use assets	12	5,652,184	-
Capital work-in-progress	13	893,893	784,656
Investment in joint venture	14	37,949	37,041
Investment in associate	15	11,666	9,606
Long-term investment	16	150	150
Other receivables and prepayments	17	33,576	35,555
		6,972,017	6,890,371
Current assets			
Trade and other receivables and prepayments	17	229,590	266,090
Cash and cash equivalents	18	762,059	698,969
		991,649	965,059
Current liabilities			
Trade and other payables	19	292,701	285,518
Lease liabilities	20	6,325	-
Contribution payable to Government Consolidated Fund	22	5,012	13,016
		304,038	298,534
Non-current liabilities			
Lease liabilities	20	27,483	-
Deferred income	23	6,328	6,738
Deferred capital grants	24	4,977,919	4,924,556
Provision for pension and post-retirement medical benefits plan	25	9,154	9,785
		5,020,884	4,941,079
Net assets		2,638,744	2,615,817

	Note	2019/20	2018/19
Changi Airport Development Fund:			
- net assets	31	4,777,729	4,442,789

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

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2020

	Note	2019/20	2018/19
		S$'000	S$'000
Income			
Airport and aerodrome licence fee		3,130	3,130
Aviation levy		137,966	149,774
Annual ground rent		78,570	78,570
Fees for airport and related services		251,050	225,413
Aviation training programme fee		7,955	7,701
Certification, examination and licence fee		10,700	16,301
Other operating income		9,382	8,488
	26	498,753	489,377
Expenditure			
Salaries, wages and staff benefits	27	196,058	193,923
Maintenance of buildings and equipment		52,730	47,904
Rental expense		2,329	9,500
Depreciation of property, plant and equipment	11	61,829	119,667
Depreciation of right-of-use assets	12	74,977	-
Property tax		23,477	20,358
Services related expenses		45,739	31,972
Grants to industry		61,203	60,613
Other operating expenses		41,510	34,335
		559,852	518,272
Non-operating income, net	28	16,294	16,239
Interest expense on lease liabilities		(676)	-
Share of results of joint venture	14	908	878
Share of results of associate, net of tax	15	2,060	(1,564)
Deficit for the year before government grants		(42,513)	(13,342)
Government grants			
Deferred capital grants amortised	24	45,125	45,121
Operating grants	21	29,760	42,323
		74,885	87,444
Surplus for the year before contribution to Government Consolidated Fund		32,372	74,102
Contribution to Government Consolidated Fund	22	(5,012)	(13,016)
Net surplus for the year		27,360	61,086
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of pension and post-retirement medical benefits plan	25	75	-
Total comprehensive income for the year		27,435	61,086

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

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2020

	Note	Capital account S$'000	Accumulated surplus S$'000	Total S$'000
At 1 April 2018		2,179,090	495,543	2,674,633
Total comprehensive income for the year		-	61,086	61,086
Dividends paid to Government during the year	10	-	(119,902)	(119,902)
At 31 March 2019		2,179,090	436,727	2,615,817
Net surplus for the year		-	27,360	27,360
Other comprehensive income		-	75	75
Total comprehensive income for the year		-	27,435	27,435
Equity contribution received from Government during the year	10	143	-	143
Dividends paid to Government during the year	10	-	(4,651)	(4,651)
At 31 March 2020		2,179,233	459,511	2,638,744

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

STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2020

	Note	2019/20 S$'000	2018/19 S$'000
Cash flows from operating activities			
Deficit for the year before government grants		(42,513)	(13,342)
Adjustments for:			
Share of results of joint venture	14	(908)	(878)
Share of results of associate, net of tax	15	(2,060)	1,564
Depreciation of property, plant and equipment	11	61,829	119,667
Depreciation of right-of-use assets	12	74,977	-
Loss/(Gain) on disposal of property, plant and equipment	28	10	(7)
Write-off of property, plant and equipment	28	-	26
Interest income	28	(15,652)	(15,431)
Interest expense on lease liabilities		676	-
Provision for pension and post-retirement medical benefits	25	210	161
Amortisation of deferred income	23	(410)	(409)
Amortisation of prepaid lease	17	410	409
Impairment loss on trade receivables / accrued income	17	530	3
Operating cash flows before changes in working capital		77,099	91,763
Changes in working capital:			
Trade and other receivables and prepayments		38,978	(96,020)
Trade and other payables		21,298	21,793
Staff loans		2	5
Pension and post-retirement medical benefits paid		(694)	(609)
Cash generated from operations		136,683	16,932
Interest paid		(676)	-
Contribution paid to Government Consolidated Fund		(13,016)	(15,229)
Net cash flows from operating activities		122,991	1,703

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

STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2020

	Note	2019/20 S$'000	2018/19 S$'000
Cash flows from investing activities			
Interest received		15,372	10,309
Purchase of property, plant and equipment and payment for capital work-in-progress		(175,311)	(360,841)
Purchase of right-of-use assets		(317)	-
Proceeds from disposal of property, plant and equipment		137	7
Repayments of finance lease receivables		329	-
Dividends received		-	1,700
Net cash flows used in investing activities		(159,790)	(348,825)
Cash flows from financing activities			
Repayments of lease liabilities	30	(7,352)	-
Dividends paid to Government	10	(4,651)	(119,902)
Grants received from Government	30	111,749	306,388
Equity contributions received from Government		143	-
Funds held on behalf of Government	18	(1,657)	(112)
Net cash flows from financing activities		98,232	186,374
Net increase/(decrease) in cash and cash equivalents		61,433	(160,748)
Cash and cash equivalents at beginning of year		698,857	859,605
Cash and cash equivalents at end of year	18	760,290	698,857

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

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

1. DOMICILE AND ACTIVITIES

The Civil Aviation Authority of Singapore (the "Authority") was reconstituted under the Civil Aviation Authority of Singapore Act, Chapter 41. The supervisory ministry is the Ministry of Transport. Its principal place of business and registered office is at 4th level, Terminal 2, Singapore Changi Airport, Singapore 819643.

The principal functions and duties of the Authority are:

(a) to regulate safety and promote safety and security in civil aviation and to exercise safety regulatory oversight over civil aviation operations in Singapore and the operation of Singapore aircraft outside Singapore;

(b) to exercise licensing and regulatory functions in respect of the operation of airports and the provision of airport services and facilities in Singapore;

(c) to regulate and promote competition and fair and efficient market conduct in the operation of airports and the provision of airport services and facilities or, in the absence of a competitive market, to prevent the misuse or abuse of monopoly or market power;

(d) to regulate, encourage, promote, facilitate and assist in the use, development and improvement of air services, airports and aerospace industries;

(e) to ensure that there are, provided in every airport (whether by itself or by any airport licensee), adequate and efficient airport services and facilities on such terms as the Authority thinks expedient;

(f) to provide air navigation services within the Singapore Flight Information Region and such other area as the Minister for Transport may authorise;

(g) to provide or co-ordinate search and rescue services to aircraft in distress within the Singapore Search and Rescue Region;

(h) to coordinate with the Air Accident Investigation Bureau of Singapore in relation to investigations under Part IIA of the Air Navigation Act (Cap. 6);

(i) to encourage, promote, facilitate and assist in the development and improvement of civil aviation capabilities, skills and services in Singapore;

(j) to provide technical, consultancy and management services relating to any of the matters referred to in this subsection;

(k) to act internationally as the national authority or body representing Singapore in respect of matters relating to civil aviation;

(l) to discharge or facilitate the discharge of international obligations of the Government as a Contracting State or otherwise in respect of civil aviation;

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

1. DOMICILE AND ACTIVITIES (cont'd)

(m) to collaborate and enter into agreements and arrangements with organisations in respect of any matter relating to civil aviation and any other matter as the Authority thinks expedient;

(n) to foster appropriate education and provide training and training facilities in respect of any matter relating to civil aviation;

(o) to advise the Government on all matters relating to civil aviation;

(p) to promote understanding of civil aviation policies and programmes;

(q) to promote research and development on any matter relating to civil aviation; and

(r) to carry out such other functions and duties as are conferred or imposed on the Authority by or under the Civil Aviation Authority of Singapore Act or any other written law.

The principal activities of the joint venture and associate are disclosed in Notes 14 and 15 respectively.

2. BASIS OF PREPARATION

2.1 ***Statement of compliance***

The 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 Civil Aviation Authority of Singapore Act, Chapter 41 (the "Act") and Statutory Board Financial Reporting Standards ("SB-FRS"). SB-FRS includes Statutory Board Financial Reporting Standards, Interpretations of SB-FRS and SB-FRS Guidance Notes as promulgated by the Accountant-General. As a statutory board, the Authority is required to comply with policies and instructions issued from time to time by the Ministry of Finance ("MOF") and other central government agencies.

2.2 ***Basis of measurement***

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3 ***Use of estimates and judgements***

The preparation of the financial statements in conformity with the SB-FRS and the Authority's accounting policies as described in Note 3 requires management to exercise judgements, make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenditure. Actual results may differ from these estimates.

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

Information about critical accounting estimates, assumptions and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note 4.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

2. BASIS OF PREPARATION (cont'd)

2.4 ***Adoption of new and revised standards***

On 1 April 2019, the Authority has adopted all the new and revised SB-FRS that are relevant to its operations. The adoption of these new/revised SB-FRS does not result in changes to the Authority's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below.

SB-FRS 116 Leases

SB-FRS 116 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of SB-FRS 116 on the Authority's financial statements is described below.

The date of initial application of SB-FRS 116 for the Authority is 1 April 2019.

The Authority has applied SB-FRS 116 using the cumulative catch-up approach which:

- requires the Authority to recognise the cumulative effect of initially applying SB-FRS 116 as an adjustment to the opening balance of retained earnings at the date of initial application; and
- does not permit restatement of comparatives, which continue to be presented under SB-FRS 17 *Leases* and INT SB-FRS 104 *Determining whether an Arrangement contains a Lease*.

(a) Impact of the new definition of a lease

The Authority has made use of the practical expedient available on transition to SB-FRS 116 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with SB-FRS 17 and INT SB-FRS 104 will continue to be applied to those leases entered or changed before 1 April 2019.

The change in definition of a lease mainly relates to the concept of control. SB-FRS 116 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in SB-FRS 17 and INT SB-FRS 104.

The Authority applies the definition of a lease and related guidance set out in SB-FRS 116 to all lease contracts entered into or modified on or after 1 April 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in SB-FRS 116 does not significantly change the scope of contracts that meet the definition of a lease for the Authority.

(b) Impact on lessee accounting

SB-FRS 116 changes how the Authority accounts for leases previously classified as operating leases under SB-FRS 17, which were off-balance-sheet.

Applying SB-FRS 116, for all leases, the Authority:

(i) recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with SB-FRS 116.C8(b)(ii);

(ii) recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss; and

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

2. BASIS OF PREPARATION (cont'd)

2.4 ***Adoption of new and revised standards (cont'd)***

(b) Impact on lessee accounting (cont'd)

(iii) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SB-FRS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under SB-FRS 116, right-of-use assets are tested for impairment in accordance with SB-FRS 36 *Impairment of Assets*.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes properties, tablets and personal computers), the Authority has opted to recognise a lease expense on a straight-line basis as permitted by SB-FRS 116. This expense is presented within rental expense or services related expenses in the statement of profit or loss.

The Authority has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying SB-FRS 17.

- The Authority has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application;
- The Authority has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- The Authority has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(c) Impact on lessor accounting

SB-FRS 116 does not change substantially how a lessor accounts for leases. Under SB-FRS 116, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, SB-FRS 116 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

(d) Financial impact of initial application of SB-FRS 116

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position on 1 April 2019 is 1.94% per annum.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

2. BASIS OF PREPARATION (cont'd)

2.4 ***Adoption of new and revised standards (cont'd)***

(d) Financial impact of initial application of SB-FRS 116 (cont'd)

The following table shows the operating lease commitments disclosed applying SB-FRS 17 at 31 March 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	S$'000
Operating lease commitments at 31 March 2019	47,110
Less: Non-lease component	(7,658)
Less: Amounts not applicable under SB-FRS 116	(101)
Add: Embedded lease not previously included in operating commitments	1,743
Less: Short-term leases and leases of low value assets	(126)
	40,968
Less: Effect of discounting the above amounts	(1,965)
Add: Present value of the lease payments due in periods covered by extension options that are included in the lease term and and not previously included in operating	551
Lease liabilities recognised as at 1 April 2019	39,554

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

The right-of-use of leasehold land with remaining lease term of 19 to 94 years, previously recognised within property, plant and equipment (Note 11) and amounted to S$5,684,382,000 was reclassified to 'right-of-use assets' under SB-FRS 116 at date of initial application.

Consequently, right-of-use assets of S$5,722,971,000 were recognised on 1 April 2019 and prepayments decreased by S$2,094,000.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 ***Joint arrangements***

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Authority with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation.

To the extent the joint arrangement provides the Authority with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Authority recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 3.2.

3.2 ***Joint ventures and associates***

An associate is an entity over which the Authority has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Authority's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Authority's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Authority's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Authority's share of losses of an associate or a joint venture exceeds the Authority's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Authority's net investment in the associate or joint venture), the Authority discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Authority has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 ***Joint ventures and associates (cont'd)***

The requirements of SB-FRS 36 *Impairment of Assets* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Authority's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with SB-FRS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SB-FRS 36 *Impairment of Assets* to the extent that the recoverable amount of the investment subsequently increases.

The financial statements of the associates and joint ventures are aligned to the same reporting date as the Authority. Where necessary, adjustments are made to bring the accounting policies in line with those of the Authority.

3.3 ***Functional and presentation currency***

The financial statements are presented in Singapore Dollar, which is also the Authority's functional currency. All financial information presented in Singapore Dollar has been rounded to the nearest thousand (S$'000), except when otherwise stated.

Transactions in foreign currencies are translated to the functional currency of the Authority at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the rate of exchange ruling at the end of the reporting period.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in income or expenditure.

3.4 ***Financial instruments***

Financial assets and financial liabilities are recognised on the statement of financial position when the Authority becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 ***Financial instruments (cont'd)***

(a) *Financial assets*

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

Financial assets held at amortised cost

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 ***Financial instruments (cont'd)***

(a) *Financial assets (cont'd)*

Classification (cont'd)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Authority recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "non-operating income" line item.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date.

For financial assets that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "non-operating income" line item.

Impairment of financial assets

The Authority recognises a loss allowance for expected credit losses ("ECL") on trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Authority recognises lifetime ECL for trade receivables and accrued income. The expected credit losses on these financial assets are estimated based on the Authority's historical credit loss experience, assessed individually for each debtor, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 ***Financial instruments (cont'd)***

(a) *Financial assets (cont'd)*

Impairment of financial assets (cont'd)

For all other financial instruments, the Authority recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Authority measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Authority compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Authority 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.

The Authority presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Authority has reasonable and supportable information that demonstrates otherwise.

The Authority assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Authority regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 ***Financial instruments (cont'd)***

(a) *Financial assets (cont'd)*

Impairment of financial assets (cont'd)

Definition of default

The Authority considers that default has occurred when a financial asset is more than 90 days past due unless the Authority has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off policy

The Authority writes off a financial asset when there is information indicating that is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings or in the case of trade receivables, when they are over one year past due, whichever occurs earlier.

Measurement and recognition of expected credit loss

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Authority in accordance with the contract and all the cash flows that the Authority expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with SB-FRS 116 *Leases*.

If the Authority has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Authority measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Authority recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 ***Financial instruments (cont'd)***

(a) *Financial assets (cont'd)*

Derecognition of financial assets

The Authority derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Authority neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Authority recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Authority retains substantially all the risks and rewards of ownership of a transferred financial asset, the Authority continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(b) *Financial liabilities*

Trade and other payables represent liabilities for goods and services provided to the Authority prior to the end of financial year which are unpaid.

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

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "non-operating income" line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The Authority derecognises financial liabilities when, and only when, the Authority's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(c) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Authority has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 ***Property, plant and equipment and capital work-in-progress***

Recognition and measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price 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.

The cost of a self-constructed asset includes the cost of materials and direct labour, any other costs 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, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent cost

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 Authority and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in income or expenditure when incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in income or expenditure on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Authority will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment is installed and ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Leasehold land (before 1 April 2019)	over remaining lease term of 19 to 94 years
Buildings	15 to 30 years
Plant and equipment	7 to 15 years
Vehicles	5 to 10 years
Office/other equipment, furniture and fixtures	1 to 3 years
Capital improvements	5 to 15 years

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 ***Property, plant and equipment and capital work-in-progress (cont'd)***

No depreciation is provided on capital work-in-progress as these assets are not yet available for use. Capital work-in-progress is transferred to the various categories of property, plant and equipment and depreciated upon the completion of the capital project.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment. The gain or loss on disposal is recognised net within non-operating income or expenditure.

3.6 ***Impairment of non-financial assets***

The carrying amounts of the Authority's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit ("CGU") exceeds its estimated recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use and are largely independent of the cash inflows of other assets or CGU.

The Authority's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in income and expenditure.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 ***Provisions***

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.8 ***Employee benefits***

Defined contribution plans

The Authority makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Defined benefit plans

The defined benefit liability is the present value of the defined benefit obligation (derived using a discount rate based on government bonds) at the end of the reporting period.

Provision is made for the payment of retirement benefits to those pensionable ex-employees who did not opt for transfer to the Central Provident Fund scheme. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the Projected Unit Credit Method.

Defined benefit costs comprise the following:

- Service costs
- Interest cost on defined benefits liability
- Re-measurements of defined benefit liability

Service costs which include past service costs and gains or losses on non-routine settlements are recognised as expense in income or expenditure. Past service costs are recognised when plan amendment or curtailment occurs.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 ***Employee benefits (cont'd)***

Defined benefit plans (cont'd)

Interest cost on defined benefit liability is the change during the period in the defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on the Singapore Government bond yield to the defined benefit liability. Interest cost on the defined benefit liability is recognised in income or expenditure.

Re-measurements comprising actuarial gains and losses are recognised immediately in other comprehensive income in the period in which they arise. Re-measurements are recognised in accumulated surplus within equity and are not reclassified to income or expenditure in subsequent periods.

Short-term employee benefits

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

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 statement of financial position date.

3.9 ***Revenue recognition***

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Authority recognises revenue when it transfers control of a product or service to a customer.

A non-exchange revenue is recognised when the Authority receives resources and provide no or nominal consideration directly in return.

Airport and aerodrome licence fee income

Licence fee income is recognised on a straight-line basis over the term of the licences.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 ***Revenue recognition (cont'd)***

Aviation Levy

Pursuant to the provisions in the Civil Aviation Authority of Singapore (Aviation Levy) Order 2018, the aviation levy is payable and recognised as income upon every air passenger ticket that covers flights that departed from Changi Airport or Seletar Airport.

Aviation Levy is assessed to be a non-exchange revenue.

Rental income

Rental income from the land leased is recognised on a straight-line basis over the term of the lease.

Fees for airport and related services

Fees for airport and related services is payable by the airport licensees of Changi Airport and Seletar Airport for services provided by the Authority in connection with the airports. The fees for airport and related services is recognised as income as and when the services are rendered by the Authority.

Aviation training programme fee

Income is recognised upon the completion of training courses.

Certification, examination and licence fee

Certification, examination and licence fee income are collected pursuant to regulatory requirements under the respective legislations. Income is recognised upon the issuance of certificates or licences.

Other service income

Income from services is recognised as and when services are rendered.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the Authority's right to receive the payment have been established.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 ***Government grants***

Government grants are only recognised when there is reasonable assurance that the Authority will comply with the conditions attached to them and the grants will be received. Government grants issued for the construction or acquisition of non-current assets are recognised as deferred capital grants in the statement of financial position and transferred to income or expenditure on a systematic basis over the useful life of the assets. Grants that compensate the Authority for expenses incurred are recognised in income or expenditure on a systematic basis in the same period in which the expenses are recognised.

Government grants received but not utilised are included in the "Grants received in advance" account.

3.11 ***Leases***

(a) *As lessee*

From 1 April 2019, the Authority assesses whether a contract is or contains a lease, at inception of the contract. The Authority recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Authority recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Authority uses the incremental borrowing rate specific to the lessee. The Authority has determined the incremental borrowing rate specific to each lease to approximate Singapore Government bond yield.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.11 ***Leases (cont'd)***

(a) *As lessee (cont'd)*

The Authority remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; or

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Authority incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SB-FRS 37. The costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Authority expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Authority applies SB-FRS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3.6.

As a practical expedient, SB-FRS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Authority has not used this practical expedient for certain leases. For such leases where the contract contains a lease component and one or more additional lease or non-lease components, the Authority allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Before 1 April 2019, the determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.11 ***Leases (cont'd)***

(a) *As lessee (cont'd)*

Leased assets in which the Authority assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, property, plant and equipment acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance expense and reduction of the lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Where the Authority has the use of assets under operating leases, payments made under the leases are recognised in income or expenditure on a straight-line basis over the term of the lease. Lease incentives received are recognised in income or expenditure as an integral part of the total lease payments made.

(b) *As lessor*

Leases for which the Authority is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Authority is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the asset arising from the head lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 3.9.

3.12 ***Income tax***

The Authority is a tax-exempted institution under the provisions of the Income Tax Act (Chapter 134, 2014 Revised Edition).

3.13 ***Club memberships***

Club memberships are stated at cost less accumulated impairment losses. Gain or loss on disposal of club membership is determined as the difference between the net disposal proceeds and the carrying amount of the club membership and is accounted for in income or expenditure as they arise.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.14 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand and bank balances that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

3.15 ***Related parties***

For the purpose of these financial statements, parties are considered to be related to the Authority if the Authority has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Authority and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Authority is a statutory board under the purview of the Ministry of Transport and is an entity related to the Government of Singapore. Accordingly, the Authority's related parties include Government-related entities such as Ministries, Organs of State and other Statutory Boards.

In accordance with Paragraph 28A of SB-FRS 24 *Related Party Disclosures*, the Authority is exempted from disclosing transactions with government-related entities other than Ministries, Organs of State and other Statutory Boards, unless there are circumstances to indicate that these transactions are unusual and their disclosure would be of interest to readers of the financial statements.

The Authority also applies the exemption in Paragraph 25 of SB-FRS 24. Required disclosures of transactions and outstanding balances with government-related entities are limited to the following information to enable users of the Authority's financial statements to understand the effect of the related party transactions on the financial statements:

(a) The nature and amount of each individually significant transaction with Ministries, Organs of State and other Statutory Boards; and

(b) For other transactions with Ministries, Organs of State and other Statutory Boards that are collectively but not individually significant, a qualitative or quantitative indication of their extent.

3.16 ***Changi Airport Development Fund***

The Changi Airport Development Fund (the "Fund") is a fund set up to account for moneys received and disbursed for the specific purpose of expanding Changi Airport. The net assets of the Fund are presented as a line at the bottom of the statement of financial position as prescribed by SB-FRS Guidance Note 3 *Accounting and Disclosures for Trust Funds*. Receipts and expenditure relating to the Fund are accounted for directly in this Fund on an accrual basis. Details of receipts, expenditure, assets and liabilities are disclosed in Note 31.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.17 ***Standards issued but not yet effective***

At the date of authorisation of these financial statements, the following amendments to SB-FRS that are relevant to the Authority were issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to SB-FRS 1 *Presentation of Financial Statements and SB-FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*	1 January 2020
Amendments to SB-FRS 103 *Business Combinations: Definition of a Business*	1 January 2020
Amendments to References to the Conceptual Framework in SB-FRS Standards	1 January 2020
Amendments to SB-FRS 109 *Financial Instruments*, SB-FRS 39 *Financial Instruments: Recognition and Measurement* and SB-FRS 107 *Financial Instruments: Disclosures*	1 January 2020
Amendments to SB-FRS 116: *Leases Covid-19-Related Rent Concessions*	1 June 2020
SB-FRS 24 *Related Party Disclosures*	1 January 2021

The Authority anticipates that the adoption of the above amendments to SB-FRS in the future periods will not have a material impact on the financial statements in the period of their initial adoption.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the Authority's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenditure, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods. 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.

In the process of applying the Authority's accounting policies, management is of the opinion that there is no instance of application of judgement which is expected to have a significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Authority based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur.

Defined benefit plans

The cost of defined benefit pension plans and other post-employment medical benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, mortality rates and medical inflation rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All key assumptions are reviewed at each reporting date. The net benefit liability as at 31 March 2020 is S$9,810,000 (2018/19: S$10,369,000). Further details are provided in Note 25.

5. FINANCIAL INSTRUMENTS

The following table sets out the financial instruments at the end of the reporting period:

	2019/20	**2018/19**
	S$'000	S$'000
Financial assets		
Financial assets at amortised cost:		
- Cash and cash equivalents	762,059	698,969
- Trade and other receivables	219,749	242,190
	981,808	941,159
Financial liabilities		
Financial liabilities at amortised cost:		
- Trade and other payables	(162,216)	(145,140)
Lease liabilities	(33,808)	-

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Authority is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk.

This note represents information about the Authority's exposure to each of the above risks, the Authority's objectives, policies and processes for measuring and managing risk.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Risk management framework

Risk management is integral to the operations of the Authority. The Authority has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Authority's risk management process to ensure that an appropriate balance between risk and control is achieved.

(a) *Credit risk management*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Authority. As at 31 March 2020, the Authority's maximum exposure to credit risk, without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Authority due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

The Authority has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Authority manages these risks by monitoring credit-worthiness and limiting the aggregate risk to any individual counterparty. Therefore, the Authority does not expect to incur material credit losses on its financial instruments. The Authority develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Authority's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

At the end of the reporting period, the Authority has a concentration of credit risk as about 99% (2018/19: 98%) of the trade receivables were due from one of the Authority's major customers.

Further details of credit risk on trade and other receivables are disclosed in Note 17.

The Authority's current credit risk framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses ("ECL")
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is > 90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	Amount is > 1 year past due or there is information indicating that the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs earlier.	Amount is written off

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) *Credit risk management (cont'd)*

The table below detail the credit quality of the Authority's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	External/ Internal credit rating	12-month or lifetime ECL	Gross carrying amount S$'000	Loss allowance S$'000	Net carrying amount S$'000
31 March 2020						
Trade receivables	17	(i)	Lifetime ECL (simplified approach)	85,144	(30)	85,114
Accrued income	17	(i)	Lifetime ECL (simplified approach)	53,556	(500)	53,056
Grants receivable	17	Performing	12-month ECL	58,517	-	58,517
Liquidated damages receivables	17	Performing	12-month ECL	2,394	-	2,394
Other receivables	17	Performing	12-month ECL	20,668	-	20,668
					(530)	
31 March 2019						
Trade receivables	17	(i)	Lifetime ECL (simplified approach)	96,460	(3)	96,457
Accrued income	17	(i)	Lifetime ECL (simplified approach)	60,872	-	60,872
Staff loans	17	Performing	12-month ECL	2	-	2
Grants receivable	17	Performing	12-month ECL	56,205	-	56,205
Liquidated damages receivables	17	Performing	12-month ECL	14,789	-	14,789
Other receivables	17	Performing	12-month ECL	13,865	-	13,865
					(3)	

(i) The Authority has applied the simplified approach to measure the loss allowance at lifetime ECL and in determining, has taken into account the historical default experience of the debtor and an analysis of the debtors' current financial position in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) *Liquidity risk management*

Liquidity risk is the risk that the Authority will encounter difficulty in meeting financial obligations due to shortage of funds. The Authority's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Authority monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Authority's operations and to mitigate the effects of fluctuations in cash flows.

Non-derivative financial liabilities

The following table details the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the contractual cash flows of financial liabilities based on the earliest date on which the Authority can be required to pay.

	Weighted average effective interest rate	Within 1 year	Between 1 year and within 5 years	More than 5 years	Unearned Interest	Total
	%	S$'000	S$'000	$'000	$'000	S$'000
2019/20						
Trade and other payables	-	162,216	-	-	-	162,216
Lease liabilities	1.92	6,910	26,099	2,509	(1,710)	33,808
		169,126	26,099	2,509	(1,710)	196,024
2018/19						
Trade and other payables	-	145,140	-	-	-	145,140

(c) *Foreign currency risk management*

The Authority transacts business in various foreign currencies and therefore is exposed to foreign exchange risk.

At the reporting date, the carrying amounts of significant monetary items denominated in currencies other than the Authority's functional currency are as follows:

	Liabilities		Assets	
	2019/20	2018/19	2019/20	2018/19
	S$'000	S$'000	S$'000	S$'000
United States Dollar	(297)	(90)	-	-
European Euro	(112)	-	-	-
Australian Dollar	(1)	(489)	2,131	435
New Zealand Dollar	(7)	-	-	-
Canadian Dollar	(100)	(48)	1	1
	(517)	(627)	2,132	436

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) *Foreign currency risk management (cont'd)*

Foreign currency sensitivity

The following table details the sensitivity to a 5% (2018/19: 5%) increase and decrease in the relevant foreign currencies against the functional currency of the Authority. 5% (2018/19: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items. The analysis adjusts the translation at year end for a 5% (2018/19: 5%) change in spot foreign currency rates for monetary items.

If the relevant foreign currency were to strengthen by 5% (2018/19: 5%) against the functional currency of the Authority, surplus before contribution to Government Consolidated Fund will increase/(decrease) by:

	2019/20	2018/19
	S$'000	S$'000
United States Dollar	(15)	(5)
European Euro	(6)	-
Australian Dollar	107	(3)
New Zealand Dollar	*	-
Canadian Dollar	(5)	(2)
	81	(10)

* Denotes less than S$1,000.

A 5% (2018/19: 5%) weakening of the above currency against the Singapore Dollar at the reporting dates would have equal but opposite effects on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The Authority does not engage in speculative foreign exchange transactions.

7. FAIR VALUES OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Authority takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for leasing transactions that are within the scope of SB-FRS 116 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in SB-FRS 36 *Impairment of Assets*.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

7. FAIR VALUES OF ASSETS AND LIABILITIES (cont'd)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Fair value hierarchy

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

(a) *Assets and liabilities not measured at fair value but for which fair value is disclosed*

The following table shows an analysis of the Authority's assets not measured at fair value but for which fair value is disclosed:

	Level 1	Level 2	Level 3	Total	Carrying amount
	S$'000	S$'000	S$'000	S$'000	S$'000
31 March 2020					
Liquidated damages receivable	-	-	2,394	2,394	2,394
31 March 2019					
Liquidated damages receivable	-	-	15,080	15,080	14,789

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at the average cost of debt applicable to the industry and the jurisdiction of the contractor at the end of the reporting period.

(b) *Financial instruments whose carrying amount approximates fair value*

Management has determined that the carrying amounts of trade and other receivables, cash and cash equivalent, and trade and other payables based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

8. CAPITAL MANAGEMENT

The Authority reviews its capital structure at least annually to ensure that the Authority will be able to continue as a going concern.

The capital structure of the Authority comprises capital and accumulated surplus. The Authority's overall strategy remains unchanged from 2018/19.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

9. RELATED PARTY TRANSACTIONS

Some of the Authority's transactions and arrangements are with related parties. The related party balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Key management personnel compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Authority.

Key management personnel compensation is as follows:

	2019/20	2018/19
	S$'000	S$'000
Salaries and other short-term employee benefits	2,548	2,623
Central Provident Fund contributions	48	48

Other related party transactions

During the financial year, other than those disclosed elsewhere in the financial statements, there were the following significant related party transactions between the Authority and related parties:

	2019/20	2018/19
	S$'000	S$'000
Meteorological services from National Environment Agency	8,649	8,371

In the Authority's role as an agent to the Government, it manages and provides oversight of the funding provided by the Government for Changi East development projects and grants to industry. During the year, S$179,194,000 (2018/19: S$72,383,000) was received on behalf of the Government of which S$1,733,000 (2018/19: S$nil) was held on behalf by the Authority as part of restricted bank balances (Note 18) as at the end of the reporting period.

10. CAPITAL ACCOUNT

This represents the value of assets and liabilities transferred from the former Department of Civil Aviation when the Authority was established, less any subsequent return of assets to the Government.

Dividend

Under the Capital Management Framework for Statutory Boards, the Minister for Finance, the body incorporated by the Minister for Finance (Incorporation) Act, as the ultimate shareholder of the Authority, expects an annual return in the form of dividends in return for the Government's equity injections.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land S$'000	Buildings S$'000	Plant and equipment S$'000	Vehicles S$'000	Office/other equipment, furniture and fixtures S$'000	Capital improvements S$'000	Total S$'000
Cost:							
At 1 April 2018	6,498,573	123,217	440,336	1,424	32,637	52,190	7,148,377
Additions	-	-	-	-	259	-	259
Transfers from capital work-in-progress (Note 13)	-	61,910	54,515	-	3,393	1,659	121,477
Disposals/write-off	-	(12)	(3,304)	(49)	(3,212)	(3)	(6,580)
At 31 March 2019	6,498,573	185,115	491,547	1,375	33,077	53,846	7,263,533
Adoption of SB-FRS 116 (Note 2.4)	(6,498,573)	-	-	-	-	-	(6,498,573)
At 1 April 2019 (Restated)	-	185,115	491,547	1,375	33,077	53,846	764,960
Additions	-	-	-	-	154	-	154
Transfers from capital work-in-progress (Note 13)	-	1,543	59,196	611	2,603	1,487	65,440
Disposals/write-off	-	-	(2,705)	(423)	(1,538)	(53)	(4,719)
At 31 March 2020	-	186,658	548,038	1,563	34,296	55,280	825,835
Accumulated depreciation:							
At 1 April 2018	747,113	90,237	222,792	466	27,587	38,862	1,127,057
Depreciation for the year	67,078	4,447	41,801	132	4,245	1,964	119,667
Disposals/write-off	-	(4)	(3,289)	(48)	(3,212)	(1)	(6,554)
At 31 March 2019	814,191	94,680	261,304	550	28,620	40,825	1,240,170
Adoption of SB-FRS 116 (Note 2.4)	(814,191)	-	-	-	-	-	(814,191)
At 1 April 2019 (Restated)	-	94,680	261,304	550	28,620	40,825	425,979
Depreciation for the year	-	5,288	49,866	148	4,384	2,143	61,829
Disposals/write-off	-	-	(2,705)	(277)	(1,537)	(53)	(4,572)
At 31 March 2020	-	99,968	308,465	421	31,467	42,915	483,236
Carrying amount:							
At 31 March 2020	-	86,690	239,573	1,142	2,829	12,365	342,599
At 31 March 2019	5,684,382	90,435	230,243	825	4,457	13,021	6,023,363

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

12. RIGHT-OF-USE ASSETS (The Authority as Lessee)

The Authority leases several leasehold land, office spaces and plant and equipment. The lease terms of each category of leases are as follows:

Leasehold land	2 to 94 years
Office spaces	2 to 5 years
Plant and equipment	2 to 15 years

The Authority also made upfront payments to secure the right-of-use of certain leasehold land.

	Leasehold land S$'000	Office spaces S$'000	Plant and equipment S$'000	Total S$'000
Cost:				
At 1 April 2019 (Adoption of SB-FRS 116) [1]	6,499,751	35,428	1,983	6,537,162
Additions	14	799	2,897	3,710
Transfers from capital work-in-progress (Note 13)	480	-	-	480
At 31 March 2020	6,500,245	36,227	4,880	6,541,352
Accumulated depreciation:				
At 1 April 2019 (Adoption of SB-FRS 116) [1]	814,191	-	-	814,191
Depreciation for the year	67,637	6,794	546	74,977
At 31 March 2020	881,828	6,794	546	889,168
Carrying amount:				
At 31 March 2020	5,618,417	29,433	4,334	5,652,184
At 1 April 2019	5,685,560	35,428	1,983	5,722,971

[1] Includes the reclassification of leasehold land from property, plant and equipment with cost at S$6,498,573,000 and accumulated depreciation at S$814,191,000.

13. CAPITAL WORK-IN-PROGRESS

	Note	2019/20 S$'000	2018/19 S$'000
At beginning of the year		784,656	545,551
Additions during the year		175,157	360,582
Transfer to property, plant and equipment	11	(65,440)	(121,477)
Transfer to right-of-use assets	12	(480)	-
At end of the year		893,893	784,656

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

14. INVESTMENT IN JOINT VENTURE

	2019/20	2018/19
	S$'000	S$'000
Cost of investment in joint venture	31,070	31,070
Share of post-acquisition results	6,879	5,971
Investment in joint venture	37,949	37,041

Details of the joint venture are as follows:

Name	Principal activities	Place of business	Authority's interest 2019/20	Authority's interest 2018/19
			%	%
Airport Logistics Park of Singapore [(1)]	Developing, marketing, managing and provision of facilities to the free trade zone logistics park	Singapore	20	20

[(1)] Unincorporated entity.

Airport Logistics Park of Singapore is structured as a separate vehicle and the Authority has a residual interest in its net assets. The Authority jointly controls the venture with other partner under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities. Accordingly, the Authority has classified its interest in Airport Logistics Park of Singapore as a joint venture.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

14. INVESTMENT IN JOINT VENTURE (cont'd)

The summarised financial information in respect of Airport Logistics Park of Singapore, based on its FRS financial statements and reconciliation with the carrying amount of the investment in the financial statements are as follows:

	2019/20	2018/19
	S$'000	S$'000
Revenue	6,859	6,843
Interest income	1,826	1,576
Depreciation expense	(1,570)	(1,572)
Other expenses	(2,577)	(2,454)
Profit before tax	4,538	4,393
Income tax expense	-	-
Profit after tax	4,538	4,393
Other comprehensive income	-	-
Total comprehensive income	4,538	4,393
Cash and cash equivalents	95,435	91,537
Trade and other receivables	1,179	1,081
Total current assets	96,614	92,618
Non-current assets	116,151	117,391
Total assets	212,765	210,009
Current liabilities	(2,897)	(3,727)
Non-current liabilities	(20,123)	(21,075)
Total liabilities	(23,020)	(24,802)
Net assets	189,745	185,207
Net assets	189,745	185,207
Proportion of the Authority's ownership	20%	20%
Authority's share of net assets	37,949	37,041
Carrying amount of interest in joint venture	37,949	37,041

There are no other financial liabilities included in the current and non-current liabilities except for trade and other payables and provisions.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

15. INVESTMENT IN ASSOCIATE

	2019/20	2018/19
	S$'000	S$'000
Cost of investment in associate	9,446	9,446
Share of post-acquisition results, net dividend received	2,220	160
Investment in associate	11,666	9,606

Details of the associate are as follows:

Name	Principal activities	Place of incorporation and business	Effective interest held by the Authority 2019/20	Effective interest held by the Authority 2018/19
			%	%
Experia Events Pte Ltd	Organising and management of conferences, exhibition and other related activities	Singapore	17	17

Although the Authority has 17% equity interest in Experia Events Pte Ltd, the Authority determined that it has significant influence because it has representation on the board of Experia Events Pte Ltd.

The summarised financial information in respect of Experia Events Pte Ltd, based on its FRS financial statements and reconciliation with the carrying amount of the investment in the financial statements are as follows:

	2019/20	2018/19
	S$'000	S$'000
Revenue	48,526	14,786
Profit/(loss) after tax	12,122	(9,201)
Other comprehensive income	-	-
Total comprehensive income/(loss)	12,122	(9,201)
Current assets	44,799	37,042
Non-current assets	49,091	51,704
Current liabilities	(21,065)	(28,322)
Non-current liabilities	(4,201)	(3,921)
Net assets	68,624	56,503
Net assets	68,624	56,503
Proportion of the Authority's ownership	17%	17%
Authority's share of net assets	11,666	9,606
Carrying amount of interest in associate	11,666	9,606

During the year, the Authority received dividend income amounting to S$nil (2018/19: S$1,700,000) from the associate.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

16. LONG-TERM INVESTMENT

The long-term investment relates to the Authority's corporate membership at the National Service Resort and Country Club.

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2019/20	2018/19
	S$'000	S$'000
Other receivables and prepayments (non-current)		
Prepaid lease	6,328	6,738
Liquidated damages receivable	-	1,519
Prepayments	26,732	27,298
Other receivables	516	-
	33,576	35,555
Trade and other receivables and prepayments (current)		
Trade receivables:		
- Related parties	746	1,610
- Others	84,368	94,847
Accrued income	53,056	60,872
Prepaid lease	410	410
Staff loans	-	2
Liquidated damages receivable	2,394	13,270
Prepayments	9,221	24,874
Grants receivable	58,517	56,205
Other receivables	20,878	14,000
	229,590	266,090

(a) *Trade receivables*

The amount of trade receivables recognised in respect of non-exchange revenue are as follows:

	2019/20	2018/19
	S$'000	S$'000
Exchange revenue	85,114	85,193
Non-exchange revenue	-	11,264
	85,114	96,457

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (cont'd)

(a) *Trade receivables (cont'd)*

The average credit period for trade receivables ranges from 7 to 30 days (2018/19: 7 to 30 days). No interest is charged on the trade receivables for payment received before due date of the invoice. Thereafter, the Authority reserves the right to charge interest at 5.5% or 8.5% (2018/19: 5.5% or 8.5%) per annum on the overdue balance.

The table below is an analysis of trade receivables as at 31 March:

	2019/20	**2018/19**
	S$'000	S$'000
Trade receivables	85,144	96,460
Loss allowance	(30)	(3)
Total trade receivables, net	85,114	96,457

The Authority's exposure to credit risk arises through its trade receivables. Due to the nature of the Authority's operation, the Authority has a concentration of credit risk of about 99% (2018/19: 98%) (Note 6) that were due from one of the Authority's major customers as at the end of the financial year.

A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over one year past due, whichever occurs earlier.

Loss allowance for trade receivables has been measured at an amount equal to lifetime expected credit losses ("ECL") based on individual assessment of debtors. The ECL on trade receivables are estimated based on past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (cont'd)

(a) *Trade receivables (cont'd)*

The movements in credit loss allowance are as follows:

	2019/20	**2018/19**
	S$'000	S$'000
	Individually assessed	
Balance at beginning of year (1 April)	3	3
Adoption on SB-FRS 109	-	-
Adjusted balance at beginning of year (1 April)	3	3
Loss allowance recognised in income or expenditure during the year on:		
- New trade receivables originated	30	3
- Reversal of unutilised amounts	-	-
	30	3
Receivables written off	(3)	(3)
Balance at end of year (31 March)	30	3

Based on historical default rate, the Authority believes that, apart from the above, no impairment allowance is necessary in respect of other trade receivables outstanding at the date of the statement of financial position.

(b) *Prepaid lease*

Prepaid lease represents premium paid in advance to Singapore Land Authority for leasehold land. The land is leased to the Authority's associate, Experia Events Pte Ltd, under a back-to-back lease arrangement and the amount received was recognised as deferred income (Note 23).

	S$'000
Cost:	
At 1 April 2018, 31 March 2019, 1 April 2019 and 31 March 2020	12,290
Accumulated amortisation:	
At 1 April 2018	4,733
Amortisation charge for the year	409
At 31 March 2019 and 1 April 2019	5,142
Amortisation charge for the year	410
31 March 2020	5,552
Carrying amount:	
At 31 March 2020	6,738
At 31 March 2019	7,148

As the net investment in this lease arrangement is S$nil, no finance lease receivable and lease liability are recognised upon the application of SB-FRS 116.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (cont'd)

(c) *Accrued income*

This pertains to services provided to customers for which invoices are not billed. Accordingly, none of the amounts due from debtors at the end of the reporting period is past due.

In the opinion of the management, the carrying amount of accrued income approximates their fair value at the date of the statement of financial position.

The table below is an analysis of accrued income as at 31 March:

	2019/20	**2018/19**
	S$'000	S$'000
Accrued income	53,556	60,872
Loss allowance	(500)	-
Total accrued income, net	53,056	60,872

Accrued income is written off when there is information indicating that there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Loss allowance for accrued income has been measured at an amount equal to lifetime expected credit losses ("ECL"). The ECL on accrued income are estimated based on the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The movements in credit loss allowance are as follows:

	2019/20
	S$'000
	Individually assessed
Balance at 1 April 2018, 31 March 2019 and 1 April 2019	-
Loss allowance recognised in income or expenditure during the year on:	
- New accrued income originated	500
- Reversal of unutilised amounts	-
	500
Balance at 31 March 2020	500

Based on historical default rate, the Authority believes that, apart from the above, no impairment allowance is necessary in respect of other accrued income at the date of the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (cont'd)

(d) *Liquidated damages receivable*

The contract for the delivery of the Long Range Radar and Display System ("LORADS") III Air Traffic Control ("ATC") System allows the Authority to claim liquidated damages from the contractor for delays in meeting agreed contractual milestones.

As at 31 March 2020, the Authority has a liquidated damages credits receivable of S$2,477,000 (2018/19: S$15,378,000) under this contract arising from agreed contractual milestones not being achieved by the contractor. The credits receivable is to be applied against future evolutions to the LORADS III ATC System or other additional services from the contractor. The Authority has identified certain upcoming projects for the application of these credits, which are forecast to be utilised by Year 2021.

The credits receivable was measured at an amortised cost of S$2,394,000 (2018/19: S$14,789,000). The initial credits receivable was measured and recognised in 2012/13 at its fair value based on the discounted cash flow method. The discount rate used was based on the average cost of debt applicable to the industry and the jurisdiction of the contractor. The fair value of the credits receivable on the liquidated damages was estimated based on the Authority's assumption to fully utilise them by Year 2021. In the unlikely event that this assumption does not materialise, adjustments may have to be made to the annual amortisation of the discount on initial recognition and the carrying value of the credits receivable.

The Authority had obtained a banker's guarantee from the contractor to secure the receivable. The Authority continuously monitors its credit risk exposure and the credit rating of the contractor. The Authority assessed that the credit quality of these receivables are of acceptable risk and the receivables will be fully recoverable.

Liquidated damages receivables are considered to have low credit risk based on the credit rating of the banker's guarantee obtained from the contractor. Furthermore, there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses and the Authority believes that no loss allowance is required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

(e) *Grants receivable*

This pertains to accrued grants receivable from the government that are not billed. Accordingly, none of the amounts due from the government at the end of the reporting period is past due.

Grants receivable are considered to have low credit risk as they are not due for collection at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. The Authority believes that no loss allowance is required. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

18. CASH AND CASH EQUIVALENTS

	2019/20	2018/19
	S$'000	S$'000
Cash and cash equivalents in the statement of cash flows	760,290	698,857
Add: Restricted bank balances [1]	1,769	112
Bank and cash balances	762,059	698,969

[1] At the end of reporting period, included in the restricted bank balances are funds held on behalf for the Ministry of Transport

The carrying amounts of cash and cash equivalents approximate their fair values.

The bank and cash balances include amounts placed with Accountant-General's Department under the Government's Centralised Liquidity Management ("CLM") scheme. These amounts are centrally maintained at consolidated pool and are available upon request.

Cash and cash equivalents balances that are not denominated in the functional currency of the Authority are as follows:

	2019/20	2018/19
	S$'000	S$'000
Denominated in:		
- Australian Dollar	2,131	435
- Canadian Dollar	1	1
	2,132	436

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

19. TRADE AND OTHER PAYABLES

	Note	2019/20	2018/19
		S$'000	S$'000
Trade payables:			
- Related parties		2,728	610
- Others		29,524	23,128
Income billed and received in advance		80,890	80,047
Accrued expenses		101,859	92,602
Accrued payroll expenses		27,508	28,325
Provision for property tax		3,379	-
Sundry and other payables		75	41
Deposits received		522	434
Grants received in advance	21	-	14,217
Current portion of:			
- Deferred income	23	410	410
- Deferred capital grants	24	45,150	45,120
- Provision for pension and post-retirement medical benefits plan	25	656	584
		292,701	285,518

The average credit period on purchases of goods and services is 1 month (2018/19: 1 month).

Trade and other payables balances that are not denominated in the functional currency of the Authority are as follows:

	2019/20	2018/19
	S$'000	S$'000
Denominated in:		
- United States Dollar	297	90
- European Euro	112	-
- Australian Dollar	1	489
- New Zealand Dollar	7	-
- Canadian Dollar	100	48
	517	627

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

20. LEASE LIABILITIES

	2019/20
	S$'000
Maturity analysis:	
Year 1	6,910
Year 2	8,126
Year 3	8,006
Year 4	7,774
Year 5	2,193
Year 6 and onwards	2,509
	35,518
Less: Unearned interest	(1,710)
	33,808
Comprising:	
- Current	6,325
- Non-current	27,483
	33,808

The Authority does not face a significant liquidity risk with regard to its lease liabilities.

21. GRANTS RECEIVED IN ADVANCE

	Note	2019/20	2018/19
		S$'000	S$'000
At beginning of the year		14,217	14,217
Operating grants received during the year	30	20,960	34,662
Movement in grant accruals	30	(5,417)	7,661
		15,543	42,323
Transfer to income or expenditure:			
- Grants for property tax		(16,451)	(18,957)
- Grants for industry		(9,843)	(22,983)
- Others		(3,466)	(383)
		(29,760)	(42,323)
At end of the year		-	14,217
Comprising:			
- Current	19	-	14,217
- Non-current		-	-
		-	14,217

The Authority received government operating grants for certain operating activities. These grants received in advance will be recorded in the income and expenditure statement when the expenses are incurred.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

22. CONTRIBUTION PAYABLE TO GOVERNMENT CONSOLIDATED FUND

The contribution to the Government Consolidated Fund is payable in accordance with Section 3(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act (Cap. 319A, 2004 Revised Edition). The contribution is based on a percentage of the 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 2019/20 is 17% (2018/19: 17%).

23. DEFERRED INCOME

	Note	2019/20	2018/19
		S$'000	S$'000
At beginning of the year		7,148	7,557
Amortisation for the year		(410)	(409)
At end of the year		6,738	7,148
Comprising:			
- Current	19	410	410
- Non-current		6,328	6,738
		6,738	7,148

Deferred income represents amount received from the land leased to the Authority's associate, Experia Events Pte Ltd. The land lease amount is amortised over 30 years effective September 2006.

24. DEFERRED CAPITAL GRANTS

	Note	2019/20	2018/19
		S$'000	S$'000
At beginning of the year		4,969,676	4,738,676
Capital grants received during the year	30	90,789	271,726
Movement in grant accruals	30	7,729	4,395
		98,518	276,121
Amortisation for the year		(45,125)	(45,121)
At end of the year		5,023,069	4,969,676
Comprising:			
- Current	19	45,150	45,120
- Non-current		4,977,919	4,924,556
		5,023,069	4,969,676

The Authority received government capital grants mainly for the alienation of land and related construction cost. There is no unfulfilled condition or contingency attached to the grants.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

25. PROVISION FOR PENSION AND POST-RETIREMENT MEDICAL BENEFITS PLAN

The Authority provides pension and post-retirement medical benefit schemes to certain of its ex-employees who did not opt for transfer to the Central Provident Fund Scheme. The pension and post-retirement medical benefits schemes are closed to new entrants.

(a) *Pension Scheme*

An eligible employee, upon reaching his retirement date and who has completed at least 10 years of service, is entitled to opt for one of the three retirement benefit options:

Option (i) : Fully commuted pension gratuity
Option (ii) : Full annual pension
Option (iii) : Partial commutation of pension with gratuity

(b) *Post-Retirement Medical Benefits Scheme*

An eligible employee, upon reaching his retirement date and who has completed at least 10 years of service, is entitled to the following post-retirement medical benefits:

Option (i) : Hospitalisation benefits
Option (ii) : Outpatient benefits
Option (iii) : Dental benefits

The actuarial valuation of the present value of the defined benefit obligation was carried out as at 31 March 2020 by a qualified independent actuary in accordance with SB-FRS 19 *Employee Benefits*. In assessing the plan's liabilities, the Projected Unit Credit actuarial methodology has been applied.

In recognising the actuarial gains or losses, the Authority has adjusted its net liability to be equal to the present value of obligation. Any actuarial gain or loss in the year of valuation will be recognised in other comprehensive income immediately. This actuarial gain or loss recognition methodology will be applied consistently in all future actuarial valuations.

The principal financial assumptions used for the purpose of the actuarial valuations were as follows:

	Valuation at	
	2019/20	**2018/19**
	%	%
Pension Scheme		
Discount rate	1.2	1.9
Post-Retirement Medical Benefit Scheme		
Discount rate	1.4	2.3
Medical inflation rate	3.2	4.0 - 5.0

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

25. PROVISION FOR PENSION AND POST-RETIREMENT MEDICAL BENEFITS PLAN (cont'd)

The amount recognised in the statement of financial position in respect of the Authority's defined benefit obligation is as follows:

	Note	2019/20	2018/19
		S$'000	S$'000
Current	19	656	584
Non-current		9,154	9,785
		9,810	10,369

Amounts recognised in income or expenditure in respect of the defined benefit plan are as follows:

	Note	2019/20	2018/19
		S$'000	S$'000
Interest cost		210	232
Gain on settlement		-	(71)
	27	210	161

The charge for the year is included in salaries, wages and staff benefits expense in the statement of comprehensive income.

Changes in the present value of the defined benefit obligation are as follows:

	2019/20	2018/19
	S$'000	S$'000
Opening defined benefit obligation	10,369	10,817
Interest cost	210	232
Gain on settlement	-	(71)
Remeasurement gain recognised in other comprehensive income	(75)	-
Benefits paid	(694)	(609)
Closing defined benefit obligation	9,810	10,369

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

25. PROVISION FOR PENSION AND POST-RETIREMENT MEDICAL BENEFITS PLAN (cont'd)

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

		Increase/(decrease) in Defined Benefit Obligation	
		2019/20	**2018/19**
	%	S$'000	S$'000
Pension Scheme			
Discount rate	+ 0.5	(208)	(215)
	- 0.5	217	232
Post-Retirement Medical Benefit Scheme			
Discount rate	+ 0.5	(245)	(265)
	- 0.5	268	289
Medical inflation rate	+ 0.5	262	321
	- 0.5	(242)	(296)

26. REVENUE

	2019/20	**2018/19**
	S$'000	S$'000
Timing of revenue recognition		
SB-FRS 115 revenue		
At a point in time:		
Aviation training programme fee	7,955	7,701
Certification, examination and licence fee	10,700	16,301
Over time:		
Fees for airport and related services	251,050	225,413
Airport and aerodrome licence fee	3,130	3,130
Other service income	8,457	7,578
Non SB-FRS 115 revenue		
Annual ground rent	78,570	78,570
Other rental income	925	910
Aviation levy (Non-exchange revenue)	137,966	149,774
	498,753	489,377

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

27. SALARIES, WAGES AND STAFF BENEFITS

The following are included in salaries, wages and staff benefits:

	Note	**2019/20**	**2018/19**
		S$'000	S$'000
Pension and post-retirement medical benefits cost	25	210	161
Employer's contribution to Central Provident Fund		18,353	18,541

28. NON-OPERATING INCOME, NET

	2019/20	**2018/19**
	S$'000	S$'000
Non-operating income		
Interest income	15,652	15,431
Gain on disposal of property, plant and equipment	-	7
Gain on foreign exchange	-	23
Others	679	804
	16,331	16,265
Non-operating expense		
Loss on foreign exchange	(27)	-
Loss on disposal of property, plant and equipment	(10)	-
Write-off of property, plant and equipment	-	(26)
	(37)	(26)
Non-operating income, net	16,294	16,239

29. COMMITMENTS

(a) *Capital commitments*

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	2019/20	**2018/19**
	S$'000	S$'000
Capital commitments in respect of property, plant and equipment	110,602	145,301

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

29. COMMITMENTS (cont'd)

(b) *Operating lease commitments - as lessor*

Disclosure required by SB-FRS 116

Maturity analysis of operating lease receivables:

	2019/20 S$'000
Year 1	79,192
Year 2	76,007
Year 3	75,691
Year 4	75,687
Year 5	75,687
Year 6 and onwards	1,340,369
	1,722,633

Disclosure required by SB-FRS 17

The future minimum lease receivables under non-cancellable leases are as follows:

	2018/19 S$'000
Within one year	79,570
Between one and five years	306,851
More than five years	1,416,056
	1,802,477

(c) *Operating lease commitments - as lessee*

Disclosure required by SB-FRS 17

At 31 March 2019

The minimum lease payments recognised as an expense in income or expenditure amounted to S$8,793,000.

The future minimum lease payables under non-cancellable leases are as follows:

	2018/19 S$'000
Within one year	9,316
Between one and within five years	35,582
More than five years	2,212
	47,110

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Authority's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Authority's statement of cash flows as cash flows from financing activities.

					Non-cash changes					
	31 March 2019 S$'000	Adoption of SB-FRS 116 S$'000	1 April 2019 S$'000	Financing cash flows (i) S$'000	Grants utilised S$'000	Grants accruals S$'000	Grants amortised S$'000	New lease liabilities S$'000	Other changes (ii) S$'000	31 March 2020 S$'000
Lease liabilities (Note 20)	-	39,554	39,554	(7,352)	-	-	-	3,393	(1,787)	33,808
Grants received in advance (Note 21)	14,217	-	14,217	20,960	(29,760)	(5,417)	-	-	-	-
Deferred capital grants (Note 24)	4,969,676	-	4,969,676	90,789	-	7,729	(45,125)	-	-	5,023,069
Cash at bank - Restricted balance (Note 18)	(112)	-	(112)	(1,657)	-	-	-	-	-	(1,769)
	4,983,781	39,554	5,023,335	102,740	(29,760)	2,312	(45,125)	3,393	(1,787)	5,055,108

(i) The cash flows made up of repayment of lease liabilities and operating / capital grants received in the statement of cash flows.

(ii) Other changes include prepaid lease payments made in 2018/19.

			Non-cash changes			
	1 April 2018 S$'000	Financing cash flows (i) S$'000	Grants utilised S$'000	Grants accruals S$'000	Grants amortised S$'000	31 March 2019 S$'000
Grants received in advance (Note 21)	14,217	34,662	(42,323)	7,661	-	14,217
Deferred capital grants (Note 24)	4,738,676	271,726	-	4,395	(45,121)	4,969,676
Cash at bank - Restricted balance (Note 18)	-	(112)	-	-	-	(112)
	4,752,893	306,276	(42,323)	12,056	(45,121)	4,983,781

(i) The cash flows are made up of operating grants and capital grants received in the statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

31. CHANGI AIRPORT DEVELOPMENT FUND

(a) The Changi Airport Development Fund (the "Fund") was established in accordance with Section 25A and Section 25B of the Civil Aviation Authority of Singapore Act which came into effect on 1 September 2015. The moneys in the Fund may be withdrawn by the Authority only for the specific purpose of expanding Changi Airport. The Authority was given the authority to administer the Fund under Sections 25A and 25B of the Civil Aviation Authority of Singapore Act. Upon dissolution of the Fund, the remaining balance would be transferred back to the Consolidated Fund and the past reserves of the Government.

(b) The results of the Fund for the year are as follows:

	2019/20 S$'000	2018/19 S$'000
Funds from Government	-	119,902
Airport development levy	270,737	163,772
Interest income	65,108	57,162
Loss allowance on airport development levy receivable	(905)	-
Surplus for the year	334,940	340,836
Accumulated surplus as at 1 April	4,442,789	4,101,953
Accumulated surplus as at 31 March	4,777,729	4,442,789

(c) The assets and liabilities of the Fund as at 31 March are as follows:

	2019/20 S$'000	2018/19 S$'000
Accumulated fund	4,777,729	4,442,789
Non-current assets		
Investment in Special Singapore Government Securities	3,074,643	761,647
Current assets		
Investment in Special Singapore Government Securities	712,050	3,000,000
Cash placed with Accountant-General's Department under CLM scheme	938,518	583,715
Airport development levy receivable	22,790	71,561
Less: Loss allowance	(905)	-
Interest receivable	30,633	25,866
	1,703,086	3,681,142
Net assets	4,777,729	4,442,789

The assets and liabilities of the Fund are excluded from the assets and liabilities of the Authority.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2020

32. EVENTS AFTER REPORTING DATE

The outbreak of Coronavirus Disease 2019 ("COVID-19") in early 2020 has caused disruptions to many industries globally. Despite the challenges, governments and international organisations have implemented a series of measures to contain the pandemic. Specifically, many countries have imposed entry restrictions and border closures, bringing global air travel to a virtual standstill.

The COVID-19 outbreak is an event that occurred during the Authority's financial reporting period and the impact of COVID-19 outbreak on the Authority's assets and liabilities have been assessed and recognised in the financial statements as at 31 March 2020.

Subsequent to the financial year ended and as at the date of the report, management has also assessed the reasonably expected impact of COVID-19 as well as the imposed restrictions on air travel and border closures on its assets and liabilities as at 31 March 2020.

The Authority will closely monitor the development of the pandemic and assess its impact on its operations continuously. Notwithstanding this, management has assessed that the Authority is still able to maintain sufficient liquidity to enable the Authority to continue as a going concern for at least the next 12 months from the date of the financial statements.

33. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 March 2020 were authorised for issue by the Authority members on 26 June 2020.

CAAS
Civil Aviation Authority of Singapore

SINGAPORE CHANGI AIRPORT
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