CAAS
Civil Aviation Authority of Singapore

SAFER · STRONGER · GREENER

SOARING TOGETHER TO GREATER HEIGHTS

ANNUAL REPORT 2022/23

Contents

Chairman and Director-General's Message

2022 was a milestone year for the Singapore aviation sector. On 1 April 2022, Singapore reopened its borders to all vaccinated travellers when the public health risk brought about by the COVID-19 pandemic subsided. The Civil Aviation Authority of Singapore (CAAS) mobilised the sector to ramp up manpower and operations. Working as one aviation ecosystem, we quickly reconnected with the world and restored the distinctive Changi experience in a smooth and safe fashion. As at March 2023, passenger traffic volume at Changi had more than tripled to 80% of pre-COVID levels. Our airport terminals were buzzing again with laughter and excitement, from vacationing families, tourists, and business executives, as well as from our aviation workers serving alongside their colleagues and facing the future with hope and confidence. This strong recovery would not have been possible without the tenacity, unwavering dedication and determination of our officers to push on despite the monumental challenges, and the strong tripartite partnership that continues to distinguish Singapore in our response.

Focusing our efforts on current operations did not stop us from laying the foundation to secure the long-term future of Singapore aviation. We restarted work on Changi Airport Terminal Five which will significantly enhance our airport capacity and redefine the Changi experience, increasing Singapore's connectivity and creating opportunities for Singaporeans from the mid-2030s to 2050 and beyond. We are matching capacity on the ground with capacity in the skies, while continuing to enhance the safety and efficiency of air traffic, through innovations and investments in air traffic management systems. We made sustainability a new priority for the Singapore aviation sector and are establishing practical, tangible pathways to decarbonise aviation, a hard-to-abate sector, the Singapore way, through thoughtful, pragmatic planning and strong public-private and international collaboration.

Mr Edmund Cheng
Chairman

Mr Han Kok Juan
Director-General

Our ability to ramp up operations and plan for the future relies critically on our people. We are transforming our work, workplace and workforce to support our people better. The distinguishing feature of the Singapore aviation sector is our ability to work as one ecosystem.

We have shored up our finances so that we have the wherewithal to continue to make long-term investments to strengthen the Singapore aviation ecosystem. For the financial year that ended 31 March 2023, we posted a net deficit of $9.6 million, an improvement of 78% from last year. We remain financially strong, with $2.6 billion in net assets.

Barring unforeseen circumstances, we expect the Singapore aviation sector to achieve full recovery by 2024 if not earlier. We have emerged from COVID-19 stronger and more united. Our future is bright. We will continue to connect Singapore with the world, provide exciting careers for Singaporeans, and be the pride of the nation.

We have come a long way since our darkest days of the pandemic. While the memories of those days will undoubtedly leave an indelible mark in our hearts, they have also given us stronger resolute to forge ahead to complete our recovery from the pandemic, rebuild our air hub and take Singapore aviation to new heights.

2022 has indeed been a turning point for Singapore aviation and CAAS. Our teams have experienced an intensity never felt before. They have risen to every challenge and have taken every opportunity to improve and do better. We are very proud of our teams of dedicated professional CAAS officers and all that we have achieved together. We have come a long way since our darkest days of the pandemic. While the memories of those days will undoubtedly leave an indelible mark in our hearts, they have also given us a stronger resolve to forge ahead to complete our recovery from the pandemic, rebuild our air hub and take Singapore aviation to new heights.

Mr Edmund Cheng
Chairman

Mr Han Kok Juan
Director-General

Members of the Authority

(as at 31 March 2023)

Mr Edmund Cheng
Chairman

Ms Cham Hui Fong
Member

Mr Mark Chong
Member

Prof Chong Tow Chong
Member

Mr Chua Kwan Ping
Member

Mr Han Kok Juan
Member

MG Kelvin Khong
Member

Prof Lam Khin Yong
Member

Ms Christina Ong
Member

Mr Tan Pheng Hock
Member

Mr Wong Kang Jet
Member

Ms Mary Yeo
Member

The Authority's Committees

(as at 31 March 2023)

Staff & Remuneration Committee

Chairman	Mr Edmund Cheng
Members	Prof Chong Tow Chong Mr Han Kok Juan MG Kelvin Khong Mr Wong Kang Jet
Secretary	Ms Goh Hui Boon

Tenders Committee

Chairman	Mr Edmund Cheng
Alternate Chairman	Prof Chong Tow Chong
Members	Ms Cham Hui Fong Mr Han Kok Juan
Alternate Member	Mr Wong Kang Jet
Secretary	Not applicable

Investment Committee

Chairman	Mr Tan Pheng Hock
Members	Mr Han Kok Juan Ms Christina Ong
Secretary	Ms Chia Sin Yee

Cybersecurity and Data Governance Committee

Chairman	Mr Mark Chong
Members	Mr Baey Chin Cheng Mr Han Kok Juan Prof Lam Khin Yong Mr Tan Pheng Hock Mr Tan Shong Ye Ms Shirley Wong
Secretary	Mr Ho Kee-Vin

Audit and Risk Committee

Chairman	Ms Mary Yeo
Members	Mr Mark Chong Mr Chua Kwan Ping
Secretary	Mr Tan Kwang Wei

CAAS Buildings and Infrastructure Committee

Chairman	Mr Edmund Cheng
Members	Ms Helen Chen Mr Chow Kok Fong Mr Chua Kwan Ping Mr Han Kok Juan Mr Tan Pheng Hock
Secretary	Mr Peter Wee

Principal Officers

(as at 31 March 2023)

Mr Han Kok Juan
Director-General

Mr Tay Tiang Guan
1 Deputy Director-General / Chief Risk Officer

Mr Ng Tee Chiou
2 Deputy Director-General / Singapore's Alternate Representative on the Council of the ICAO

Mr Bernard Lim
3 Deputy Director-General

Mr Alan Foo
Senior Director (Safety Regulation Group) / Director (Flight Standards)

Mr Daniel Ng
Senior Director (Aviation Development Group) / Chief Sustainability Officer

Ms Eileen Poh
Singapore's Representative on the Council of the ICAO

Mr Tan Kah Han
Senior Director (Unmanned Systems Group) / Chief Technology Officer

Mr Adrian Chang
Director
(Transformation Office)

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

Ms Chia Sin Yee
Director
(Finance)

Dr Chong Chun Hon
Chairman
(Civil Aviation Medical Board)

Mr Gabriel Chong
Director
(Airport Economic Regulation)

Ms Goh Hui Boon
Director
(Human Resource)

Mr Ho Kee-Vin
Director
(Cybersecurity and Data Governance)

Mr Vincent Hwa
Director
(Air Traffic Services)

Mr Sidney Koh
Director
(Air Transport)

Ms Charmaine Liu
Director
(International Relations) / (Singapore Aviation Academy)

Mr Loo Chee Beng
Director
(Aeronautical Telecommunications and Engineering)

Ms Angela Ng
Director
(Aviation Industry)

Mr Randy Ong
Director
(Airport Operations Regulation and Aviation Security)

Mr Maran Paramanathan
Director
(Unmanned Systems Policy, Regulations and Operations)

Mr Phua Chai Teck
Director
(Airport Development and Planning)

Mr Tan Chun Wei
Director
(Unmanned Systems Technology, Engineering and Planning)

Mr Dalen Tan
Director
(Safety Policy and Planning)

Mr Tan Kwang Wei
Director
(Internal Audit)

Ms Lydia Tan
Director
(Corporate Communications)

Ms Tan Siew Huay
Director
(Legal)

Mr Tan Yean Guan
Director
(Air Traffic Management Plans and Development)

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

Ms Jean Yee
Director
(Airspace Policy)

Rebuilding Our Air Hub

"This is an exciting time for the aviation sector. We are replenishing our ranks and building our bench strength. We invite Singaporeans to join us and work with us to create the future of Singapore Aviation. Together, we shall be pioneers once more."

Mr Han Kok Juan,
Director-General

On 1 April 2022, Singapore re-opened its borders to all fully vaccinated travellers under a new Vaccinated Travel Framework. CAAS worked closely with the aviation sector, including both companies and workers, to quickly ramp up manpower and operations, and restore Singapore's connectivity with the world.

In one year, Changi Airport's passenger traffic volume increased from 18% of pre-COVID levels in March 2022 to 81% in March 2023. Over this period, the volume of passenger flights increased from 33% of pre-COVID levels to 78%, while we restored 80% of passenger city links, up from 58%. We restarted works on the Changi Airport Terminal 5 (T5) project to build capacity for the future, positioning ourselves to take Singapore aviation to even greater heights.

Building connectivity

In October 2022, the landmark ASEAN-EU Comprehensive Air Transport Agreement (CATA) was concluded at the 28th ASEAN Transport Ministers' Meeting in Bali. The first bloc-to-bloc air transport agreement was achieved after several rounds of negotiations since 2016. It marks a significant milestone in ASEAN-EU relations and in the progression of aviation liberalisation. Unparalleled in depth and breadth, the agreement covers a combined international aviation market of more than 1 billion people across 37 countries. The agreement not only opens market access, but also creates an institutional structure for long-term cooperation in important areas like aviation safety, air traffic management and sustainability.

Expanding capacity

Due to COVID-19, the Changi Airport T5 project was paused for two years. We worked with Changi Airport Group (CAG) to take this time to review its design to make it more modular and flexible, and to enhance its resilience and sustainability. Following the two-year pause, work on the T5 project has restarted, with design and engineering consultants re-mobilised progressively to update and refine the T5 design. Construction is expected to commence in 2025, for T5 to be ready to meet the anticipated demand around the mid-2030s. When operational, T5 will be able to handle about 50 million passengers per year, with the flexibility to be built in two phases in line with traffic growth, within the 1,080-hectare Changi East development that is almost as large as the land area of Changi Airport today.

To serve the growing volume of passenger traffic before T5, Changi Airport Terminal 4 (T4) reopened on 13 September 2022, while the southern wing of the newly revamped Terminal 2 (T2) reopened on 11 October 2022. Looking ahead, the northern wing of T2 is expected to reopen in October 2023 to add additional handling capacity to Changi Airport.

Attracting new talent and upskilling aviation workforce

To support the revival of the sector, manpower was critical. Along with our key partners, National Trades Union Congress (NTUC), NTUC's Employment and Employability Institute (e2i) and Workforce Singapore (WSG), CAAS rallied aviation employers to invite Singaporeans to join the sector to power its recovery, through a two-day OneAviation Careers fair on 27 and 28 May 2022. Over 20 aviation employers participated in the event which promoted our collective call to action — "Join Aviation: Together, We Will Soar Again" — the theme of the inaugural fair. The event drew over 11,000 visitors, demonstrating that aviation continues to be an attractive sector that many sought to build rewarding and exciting careers in. Together with the continued efforts by aviation companies to rebuild their workforce, the sector added more than 6,000 workers to its ranks over the course of the year, building back from 70% of the pre-COVID workforce to 90%.

We also deepened the partnership with NTUC and e2i through the launch of the OneAviation Careers Hub (OACH) in October 2022. The OACH is a one-stop online aviation resource portal that connects aviation job seekers to end-to-end job facilitation, career coaching and recruitment services. The portal is a tripartite initiative to attract new talent as well as upskill our current workforce to help them keep up with the dynamic developments of the aviation sector. To further bolster aviation workforce development efforts and demonstrate a commitment to supporting the workforce's well-being, CAAS signed a Memorandum of Understanding (MOU) with the NTUC Aerospace and Aviation (A&A) Cluster and e2i on 30 December 2022. Under the MOU, CAAS, NTUC A&A Cluster and e2i will work together in three key areas:

(i) Attract Singaporeans to build a career in aviation

(ii) Support retention and skills upgrading of aviation workers

(iii) Enhance workforce cohesion and well-being

Photo credit – Ministry of Transport

Thank you to our OneAviation community

The ramp-up in airport operations to support the rapid air travel recovery was made possible only by the strong collaboration of the OneAviation community and the resilience and steadfastness of our aviation workers who pushed ahead to ensure that our air hub would soar again.

To thank our aviation workers for helping the sector tide over the COVID-19 pandemic and supporting a strong recovery, we organised a OneAviation May Day appreciation event. The event was graced by NTUC Secretary-General Ng Chee Meng, then-Senior Minister of State for Transport and then NTUC Deputy Secretary-General Chee Hong Tat, CAAS Chairman Edmund Cheng and the key leadership of CAAS, CAG, dnata, SATS and SIA Engineering Company. CAAS and Friends for Aviation, a CAAS volunteer group, also provided 3,000 meals and distributed 3,000 goodie bags in May 2022 to workers, to thank them for their efforts through the May Day-Hari Raya Puasa long weekend.

Changi Airport Key Traffic Statistics

(as at 31 March 2023)

Commercial Aircraft Movements

219,000

THREE-YEAR TREND

2022 219,000
2021 109,000
2020 125,000

Passenger Movements

32.2 million

THREE-YEAR TREND

2022 32.2 million
2021 3.05 million
2020 11.8 million

Airfreight Movements

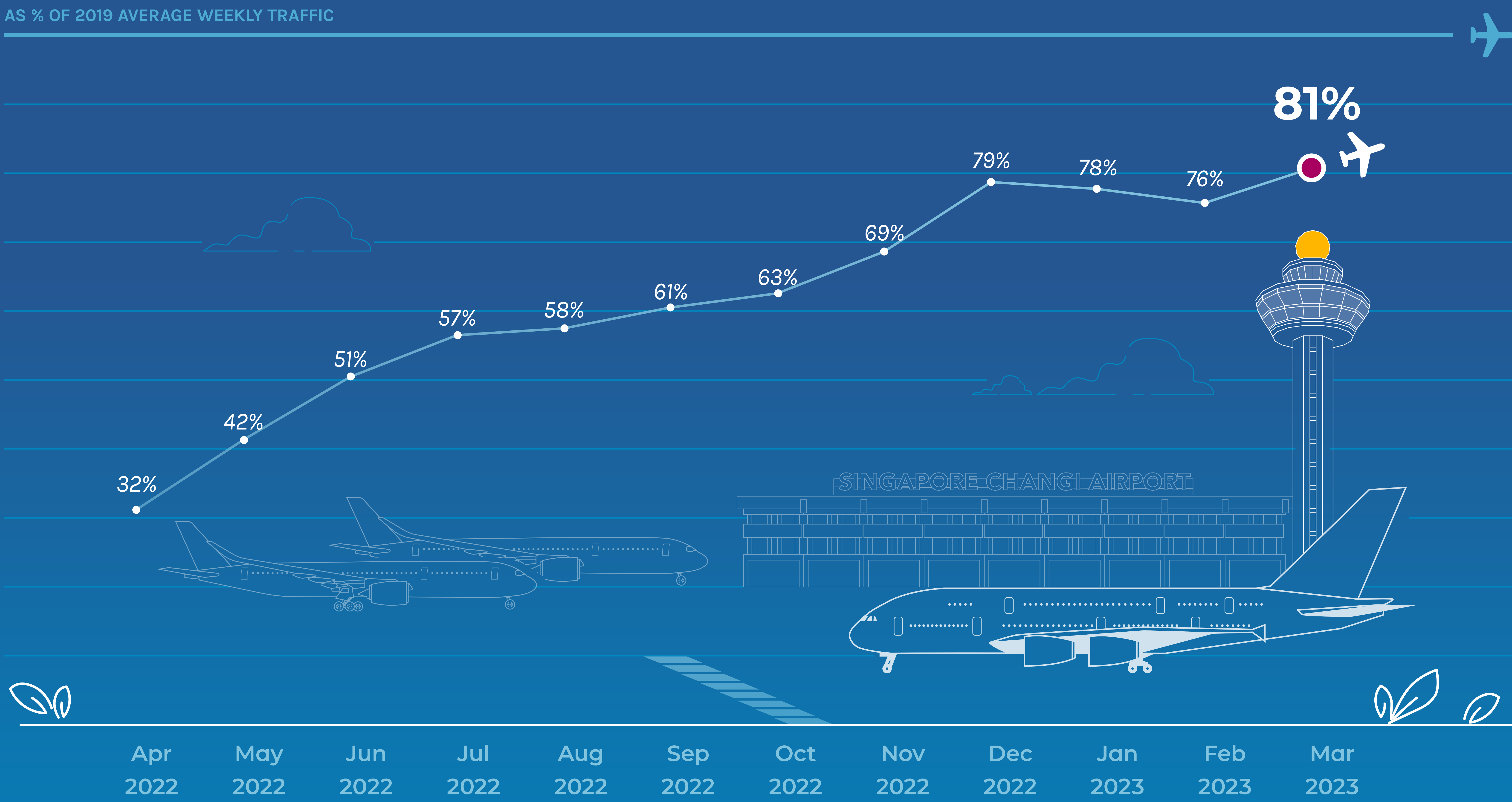
1.85 million tonnes

THREE-YEAR TREND

2022 1.85 million tonnes
2021 1.95 million tonnes
2020 1.54 million tonnes

Weekly Changi Passenger Movements

(as at 31 March 2023)



Air Hub Highlights FY2022/2023

New and Expanded Air Services Agreement (ASA)

New ASA

- Palau

Expanded ASA

- Saudi Arabia

7 New Passenger Airlines

- Aircalin
- Air Macau
- Bamboo Airways
- Cambodia Airways
- Citilink
- Thai Vietjet Air
- T'way Air

4 New Passenger City Links

Strengthening Our Aviation Safety Regime

"Aviation is a complex, highly interconnected system comprising many companies, big and small, and individual safety actors including pilots, air traffic control officers and maintenance engineers. The Singapore aviation sector must continue to prioritise and keep a close eye on safety as we ramp up manpower and operations."

Mr Han Kok Juan,
Director-General

Aviation safety is non-negotiable and the top priority of the Singapore aviation sector. In 2022, CAAS launched a series of new safety initiatives to enhance aviation safety in Singapore. We continued to refine our aviation safety regime and keep it up to date. 25 sets of safety requirements and 42 pieces of guidance material were created or refreshed during this period. They helped to mitigate operational risks and address emerging issues. We also streamlined our processes to reduce regulatory burden.

Maintaining the highest levels of aviation safety

Singapore completed the International Civil Aviation Organization (ICAO) Universal Safety Oversight Audit Programme (USOAP) Audit with an Effective Implementation Score of 99.7%, which is the highest score achieved by any State to date. We were also the first member state to be assessed under Phase 2 of the ICAO State Safety Programme Implementation Assessment (SSPIA), with outstanding results. Singapore's good results have reaffirmed the robustness and effectiveness of our aviation safety oversight and management regime.

Notwithstanding the above, we cannot take aviation safety for granted. In this respect, CAAS unveiled Singapore's first National Aviation Safety Plan (NASP) in 2022, which identifies clear priorities and galvanises the aviation sector to work together to ensure aviation safety for the travelling public. The NASP sets out 50 actions that the aviation sector will undertake over the next three years to further strengthen the safety regime.

For more information on Singapore's NASP, please refer to the full NASP document.

Strengthening aviation safety culture in Singapore

In March 2023, CAAS launched the Singapore Aviation Sector Safety Culture Survey to monitor and strengthen aviation safety culture in Singapore as air travel recovers from the COVID-19 pandemic and grows in the coming years. The first aviation sector-wide longitudinal safety culture survey in Singapore, the comprehensive and wide-ranging survey comprises 81 questions across six dimensions, including trust, awareness, communication, commitment, improvement, and socio-cultural factors. The questions are specially customised to suit the operating context in Singapore.

Some 400 aviation companies, including airlines, the aerodrome operator, ground handlers, maintenance organisations, design and production organisations, training organisations, freight forwarders, and over 10,000 aviation personnel in operational, safety-related, training and management roles were invited to participate in the survey. The survey results will provide aviation companies with insights on how safety is perceived, valued and prioritised by their workers, identify areas of improvement and guide safety enhancement initiatives. CAAS will conduct the survey biennially to allow longitudinal analysis to identify emerging trends and developments.

A YEAR OF FIRSTS

99.7%

Effective Implementation score achieved by Singapore, the **highest score achieved by any State** in ICAO's USOAP Audit to date

50

Number of actions outlined in Singapore's **first National Aviation Safety Plan**

400 aviation companies

10,000 aviation personnel

Number of participants for the **first aviation sector-wide longitudinal safety culture survey** in Singapore

Supporting the mental well-being of aviation workers

The mental well-being of our aviation workers is an important aspect of aviation safety. In March 2023, CAAS launched a tripartite framework with Singapore Airlines, Scoot, Jetstar Asia Airways, Air Line Pilots Association Singapore, Scoot Staff Union and the Amalgamated Union of Public Employees. The framework supports the mental health and wellness of pilots and air traffic control officers in Singapore, by promoting good mental health practices at work and providing comprehensive support systems for these aviation personnel. These efforts build a safe and trusted environment that allows our pilots and air traffic control officers to safely return to their duties post-pandemic.

Ensuring safety amidst air travel growth

CAAS worked closely with the aviation sector to ensure the safety of air operations as air traffic ramped up. This included developing customised aircraft inspection programmes, reactivation and induction programmes for flight and cabin crew, and training programmes for air traffic control officers and furloughed ground handling staff. CAAS also stepped up its regulatory oversight, with over 100 inspections and some 20 audits conducted on air operators, aircraft, the aerodrome operator and the air navigation services provider. Weekly joint inspections were also carried out with CAG, the aerodrome operator, to look out for unsafe airside practices.

In preparation for the reopening of Terminals 2 and 4 as air travel increased, CAAS also conducted extensive checks on CAG's inspection and maintenance records, as well as day and night onsite inspections to verify that airside infrastructure and facilities continued to comply with CAAS' requirements and were safe for aerodrome operations.

CAAS has also extended the same vigilance to new ventures in air cargo. Air cargo is vital in keeping global supply chains open and accessible to Singapore. In 2022, we approved the entry of Singapore Airlines' Boeing 777 Freighter aircraft into service following a 6-month-long assessment of the safety of the aircraft and its intended operations, enabling Singapore Airlines to carry more cargo to further destinations. As we experience increasing demand and rapid growth in the global air freight market and e-commerce sector, the entry-into-service of the Boeing 777 Freighter aircraft is set to meet growing demands and secure Singapore's position as a key air cargo and e-commerce logistics hub.

Strengthening regional collaboration in aviation safety

In partnership with Flight Safety Foundation (FSF), CAAS organised the inaugural Asia-Pacific Summit for Aviation Safety in Singapore from 22 to 24 March 2023. The three-day summit gathered more than 400 government and industry leaders from 35 countries across the Asia-Pacific region and beyond, reaffirming their commitment to regional collaboration in overcoming emerging risks to aviation safety.

We also concluded a Technical Arrangement on Aviation Maintenance with the Civil Aviation Authority of New Zealand (CAA NZ) in September 2022, under the scope of the CAAS-CAA NZ MOU signed in 2019, as part of long-standing efforts to strengthen cooperation in enhancing aviation safety. The Arrangement allows us to mutually recognise and accept approvals pertaining to the maintenance, repair and overhaul (MRO) of aircraft and aircraft components issued by the respective civil aviation authorities. This enhances safety oversight while cutting down on duplicative regulatory audits and reducing regulatory costs for MRO organisations in Singapore and New Zealand.

As the sector recovers from the pandemic, we will collaborate even further with CAA NZ to support developments of aviation industries in both countries.

CAAS Approval Holders

(as at 31 March 2023)

238
Registered Aircraft

4
Air Operator Certificate Holders

2
Certified Aerodromes

153
Maintenance, Repair and Overhaul Organisations

37
Design and Production Organisations

7
Aviation Training Organisations

9
Maintenance Training Organisations

4,114
Flight Crew Licence Holders

2,169
Aircraft Maintenance Licence Holders

499
Air Traffic Controller Licence Holders

Developing a Sustainable Air Hub

"Climate change is an existential problem that causes widespread disruptions and affects the lives of billions around the world. Changes in weather patterns impact air travel directly, affecting critical airport infrastructure and aircraft performance and causing delays and disruptions. The international civil aviation sector must play its part and take firm and decisive actions to decarbonise its operations. No single country or organisation can achieve this on its own; the push for sustainable aviation will require coordinated State actions, cross-sectoral collaboration, public-private partnership and greater climate consciousness amongst corporates and the travelling public."

Report of the International Advisory Panel on Sustainable Air Hub

As aviation emerges from the COVID-19 pandemic, it cannot be a return to business as usual; the aviation sector we rebuild needs to be a more sustainable one. CAAS is developing a Sustainable Air Hub Blueprint, to set medium-term and longer-term sustainability goals and identify practical pathways to achieve them. Through the Blueprint, CAAS seeks to catalyse public-private partnership and international and regional collaboration.

Decarbonising our aviation sector

In September 2022, the International Advisory Panel (IAP) on Sustainable Air Hub, comprising local and international aviation industry partners, submitted its report, detailing 15 key initiatives that Singapore could embark on to decarbonise our aviation sector. The IAP report discusses how international aviation can be made more sustainable and accessible to all. The IAP believes that Singapore is well-positioned to be a pathfinder and convenor for cross-sectoral and public-private partnerships that gear towards more sustainable aviation. The short- and medium-term initiatives span three key aviation domains of airport, airlines and air traffic management. They include efforts like developing and implementing a roadmap to create a long-term secured Sustainable Aviation Fuel (SAF) supply ecosystem, switching to renewable energy, and improving energy and resource efficiency to reduce fuel burn and emissions. These initiatives are being considered in the development of the Sustainable Air Hub Blueprint. The full IAP report is available on our website.

Supporting Singapore's drive to develop a sustainable air hub

CAAS has set up a new Aviation Sustainability Programme of $50 million to support Singapore's drive to develop a sustainable air hub. The Aviation Sustainability Programme will provide up to 70% funding for sector-wide projects and up to 50% funding for company-level projects. The Programme will fund and support projects that deliver one or more of the following key thrusts:

- Catalyse sustainability initiatives to reduce the sector's carbon footprint.
- Develop new sustainability capabilities.
- Develop a collaborative aviation sustainability ecosystem.

Driving the transition of airside vehicles towards cleaner energy sources

Airside vehicles generate pollutive greenhouse gas emissions from burning fossil fuels. The IAP identified the transition of the airside vehicle fleet to cleaner energy options as a key initiative to reduce the airport's carbon footprint. This would also improve the working environment at the airside.

To drive progress on this front, CAAS closely consulted airside stakeholders, including CAG and airport ground handlers to develop fair and robust targets for the transition. In March 2023, these sectoral targets for cleaner energy airside vehicles were announced at the Ministry of Transport's Committee of Supply debate, demonstrating a key commitment by the local aviation sector to decarbonise airside vehicle operations:

- From 2025, all new light airside vehicles (e.g. cars, vans and minibuses), forklifts and tractors shall be electric;
- By 2040, all airside vehicles should run on cleaner energy, which would include electric vehicles and vehicles running on biofuels or other options such as hydrogen.

Catalysing the adoption of Sustainable Aviation Fuel

SAF is a key pathway to decarbonise the aviation sector and is one of the recommendations submitted by the IAP. In this regard, CAAS has taken steps to catalyse the development of a self-sustaining SAF ecosystem and advance the adoption of SAF at Changi Airport.

SAF Pilot

On 7 July 2022, blended SAF was uplifted onto Singapore Airlines (SIA) and Scoot flights departing from Changi Airport as part of the pilot, announced in November 2021, to advance the use of SAF in Singapore. Under this pilot, 1,000 tonnes of neat SAF were supplied by Neste and blended with refined jet fuel at ExxonMobil's facilities in Singapore. The pilot aimed to operationally validate SAF integration options in Singapore and provide insights on end-to-end cost components, potential pricing structures for cost recovery, and support future policy considerations for SAF deployment.

Sale of SAF Credits

To advance the use of SAF in Singapore, CAAS worked with SIA and Temasek to launch the sale of SAF credits. Every credit purchased will help reduce 2.5 tonnes of carbon dioxide emissions. Purchasing the credits will enable corporate customers and air cargo companies to mitigate carbon emissions for their corporate travel and cargo shipments, contributing towards their own companies' sustainability targets.

Development of a structural offtake mechanism for SAF

We launched a tender in January 2023 to engage consultancy services to study and develop a structural offtake mechanism for SAF in Singapore. The setting up of a SAF offtake mechanism is an important next step in CAAS' efforts to catalyse the development of a self-sustaining ecosystem and flow of funds for SAF in Singapore. It will encourage greater SAF adoption at Changi Airport and help create long-term, predictable demand to incentivise capital-intensive investments in SAF production and help reduce prices over time.

Contributing towards sustainable aviation globally

To support global aviation decarbonisation efforts, Singapore participates actively in discussions on aviation environmental issues at the ICAO. Our efforts on the international stage have helped forge consensus amongst parties and build capabilities and capacities in other countries.

Historic adoption of the LTAG of net-zero carbon emissions by 2050

In the lead-up to the 41st ICAO Assembly, we played an active role in the ICAO Global Aviation Dialogues on Long-term Aspirational Goal (LTAG) and the High-Level Meeting on the feasibility of an LTAG, advocating for ICAO to take an inclusive approach that accommodates the diverse circumstances, capabilities and needs of States to facilitate collective and global sustainable aviation efforts. Singapore contributed towards the historic adoption of the LTAG of net-zero carbon emissions by 2050 at the 41st ICAO Assembly. We continue to actively support ICAO's work in achieving the LTAG.

ICAO Assistance, Capacity-building and Training (ACT)-SAF programme

On the sidelines of the 41st ICAO Assembly in Montreal, Canada, we signed an agreement with the ICAO for Singapore to provide ACT on SAF. Under the ICAO ACT-SAF programme, we will help build capabilities and capacities in other countries for SAF policy development and industry development, through training and the sharing of knowledge and expertise.

Regional collaboration efforts on sustainability

Singapore drove the development of an ASEAN Sustainable Aviation Action Plan (ASAAP) and are working closely with our ASEAN partners to implement this. The ASAAP will help raise awareness of aviation sustainability issues among ASEAN member states and build momentum for aviation decarbonisation initiatives in ASEAN.

We have also established agreements on sustainable aviation with Australia, Japan, New Zealand, the United Kingdom and the United States. Under these agreements, we will explore collaborations in driving the research and development of SAF, building SAF supply chains, and encouraging the uptake of SAF for flights between our countries. We will also collaborate to enhance our airport and air traffic management practices, and transform our workforce to enable sustainable aviation.

Augmenting Our Air Traffic Management Capabilities

"As global and regional air traffic continues to grow, CAAS is committed to leveraging new technologies to enhance air traffic management to improve efficiency and reduce carbon emissions, and to being a pathfinder and convenor of the public-private partnership needed to drive development and global adoption of such technologies."

Mr Han Kok Juan,
Director-General

As air traffic volume grows, CAAS is investing in new capabilities to build capacity in the skies and more safely and efficiently manage air traffic. We will play our part to foster greater international and regional collaboration to encourage air navigation service providers (ANSPs) to work together to set and maintain standards, and further progress towards seamless ATM. To this end, CAAS played a major role in the call to set up an Asia Pacific ANSP Committee (AAC) to accelerate ATM modernisation in this region, alongside international organisations IATA and CANSO.

Enhancing core capabilities in air traffic management

In April 2022, we enhanced our ATM system by incorporating an approach spacing tool. The tool provides air traffic control officers (ATCOs) with visual aids, simplifying the application of separation standards based on the new ICAO wake turbulence separation minima. The enhancement will help ATCOs to accurately monitor and optimise the in-trail spacing between landing aircraft. Through our partnerships with research institutes and with the support of the Aviation Transformation Programme 1.0 (ATP 1.0), there were several promising research and development (R&D) outcomes which will also be translated to become part of the suite of capabilities in our next generation ANS systems. Some of these innovations include the development of a Conflict Resolution Tool (CREST) that provides ATCOs with routing advisory to avoid conflicts and to meet planned sequence in a traffic queue, and a model to predict the impact of convective weather on ATM to support pre-tactical planning of air traffic operations.

We signed a MOU with the Economic Development Board's Office for Space Technology and Industry, SITA and Startical in June 2022, to perform a proof-of-concept on the use of space-based Very High Frequency (VHF) voice communications. With current VHF stations being ground-based, the new technology will provide wider coverage for communication between pilots and ATCOs, which streamlines ATM and enhances its safety. The proof-of-concept will trial the feasibility of space-based VHF voice communications and collect data for further evaluation on a global stage.

To cope with projected increases in air traffic, we are developing an ATM Centre to ramp up and synergise ATC operations for the new challenges as well as to ready Singapore for future ATM modality to address current and long term needs. Within the ATM Centre, new capabilities will be built to improve accuracy and predictability in air traffic operations and to enhance flow management. We issued a Request for Info (RFI) in March 2023 for some of the systems within the ATM Centre project, to better chart the movement of technological advancements in the aviation market.

Alongside MITRE, we have also invested in concept development work to explore the application of Flight & Flow Information for a Collaborative Environment (FF-ICE). This concept utilises System Wide Information Management (SWIM) as the foundation for data exchange. While the concept is being formulated, we will be enhancing the Aeronautical Information Management System (AIMS) and Air Traffic Flow Management System (ATFMS) to optimise these capabilities.

Collaboration to make global Trajectory-Based Operations (TBO) a reality

In the first-ever multi-regional TBO project, CAAS worked together with the Aeronautical Radio of Thailand Limited (AEROTHAI), the Federal Aviation Administration (FAA), the Japan Civil Aviation Bureau (JCAB) and NAV CANADA to develop these capabilities and tested them in different operating scenarios. The 22-month project culminated in a successful lab demonstration involving the five ANSPs, which was conducted from 10 to 12 May 2022.

TBO is expected to fundamentally change the way air traffic is managed and yield significant benefits by improving safety and efficiency, minimising delays and disruptions, cutting travel cost and time, and reducing fuel burn and carbon emissions. Under TBO, ANSPs jointly plan and optimise, from departure to landing, an aircraft's entire flight trajectory across regions and countries, taking into account conditions such as weather, aerial activities, airspace closures and traffic. This will be a significant shift from the current practice, where ANSPs provide air navigation services to aircraft separately and independently, as and when aircraft traverse within the Flight Information Region(s) under their respective responsibility.

Building our human capital for the future

We continued to ensure that our Air Traffic Control (ATC) workforce is equipped with the required competencies to manage high levels of traffic volume and complexity. We implemented the Continuous Training (CT) programme, a simulator-based training to ensure that ATCOs were able to maintain the required competency to manage high traffic volume and complexity in tandem with air traffic recovery. We also rolled out the Safety Resilience Action Plan (SRAP), an in-shift training programme where senior On-the-Job Training Instructors (OJTIs) were sat in position with newly rated ATCOs to identify any gaps in training needs and provide additional guidance.

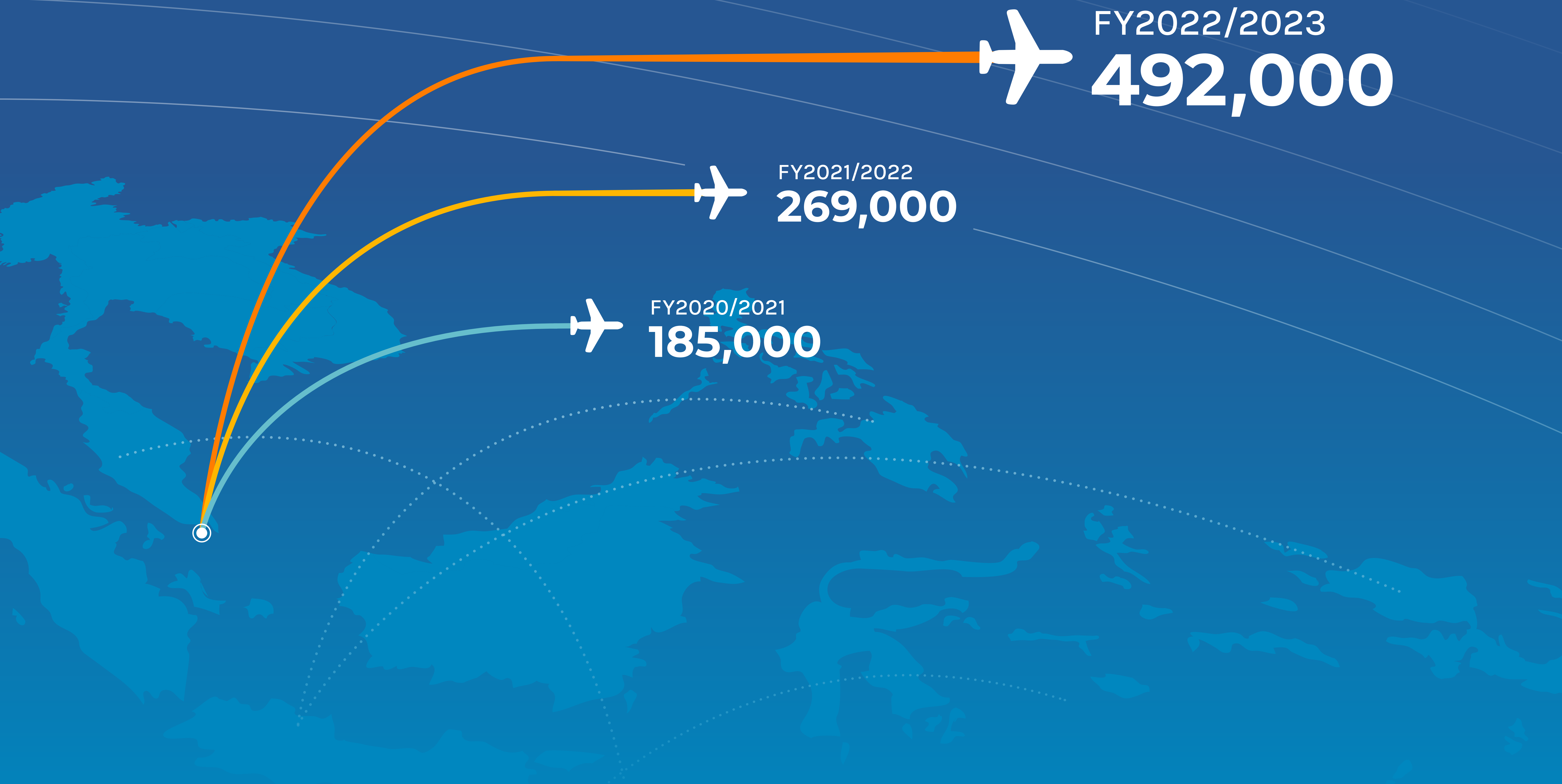
We also stepped up operational manning configurations to ensure the safe and efficient provision of air navigation services amidst air traffic growth.

To develop the next generation of ATC leaders, we also continued to provide opportunities to ATCOs beyond ATC operations. 46 ATCOs went on attachment programmes for exposure outside of ATC operation, as part of efforts to strengthen workforce capabilities.

CAAS has also ramped up recruitment efforts. Besides participating in the OneAviation Careers fair that was held on 27-28 May 2022, CAAS also participated in recruitment drives at various universities (e.g. NTU, NUS and SUTD) in February and March 2023 to showcase the job scope of ATCOs and build up our human capital.

Air Traffic Movements in the Singapore Flight Information Region

(as at 31 March 2023)



Facilitating Safe Unmanned Aircraft Operations

"In the last few years, we have seen quantum leaps in UAS and UAM development. The potential benefits are tremendous. Realising them will require concomitant development in regulation and regulators need to keep pace with technology and business developments to assure safety and security and build public confidence and acceptance."

Mr Han Kok Juan,
Director-General

In the year of review, we continued to see a steady growth of the recreational unmanned aircraft (UA) community and an increase in beneficial UA use cases. Our aim is to facilitate technology adoption in a safe manner, taking into account Singapore's dense urban landscape and congested airspace. In this regard, we continued to encourage and maintain a culture of safe and responsible flying of drones, working with the community as well as our industry partners.

Facilitating the beneficial use of unmanned aircraft technology

Since the Air Navigation Act was amended in 2015 to regulate UA operations, CAAS has progressively put in place key requirements to ensure aviation and public safety, and security. Over the years, the increase in volume and complexity in UA operations in our dense urban landscape requires substantive regulatory efforts to mitigate the risks posed by such operations. Correspondingly, the cost involved in regulating the UA activities in Singapore has also increased. Following a comprehensive review of the regulatory fees for UA operations in Singapore, CAAS has revised nine regulatory fees, while maintaining 14 other regulatory fees at their current rate. This is the first fee revision since the regulatory framework for UA operations came into effect in 2015.

Supporting safe and responsible recreational unmanned aircraft operations

The pilot Unmanned Aircraft Flying Area (UAFA) at Pandan Reservoir was officially launched by the Minister for Transport and Minister-in-charge of Trade Relations, Mr S Iswaran on 17 July 2022. It provides a dedicated community space for UA enthusiasts to gather and interact while facilitating and supporting safe and responsible recreational UA operations.

The pilot UAFA provides 16 hectares of flying area over the Pandan Reservoir waters. This space nurtures and encourages like-minded UA hobbyists to share safety tips and learn from each other. It is fitted with amenities and signages with information on UA regulations and on-site operating guidelines.

Besides the infrastructure, a Telegram group chat was set up to provide the latest updates and important notices for the UAFA. To bring the UAFA community together and to engage the larger community, CAAS also holds regular programmes and workshops for community outreach to educate UA enthusiast on safe and responsible flying. Since the launch of the UAFA, CAAS has conducted 10 beginner drone workshops for 107 participants.

We also continue to educate the public on safe and responsible flying through our ongoing public communications efforts.

Boosting aviation safety in unmanned aircraft operations

CAAS Operations Command and Control Centre (OCC) continues to conduct 24/7 Counter-Unmanned Aircraft Systems (C-UAS) operations to protect Changi Airport against unauthorised UA operations. We have been working with CAG and DSTA to enhance our C-UAS capabilities for Changi Airport through the operationalisation of new C-UAS systems since mid-2022, and have enhanced the command and control of C-UAS operations through the integration of detection data display with the control of the C-UAS systems.

We have also implemented the Centralised Flight Management System (CFMS) for UA Operator Permit Holders on 1 June 2022. The CFMS allows us to identify and track UA flown by Operator Permit holders, providing CAAS and security agencies a centralised real-time situational picture and enabling agencies to send out real-time instructions for UA operators to land their UA in the event of an emergency.

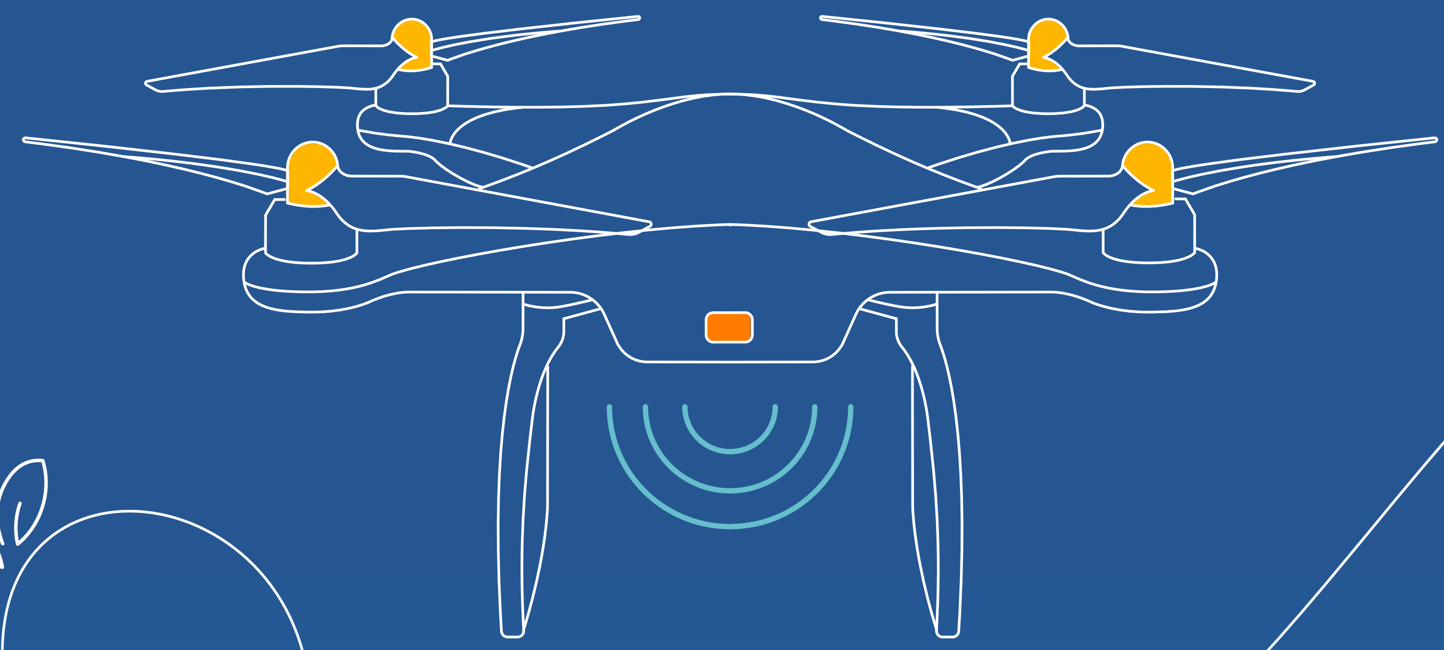
Catalysing collaboration amongst regulators

To further harness the potential benefits of urban air mobility and to facilitate cross-region sharing and collaboration, CAAS co-organised the inaugural European Union–Asia Symposium on Unmanned Aircraft Systems (UAS) and Urban Air Mobility (UAM) with the European Union Aviation Safety Agency (EASA). Held in Singapore from 18 to 21 October 2022, the Symposium was attended by over 140 participants. This was the first time regulators from Europe and Asia-Pacific came together to discuss UAS and UAM regulations, alongside leading industry players and researchers. Over 20 civil aviation authorities from the two regions participated in the four-day symposium to engage industry players and researchers, discuss UAS and UAM development and regulations, and undertake a field visit to the Maritime Drone Estate, to learn how Singapore facilitates the development of novel technologies in a regulatory test-bed environment.

We also inked MOUs with EASA, Japan Civil Aviation Bureau (JCAB) and the United Kingdom Civil Aviation Authority (UK CAA) to further develop policies, regulatory requirements, standards and technical references for UAS and UAM in the areas of safe operation, UAS traffic management, as well as vertiport standards. Through these collaborations, we strive to stay ahead of the technology curve in support of our future safety oversight responsibilities.

Unmanned Aircraft (UA) Registered and Approval Holders

(as at 31 March 2023)



	2021/2022	2022/2023
Operator Permit Holders	274	**259**
Activity Permits Issued	3,195	**3,379**
UA Registered	15,357	**18,984**
UA Basic Training Organisations	3	**6**
UA Training & Assessment Organisations	14	**18**
UA Pilot Licence Holders	1,069	**1,376**
UA Basic Training Certificate Holders	1,395	**1,801**

Supporting Aviation Growth Globally

"As a world-leading air hub, Singapore seeks to not only deliver good, reliable aviation services through Changi but also work with the ICAO and other States to do our part to support the rebuilding of international civil aviation post-COVID. We do this through the sharing of experience and expertise and the provision of aviation training."

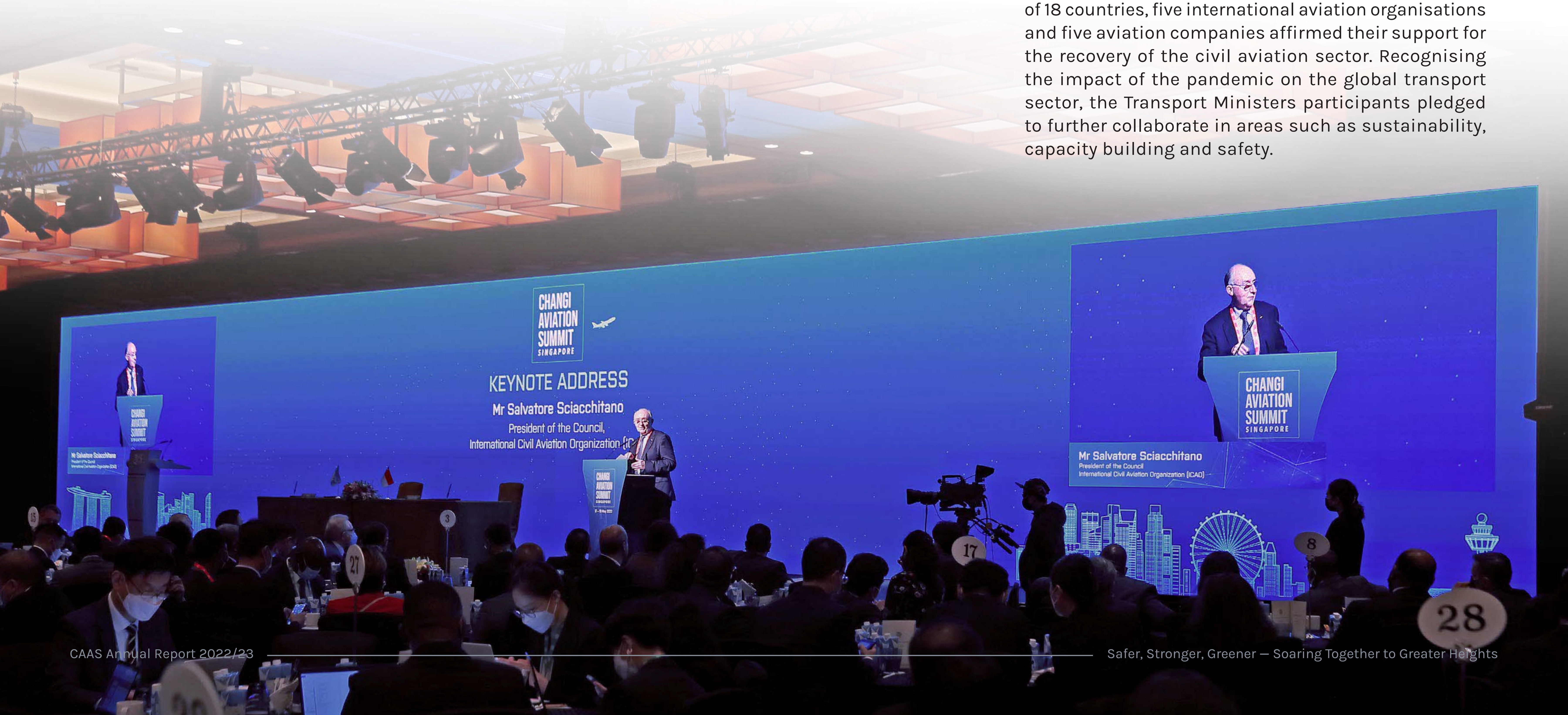
Mr Han Kok Juan,
Director-General

CAAS continues to serve as an important voice in international aviation. We support the ICAO in its efforts to achieve the sustainable growth of the global civil aviation system. In this regard, Singapore was successfully re-elected to the Council of the ICAO at the 41st Session of the ICAO Assembly held in Montréal, Canada on 1 October 2022. We continue to be active members in around 120 ICAO expert bodies, and hold leadership positions in more than 20 expert bodies. These efforts span a range of domains, including aviation safety, security, air traffic management, and sustainability.

In addition, CAAS enables open and robust discussions to advance international civil aviation and continues to play a key role in developing the next generation of aviation professionals through our training arm, the Singapore Aviation Academy (SAA).

Reaffirming Singapore's commitment to revive international civil aviation operations

The inaugural Changi Aviation Summit was one of the first key aviation events held in the region since the onset of COVID-19. The Summit provided a timely platform for global aviation leaders, policymakers and senior aviation executives to come together and commit to reviving international civil aviation operations in a safe, sustainable and inclusive manner. More than 300 global aviation leaders, policymakers and aviation executives from over 45 countries visited Singapore to attend the Summit held in May 2022. At the meeting, the transport ministries and civil aviation authorities of 18 countries, five international aviation organisations and five aviation companies affirmed their support for the recovery of the civil aviation sector. Recognising the impact of the pandemic on the global transport sector, the Transport Ministers participants pledged to further collaborate in areas such as sustainability, capacity building and safety.



Developing human capital and providing high quality aviation training

Singapore has long been an advocate of human capital development, which is critical for the benefits of aviation to be reaped by all States. Providing high quality aviation training to support successive generations of international aviation professionals and leaders is a priority for Singapore.

Global training programme on aviation recovery and resilience for Directors-General of Civil Aviation

Singapore partnered the ICAO to jointly develop and deliver a global training programme on aviation recovery and resilience for the Directors-General of Civil Aviation (DGCAs) of ICAO Contracting States. The DGCAs Programme on Aviation Resilience was conceptualised to provide a platform to bring Directors-General together to discuss challenges and solutions, and seize new opportunities as they rebuild their respective aviation sectors. Topics that were covered included lessons learnt from the COVID-19 crisis, aviation safety, sustainability, technology and cybersecurity. Close to 100 participants have been trained across sessions in Singapore, the Dominican Republic, and Canada.

Singapore-ICAO Developing Countries Training Programme

To continue our long-running partnership with ICAO to provide aviation training for developing countries, we signed a new MOU that further extends the Singapore-ICAO Developing Countries Training Programme (DCTP) for an additional three years till 2025. The renewal of the Singapore-ICAO Developing Countries Training Programme will support the growth and development of future aviation leaders and professionals, to keep abreast of the changing aviation landscape. In this financial year, 104 fellowships and five scholarships were awarded.

MOU with Airports Council International World

To leverage Airports Council International World (ACI World)'s expertise and network of airports, we signed a MOU with ACI World to share best practices and co-develop solutions to emerging challenges. One immediate area of focus is the joint development of global training on sustainable airport development and management to meet the rising expectations for sustainable aviation. Singapore can also benefit from the partnership with ACI to see how we can also sustainably develop our own airports — most prominently, the new Terminal 5.

Stepping up aviation training collaboration

Through the year, we signed several MOUs to co-develop and deliver customised training programmes with various civil aviation organisations such as the African Civil Aviation Commission (AFCAC), the Arab Civil Aviation Organization (ACAO), the Latin American Civil Aviation Commission (LACAC), the Dominican Republic's Institute of Civil Aviation (IDAC) and the Dominican Republic's Specialised Corps in Airport Security and Civil Aviation (CESAC), as well as renewed the Special Aviation Programme supporting the Pacific Island States.

We also stepped up collaboration with the UK CAA in five areas — aviation safety, sustainability, training, innovation and horizon scanning to prepare the aviation sector for the future. Together with the training arm of the UK CAA, the UK Civil Aviation Authority International (CAAi), we will jointly develop and deliver a cybersecurity seminar for aviation professionals involved in the oversight and implementation of cybersecurity.

Developing Aviation Professionals Globally

(as at 31 March 2023)

5 New Programmes

277 Courses Run

3,423 Local Participants

1,165 International Participants from **139 countries**

Enabling a Purpose-Driven Organisation

"The fight against COVID-19 has been a whole-of-nation effort. The National Awards (COVID-19) is a special set of awards which recognise and pay tribute to individuals like you whose outstanding contributions and sacrifices have helped Singapore sustain through the pandemic. COVID-19 was a crisis of our generation. Despite the many unprecedented challenges that arose during the COVID-19 years, you maintained a high level of professionalism and displayed great courage, an unwavering spirit, and dedication beyond the call of duty. You have done CAAS proud! For your contributions and dedication, I wish to personally express my gratitude."

Mr Edmund Cheng,
Chairman

Our officers have worked tirelessly to rebuild the Singapore air hub and take it to greater heights. To make CAAS an even better workplace, we have launched initiatives to bring the CAAS community together, support our officers' well-being and strengthen their enrichment.

Building a one CAAS community

With the resumption of large-scale events, we prioritised team building to bring our community closer together. We held our Dinner and Dance for the first time in three years. As part of our efforts to showcase the workplace as a fun, inclusive and family-oriented space, we also organised the Kids@Work event where officers could bring their children to work, and engage them in interactive activities to better understand their parents' work in CAAS. Air Traffic Services colleagues and their families also visited our Singapore Air Traffic Control Centre in February and March 2023.

As part of staff appreciation and to encourage community sharing, a new community-run snack corner, Snack Shack was introduced. It provides local and overseas snacks, including those contributed by fellow officers. We also set up subsidised Activity Interest Groups (AIG) to encourage the pursuit of interests outside of work, including healthy lifestyle and personal enrichment activities.

Prioritising staff's mental well-being

To promote employee's mental well-being, a coordinated programme 'Supporting Mental Well-Being for Thriving Workforce' focusing on building resilience, and a caring and supportive workplace and work culture was organised for supervisors to build a caring and supportive CAAS culture. Some of our officers stepped up and received training as Wellness Ambassadors to champion wellness and provide peer support to their co-workers. We also held "Wellness Deconstructed" sessions where CAAS leaders shared their personal take on wellness and tips on self-care for divisions and Wellness Ambassadors. We raised awareness on online resources for improving self-care, and access to counselling services. Staff were also encouraged to participate in free basic health screenings to take charge of their physical well-being.

Promoting learning for all

To facilitate organisational learning and bonding for staff, we launched What's On Wednesdays (WoW), a regular platform for our officers to come together and learn about the organisation's initiatives such as digital transformation and new AIGs. Officers engaged in peer sharing on a myriad of topics including sustainability, air crash management, active health and mental wellness through 'Food For Thought' sessions. Staff also attended training to improve their functional competencies and keep pace with industry developments. To empower our staff to reach their potential, our deputy directors participated in Leadership Conversations with the Director-General, where challenges were discussed, and deputy directors weighed in on how they could make a difference.

Optimising the workplace

We continuously strive to improve workflows and processes. Digital Kakis is an initiative which was launched to communicate with, engage, and support staff in the adoption of digital services and tools. The ICT Tech Support Bar was also revamped and made more accessible for staff to tap on its IT support services.

Civil Aviation Authority of Singapore

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

STATEMENT BY THE AUTHORITY MEMBERS

We, Edmund Cheng and Han Kok Juan, 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 2023 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 (the "Public Sector (Governance) Act"), the Civil Aviation Authority of Singapore Act 2009 (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

Han Kok Juan
Director-General

Singapore
22 June 2023

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 2023, 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 6 to 58.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018 (the "Public Sector (Governance) Act"), the Civil Aviation Authority of Singapore Act 2009 (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 2023 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 on page 1, but does not include the financial statements and our auditor's report thereon.

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.

INDEPENDENT AUDITOR'S REPORT

MEMBERS OF THE AUTHORITY
CIVIL AVIATION AUTHORITY OF SINGAPORE

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's responsibilities include overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- 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.

INDEPENDENT AUDITOR'S REPORT

MEMBERS OF THE AUTHORITY
CIVIL AVIATION AUTHORITY OF SINGAPORE

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

- 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.

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.

INDEPENDENT AUDITOR'S REPORT

MEMBERS OF THE AUTHORITY
CIVIL AVIATION AUTHORITY OF SINGAPORE

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

22 June 2023

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Note	2022/23	2021/22
		S$'000	S$'000
Equity			
Capital account	10	2,180,234	2,179,741
Investment revaluation reserve	11	(5,065)	(3,189)
Accumulated surplus		426,539	437,231
		2,601,708	2,613,783
Non-current assets			
Property, plant and equipment	12	388,841	358,884
Right-of-use assets	13	5,559,517	5,636,365
Capital work-in-progress	14	102,983	133,233
Investment in joint venture	15	40,863	39,884
Investment in associate	16	10,665	12,490
Long-term investment	17	150	150
Financial assets at fair value through other comprehensive income ("FVTOCI")	18	58,684	64,268
Other receivables and prepayments	19	24,105	29,876
		6,185,808	6,275,150
Current assets			
Trade and other receivables and prepayments	19	304,981	250,895
Financial assets at fair value through other comprehensive income ("FVTOCI")	18	13,717	8,295
Cash and cash equivalents	20	628,063	630,713
		946,761	889,903
Current liabilities			
Trade and other payables	21	314,215	339,719
Lease liabilities	22	8,829	7,262
Contribution payable to Government Consolidated Fund	24	–	–
		323,044	346,981
Non-current liabilities			
Grants received in advance	23	80,858	26,741
Lease liabilities	22	7,197	15,766
Deferred income	25	5,098	5,508
Deferred capital grants	26	4,105,739	4,148,019
Provision for pension and post-retirement medical benefits plan	27	8,925	8,255
		4,207,817	4,204,289
Net assets		2,601,708	2,613,783
Changi Airport Development Fund: - net assets	33	4,531,963	4,587,655

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

STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 MARCH 2023

	Note	2022/23	2021/22
		S$'000	S$'000
Income			
Airport and aerodrome licence fee		6,350	6,300
Aviation levy		89,795	7,774
Annual ground rent		75,694	75,682
Fees for airport and related services		249,870	252,539
Aviation training programme fee		7,108	5,414
Certification, examination and licence fee		15,625	16,184
Other operating income		6,483	4,744
	28	450,925	368,637
Expenditure			
Salaries, wages and staff benefits	29	214,073	205,051
Maintenance of buildings and equipment		70,874	61,039
Rental expense		2,616	2,376
Depreciation of property, plant and equipment	12	52,456	42,567
Depreciation of right-of-use assets	13	77,153	76,435
Property tax		19,964	19,711
Services related expenses		44,719	40,903
Grants to industry		40,456	25,871
Other operating expenses		60,992	35,512
		583,303	509,465
Non-operating income, net	30	10,853	3,340
Interest expense on lease liabilities		(345)	(439)
Share of results of joint venture	15	979	636
Share of results of associate, net of tax	16	(1,825)	1,704
Deficit for the year before government grants		(122,716)	(135,587)
Government grants			
Deferred capital grants amortised	26	45,692	45,692
Operating grants	23	67,443	46,406
		113,135	92,098
Deficit for the year before contribution to Government Consolidated Fund		(9,581)	(43,489)
Contribution to Government Consolidated Fund	24	–	–
Net deficit for the year		(9,581)	(43,489)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of the pension and post-retirement medical benefit schemes	27	(1,111)	–
Items that may be reclassified to profit or loss			
Net fair value loss on investments in debt instruments measured at FVTOCI	11	(1,876)	(2,838)
Total comprehensive loss for the year		(12,568)	(46,327)

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

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2023

	Note	Capital Account	Investment revaluation reserve	Accumulated surplus	Total
		S$'000	S$'000	S$'000	S$'000
At 1 April 2021		2,179,380	(351)	480,720	2,659,749
Net deficit for the year		–	–	(43,489)	(43,489)
Other comprehensive income		–	(2,838)	–	(2,838)
Total comprehensive loss for the year		–	(2,838)	(43,489)	(46,327)
Equity contribution received from Government during the year	10	361	–	–	361
At 31 March 2022		2,179,741	(3,189)	437,231	2,613,783
Net deficit for the year		–	–	(9,581)	(9,581)
Other comprehensive income		–	(1,876)	(1,111)	(2,987)
Total comprehensive loss for the year		–	(1,876)	(10,692)	(12,568)
Equity contribution received from Government during the year	10	493	–	–	493
At 31 March 2023		2,180,234	(5,065)	426,539	2,601,708

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

STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2023

	Note	2022/23	2021/22
		S$'000	S$'000
Cash flows from operating activities			
Deficit for the year before government grants		(122,716)	(135,587)
Adjustments for:			
Share of results of joint venture		(979)	(636)
Share of results of associate, net of tax		1,825	(1,704)
Depreciation of property, plant and equipment	12	52,456	42,567
Depreciation of right-of-use assets	13	77,153	76,435
Loss on disposal of property, plant and equipment	30	9	948
Loss on disposal of financial assets measured at FVTOCI	30	421	222
Foreign exchange loss/(gain) on financial assets measured at FVTOCI	30	312	(319)
Interest income	30	(9,843)	(3,680)
Interest expense on lease liabilities		345	439
Provision for pension and post-retirement medical benefits	27	107	(98)
Amortisation of deferred income	25	(410)	(410)
Amortisation of prepaid lease	19	410	410
Impairment (Write back) on trade receivables/ accrued income	19	991	(203)
Operating cash flows before changes in working capital		81	(21,616)
Changes in working capital:			
Trade and other receivables and prepayments		(52,510)	(59,463)
Trade and other payables		(27,630)	36,346
Pension and post-retirement medical benefits paid		(470)	(459)
Cash used in operations		(80,529)	(45,192)
Interest paid		(345)	(439)
Contribution paid to Government Consolidated Fund		–	(5,957)
Net cash flows used in operating activities		(80,874)	(51,588)
Cash flows from investing activities			
Interest received		4,801	3,678
Purchase of property, plant and equipment and payment for capital work-in-progress		(52,172)	(48,211)
Purchase of financial assets measured at FVTOCI		(29,013)	(38,532)
Proceeds from disposal of financial assets held at FVTOCI		26,566	11,440
Purchase of right-of-use assets		–	(312)
Repayments of finance lease receivables		–	19
Net cash flows used in investing activities		(49,818)	(71,918)
Cash flows from financing activities			
Repayments of lease liabilities	32	(7,210)	(7,996)
Grants received from Government	32	134,759	53,330
Equity contributions received from Government		493	361
Funds held on behalf of Government	20	9,303	5,930
Net cash flows from financing activities		137,345	51,625
Net increase/(decrease) in cash and cash equivalents		6,653	(71,881)
Cash and cash equivalents at beginning of year		620,836	692,717
Cash and cash equivalents at end of year		627,489	620,836

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

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 2009. 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 2A of the Air Navigation Act 1966;

(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 2023

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 15 and 16 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 (the "Public Sector (Governance) Act"), the Civil Aviation Authority of Singapore Act 2009 (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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

2. BASIS OF PREPARATION (cont'd)

2.3 ***Use of estimates and judgements (cont'd)***

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.

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

On 1 April 2022, the Authority has adopted all the new and revised SB-FRS and amendments to SB-FRS that are relevant to its operations. The adoption of these new/revised SB-FRS and amendments to SB-FRS does not result in changes to the Authority's accounting policies and has no material effect on the disclosure or on the amounts reported for the current or prior years.

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

(a) *Financial assets*

All regular way purchases or sales of financial assets are recognised and de-recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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.

<u>Classification</u>

(i) Financial assets held at amortised cost

Debt instruments that meet the following conditions are measured subsequently 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.

(ii) Fair value through other comprehensive income ("FVTOCI")

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"). Despite the foregoing, the Authority may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

<u>Classification (cont'd)</u>

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 *Financial instruments (cont'd)*

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

Classification (cont'd)

Debt instruments classified as at FVTOCI

The bonds held by the Authority are classified as at FVTOCI. Fair value is determined in the manner described in Note 7(a). The bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these bonds as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these bonds had been measured at amortised cost. All other changes in the carrying amount of these bonds are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When these bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

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 debt instrument measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the "non-operating income" line item. As the foreign currency element recognised in profit or loss is the same as if it was measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognised in other comprehensive income in the investment revaluation reserve.

For other 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 2023

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 2023

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 *Financial instruments (cont'd)*

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

<u>Impairment of financial assets (cont'd)</u>

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 2023

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 *Financial instruments (cont'd)*

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

<u>Derecognition of financial assets</u>

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. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to 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, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis except for short-term payables where the effect of discounting is immaterial.

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 2023

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.

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 year are as follows:

Buildings	15 to 50 years
Plant and equipment	7 to 20 years
Vehicles	5 to 10 years
Office/other equipment, furniture and fixtures	3 to 8 years
Capital improvements	5 to 20 years

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

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 right-of-use assets, 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 2023

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 the Authority will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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 2023

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

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 2023

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 under SB-FRS *1001 Accounting and Disclosure for Non-Exchange Revenue.*

Rental income

Rental income 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 are 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 2023

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 ***Government grants***

Government grants are not recognised until 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 and rational basis over the useful life of the related 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*

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 Authority.

The incremental borrowing rate is defined as the rate of interest that the Authority would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. 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 2023

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 *Provisions, Contingent Liabilities and Contingent Assets*. 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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.11 *Leases (cont'd)*

(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 1947.

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.

3.14 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, bank balances and term deposits 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 25A of SB-FRS 24 *Related Party Disclosures*, the Authority is exempted from disclosing transactions and outstanding balances 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 primary readers of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.15 ***Related parties (cont'd)***

The Authority also applies the exemption in Paragraph 26 of SB-FRS 24. Required disclosures of transactions and related 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 33.

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 and SB-FRS Practice Statement 2 *Disclosure of Accounting Policies*	1 January 2023
Amendments to SB-FRS 8 *Definition of Accounting Estimates*	1 January 2023
Amendments to SB-FRS 1 *Classification of Liabilities as Current or Non-Current*	1 January 2024

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

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.

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 2023 is S$9,435,000 (2021/22: S$8,687,000). Further details are provided in Note 27.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

5. FINANCIAL INSTRUMENTS

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

	2022/23	2021/22
	S$'000	S$'000
Financial assets		
Financial assets at fair value through other comprehensive income	72,401	72,563
Financial assets at amortised cost:		
- Cash and cash equivalents	628,063	630,713
- Trade and other receivables	279,975	225,205
	908,038	855,918
Financial liabilities		
Financial assets at amortised cost:		
- Trade and other payables	(123,154)	(179,392)
Lease liabilities	(16,026)	(23,028)

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 2023

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 2023, 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 96% (2021/22: 99%) of the trade receivables were due from one of the Authority's major customers and related party.

Further details of credit risk on trade and other receivables are disclosed in Note 19.

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 2023

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

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

The table below details 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 2023						
Trade receivables	19	(i)	Lifetime ECL (simplified approach)	82,374	–	82,374
Accrued income	19	(i)	Lifetime ECL (simplified approach)	27,658	(991)	26,667
Financial assets at fair value through other comprehensive income	18	Performing	12-month ECL	72,401	–	72,401
Grants receivable	19	Performing	12-month ECL	43,036	–	43,036
Sundry receivables (as agent to the Government)	19	Performing	12-month ECL	125,824	–	125,824
Other receivables	19	Performing	12-month ECL	2,074	–	2,074
					(991)	
31 March 2022						
Trade receivables	19	(i)	Lifetime ECL (simplified approach)	89,279	–	89,279
Accrued income	19	(i)	Lifetime ECL (simplified approach)	29,651	–	29,651
Financial assets at fair value through other comprehensive income	18	Performing	12-month ECL	72,563	–	72,563
Grants receivable	19	Performing	12-month ECL	19,148	–	19,148
Sundry receivables (as agent to the Government)	19	Performing	12-month ECL	84,221	–	84,221
Other receivables	19	Performing	12-month ECL	2,906	–	2,906
					–	

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

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

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

(i) For trade receivables and accrued income, the Authority has applied the simplified approach to measure the loss allowance at lifetime ECL and in determining, has taken into account the estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

(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	S$'000	S$'000	S$'000
2022/23						
Trade and other payables		123,154	–	–	–	123,154
Lease liabilities	1.85	9,026	5,764	1,782	(546)	16,026
		132,180	5,764	1,782	(546)	139,180
2021/22						
Trade and other payables	–	179,392	–	–	–	179,392
Lease liabilities	1.85	7,612	13,706	2,595	(885)	23,028
		187,004	13,706	2,595	(885)	202,420

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

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

(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	
	2022/23	**2021/22**	**2022/23**	**2021/22**
	S$'000	S$'000	S$'000	S$'000
United States Dollar	–	(279)	–	232
European Euro	(10)	(704)	–	–
Australian Dollar	(472)	–	298	456
Canadian Dollar	(3)	–	1	1
	(485)	(983)	299	689

<u>Foreign currency sensitivity</u>

The following table details the sensitivity to a 5% (2021/22: 5%) increase and decrease in the relevant foreign currencies against the functional currency of the Authority. 5% (2021/22: 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% (2021/22: 5%) change in spot foreign currency rates for monetary items.

If the relevant foreign currency were to strengthen by 5% (2021/22: 5%) against the functional currency of the Authority, deficit before contribution to Government Consolidated Fund will increase/decrease by:

	2022/23	**2021/22**
	S$'000	S$'000
United States Dollar	–	(2)
European Euro	*	(35)
Australian Dollar	(9)	23
Canadian Dollar	*	*
	(9)	(14)

* Denotes less than S$1,000.

A 5% (2021/22: 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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

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*.

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 that are measured at fair value on a recurring basis*

Some of the Authority's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	**Fair value as at 2022/23**	**Fair value as at 2021/22**	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
	S$'000	S$'000		
Quoted debt securities	72,401	72,563	Level 1	Quoted bid prices in an active market

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

Management has determined that, other than financial assets held at FVTOCI, the carrying amounts of all other financial assets, which comprise 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.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

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 2021/22.

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:

	2022/23 S$'000	2021/22 S$'000
Salaries and other short-term employee benefits	2,757	2,485
Central Provident Fund contributions	78	63

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:

	2022/23 S$'000	2021/22 S$'000
Meteorological services from National Environment Agency	10,137	9,335

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$1,084,774,000 (2021/22: S$1,266,872,000) was received on behalf of the Government of which S$574,000 (2021/22: S$9,877,000) was held on behalf by the Authority as part of restricted bank balances (Note 20) as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

10. CAPITAL ACCOUNT

This represents the net value of assets and liabilities transferred from the former Department of Civil Aviation when the Authority was established, and any subsequent equity contribution from or 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 1959, as the ultimate shareholder of the Authority, expects an annual return in the form of dividends in return for the Government's equity injections.

11. INVESTMENT REVALUATION RESERVE

The investment revaluation reserve comprises the investment in debt instruments classified as at FVTOCI, net of cumulative loss allowance recognised on these investments and cumulative gain/loss reclassified to profit or loss upon disposal or reclassification of these investments.

	2022/23 S$'000	2021/22 S$'000
Balance at beginning of year	3,189	351
Net fair value loss on investments in debt instruments classified as at FVTOCI	2,296	3,060
Cumulative gain on investments in debt instruments classified as at FVTOCI		
- Reclassified to profit or loss upon disposal	(420)	(222)
Balance at end of year	5,065	3,189

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

12. PROPERTY, PLANT AND EQUIPMENT

	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 2021	187,373	567,965	3,425	36,660	56,038	851,461
Additions	–	–	–	27	–	27
Transfers from capital work-in-progress (Note 14)	713	69,867	–	1,520	320	72,420
Disposals/write-off	–	(18,173)	–	(578)	(300)	(19,051)
At 31 March 2022	188,086	619,659	3,425	37,629	56,058	904,857
Transfers from capital work-in-progress (Note 14)	29,982	51,109	–	1,321	10	82,422
Disposals/write-off	(196)	(75)	–	(1,621)	(594)	(2,486)
At 31 March 2023	217,872	670,693	3,425	37,329	55,474	984,793

	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
Accumulated depreciation:						
At 1 April 2021	104,518	337,897	695	33,335	45,064	521,509
Depreciation for the year	3,350	35,930	340	1,496	1,451	42,567
Disposals/write-off	–	(17,301)	–	(578)	(224)	(18,103)
At 31 March 2022	107,868	356,526	1,035	34,253	46,291	545,973
Depreciation for the year	7,213	42,049	340	1,546	1,308	52,456
Disposals/write-off	(196)	(75)	–	(1,621)	(585)	(2,477)
At 31 March 2023	114,885	398,500	1,375	34,178	47,014	595,952
Carrying amount:						
At 31 March 2023	102,987	272,193	2,050	3,151	8,460	388,841
At 31 March 2022	80,218	263,133	2,390	3,376	9,767	358,884

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

13. 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
Vehicles	3 years

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

	Leasehold land	Office spaces	Plant and equipment	Vehicles	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Cost:					
At 1 April 2021	6,620,778	35,765	4,612	–	6,661,155
Additions	–	307	4,364	850	5,521
Adjustments	–	–	262	–	262
At 31 March 2022	6,620,778	36,072	9,238	850	6,666,938
Additions	–	305	–	–	305
Disposals	–	(293)	–	–	(293)
At 31 March 2023	6,620,778	36,084	9,238	850	6,666,950
Accumulated depreciation:					
At 1 April 2021	939,616	13,624	898	–	954,138
Depreciation for the year	68,580	6,870	656	329	76,435
At 31 March 2022	1,008,196	20,494	1,554	329	1,030,573
Depreciation for the year	68,580	6,923	1,321	329	77,153
Disposals	–	(293)	–	–	(293)
At 31 March 2023	1,076,776	27,124	2,875	658	1,107,433
Carrying amount:					
At 31 March 2023	5,544,002	8,960	6,363	192	5,559,517
At 31 March 2022	5,612,582	15,578	7,684	521	5,636,365

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

14. CAPITAL WORK-IN-PROGRESS

	Note	2022/23	2021/22
		S$'000	S$'000
At beginning of the year		133,233	157,469
Additions during the year		52,172	48,184
Transfer to property, plant and equipment	12	(82,422)	(72,420)
At end of the year		102,983	133,233

15. INVESTMENT IN JOINT VENTURE

	2022/23	2021/22
	S$'000	S$'000
Cost of investment in joint venture	31,070	31,070
Share of post-acquisition results	9,793	8,814
Investment in joint venture	40,863	39,884

Details of the joint venture are as follows:

Name	Principal activities	Place of business	Authority's interest 2022/23	Authority's interest 2021/22
			%	%
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
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15. 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:

	2022/23 S$'000	2021/22 S$'000
Revenue	6,739	6,720
Interest income	1,869	322
Depreciation expense	(1,624)	(1,641)
Other expenses	(2,090)	(2,221)
Profit before tax	4,894	3,180
Income tax expense	–	–
Profit after tax	4,894	3,180
Other comprehensive income	–	–
Total comprehensive income	4,894	3,180
Cash and cash equivalents	116,234	104,568
Trade and other receivables	1,593	201
Total current assets	117,827	104,769
Non-current assets	113,841	115,466
Total assets	231,668	220,235
Current liabilities	(3,149)	(2,592)
Non-current liabilities	(24,205)	(18,223)
Total liabilities	(27,354)	(20,815)
Net assets	204,314	199,420
Net assets	204,314	199,420
Proportion of the Authority's ownership	20%	20%
Authority's share of net assets	40,863	39,884
Carrying amount of interest in joint venture	40,863	39,884

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 2023

16. INVESTMENT IN ASSOCIATE

	2022/23 S$'000	2021/22 S$'000
Cost of investment in associate	9,446	9,446
Share of post-acquisition results, net dividend received	1,219	3,044
Investment in associate	10,665	12,490

Details of the associate are as follows:

Name	Principal activities	Place of incorporation and business	Effective interest held by the Authority 2022/23	Effective interest held by the Authority 2021/22
			%	%
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:

	2022/23 S$'000	2021/22 S$'000
Revenue	9,987	34,503
(Loss)/Profit after tax	(10,736)	10,021
Other comprehensive income	–	–
Total comprehensive (loss)/income	(10,736)	10,021
Current assets	43,928	51,651
Non-current assets	40,144	43,258
Current liabilities	(16,296)	(16,676)
Non-current liabilities	(5,042)	(4,763)
Net assets	62,734	73,470
Net assets	62,734	73,470
Proportion of the Authority's ownership	17%	17%
Authority's share of net assets	10,665	12,490
Carrying amount of interest in associate	10,665	12,490

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

17. LONG-TERM INVESTMENT

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

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022/23	2021/22
	S$'000	S$'000
Investment in debt instruments classified as at FVTOCI:		
Quoted debt securities	72,401	72,563
Comprising:		
- Current	13,717	8,295
- Non-current	58,684	64,268
	72,401	72,563

The bonds are held by the Authority within a business model whose objective is both to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding and to sell these financial assets. Hence, the bonds are classified as at FVTOCI.

For purpose of impairment assessment, the bonds are considered to have low credit risk as they are held with counterparties with minimum credit rating of "BBB-" by Standard & Poor's or "Baa3" by Moody's. The Authority holds no collateral over this balance. Accordingly, for the purpose of impairment assessment for these debts instruments, the loss allowance is measured at an amount equal to 12-month expected credit losses ("ECL").

In determining the ECL, management has taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the issuers of these debt instruments obtained from economic expert reports, financial analyst reports and considering various external sources of actual and forecast economic information, as appropriate, 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.

The valuation methodology for these investments is disclosed in Note 7(a).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

19. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2022/23	2021/22
	S$'000	S$'000
Other receivables and prepayments (non-current)		
Prepaid lease	5,099	5,508
Prepayments	18,776	24,031
Other receivables	230	337
	24,105	29,876
Trade and other receivables and prepayments (current)		
Trade receivables:		
- Related parties	557	506
- Others	81,817	88,773
Accrued income	26,667	29,651
Prepaid lease	410	410
Prepayments	24,229	24,929
Grants receivable	43,036	19,148
Sundry receivables (as agent to the Government)	125,824	84,221
Other receivables	2,441	3,257
	304,981	250,895

(a) *Trade receivables*

In 2022/23, the average credit period for trade receivables ranges from 14 to 365 days as the Authority has extended the credit terms for certain transactions in view of the deferral of payment of Airport fees (2021/22: 7 to 350 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 8.0% (2021/22: 5.5% or 8.0%) per annum on the overdue balance.

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 96% (2021/22: 99%) (Note 6 (a)) that were due from one of the Authority's major customers and related party 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 debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

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

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

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:

	2022/23 S$'000	2021/22 S$'000
	Individually assessed	
Balance at beginning of year	–	203
Loss allowance recognised in income or expenditure during the year on:		
- Reversal due to settlement of receivables	–	(203)
		(203)
Balance at end of year	–	–

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 25).

	S$'000
Cost:	
At 1 April 2021, 31 March 2022 and 31 March 2023	12,290
Accumulated amortisation:	
At 1 April 2021	5,962
Amortisation charge for the year	410
At 31 March 2022	6,372
Amortisation charge for the year	410
At 31 March 2023	6,782
Carrying amount:	
At 31 March 2023	5,508
At 31 March 2022	5,918

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 2023

19. 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.

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 debtors and an analysis of the debtors' 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:

	2022/23 S$'000	2021/22 S$'000
	Individually assessed	
Balance at beginning of year	–	–
Loss allowance recognised in income or expenditure during the year on:		
- New accrued income originated	991	–
- Reversal of due to settlement of receivables	–	–
Balance at end of year	991	–

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.

(d) *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 2023

20. CASH AND CASH EQUIVALENTS

	2022/23 S$'000	2021/22 S$'000
Bank and cash balances	627,489	620,336
Term deposits	–	500
Cash and cash equivalents in the statement of cash flows	627,489	620,836
Add: Restricted bank balances[1]	574	9,877
	628,063	630,713

[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.

In 2021/22, term deposits bear an average effective interest rate of 0.4% per annum with an average tenure of 6 days.

21. TRADE AND OTHER PAYABLES

	Note	2022/23 S$'000	2021/22 S$'000
Trade payables:			
- Related parties		3,697	1,145
- Others		4,157	9,753
Income billed and received in advance		79,019	82,106
Accrued expenses		70,289	39,961
Accrued payroll expenses		24,013	33,911
Sundry and other payables		224	312
Sundry payables (as agent to the Government)		20,489	94,046
Deposits received		285	265
Current portion of:			
- Grants received in advance	23	65,430	31,686
- Deferred income	25	410	410
- Deferred capital grants	26	45,692	45,692
- Provision for pension and post-retirement medical benefits plan	27	510	432
		314,215	339,719

The average credit period on purchases of goods and services is 1 month (2021/22: 1 month).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

22. LEASE LIABILITIES

	2022/23 S$'000	2021/22 S$'000
Maturity analysis:		
Year 1	9,026	7,612
Year 2	3,027	8,924
Year 3	1,056	2,920
Year 4	888	974
Year 5	793	888
Year 6 and onwards	1,782	2,595
	16,572	23,913
Less: Unearned interest	(546)	(885)
	16,026	23,028
Comprising:		
- Current	8,829	7,262
- Non-current	7,197	15,766
	16,026	23,028

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

23. GRANTS RECEIVED IN ADVANCE

	Note	2022/23 S$'000	2021/22 S$'000
At beginning of the year		58,427	50,355
Operating grants received during the year	32	131,347	48,517
Movement in grant accruals	32	23,957	5,961
		155,304	54,478
Transfer to income or expenditure:			
- Grants for property tax		(19,700)	(19,700)
- Grants for industry		(15,161)	(6,703)
- Grants for research and development		(30,864)	(18,278)
- Others		(1,718)	(1,725)
		(67,443)	(46,406)
At end of the year		146,288	58,427
Comprising:			
- Current	21	65,430	31,686
- Non-current		80,858	26,741
		146,288	58,427

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 2023

24. 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 1989. 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 2022/23 is 17% (2021/22: 17%).

The Authority's contribution to consolidated fund for FY2022/23 is S$nil due to a net deficit position. The Authority has approximately S$55,000,000 (2021/22: S$45,000,000) of unrecognised unutilised deficits to be carried forward to offset against future surpluses.

25. DEFERRED INCOME

	Note	2022/23 S$'000	2021/22 S$'000
At beginning of the year		5,918	6,328
Amortisation for the year		(410)	(410)
At end of the year		5,508	5,918
Comprising:			
- Current	21	410	410
- Non-current		5,098	5,508
		5,508	5,918

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.

26. DEFERRED CAPITAL GRANTS

	Note	2022/23 S$'000	2021/22 S$'000
At beginning of the year		4,193,711	4,234,590
Capital grants received during the year	32	3,412	4,813
		3,412	4,813
Amortisation for the year		(45,692)	(45,692)
At end of the year		4,151,431	4,193,711
Comprising:			
- Current	21	45,692	45,692
- Non-current		4,105,739	4,148,019
		4,151,431	4,193,711

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 2023

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

The Authority provides pension and post-retirement medical benefit schemes to certain of its retired 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 in 2022/23 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. For the purpose of ascertaining the obligation as of 31 March 2023, management has conducted a review of the bases and underlying assumptions used in the calculation.

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

	Valuation at	
	2022/23 %	2021/22 %
Pension Scheme		
Discount rate	2.9	1.2
Average age	80.8 years	79.3 years
Post-Retirement Medical Benefit Scheme		
Discount rate	2.9	1.4
Medical inflation rate	4.8	3.2
Average age	80.8 years	79.3 years

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

	Note	2022/23 S$'000	2021/22 S$'000
Current	21	510	432
Non-current		8,925	8,255
		9,435	8,687

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

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

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

	Note	2022/23 S$'000	2021/22 S$'000
Interest cost		107	115
Gain on settlement		–	(213)
	29	107	(98)

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:

	2022/23 S$'000	2021/22 S$'000
Opening defined benefit obligation	8,687	9,244
Interest cost	107	115
Gain on settlement	–	(213)
Actuarial loss recognised in other comprehensive income	1,111	–
Benefits paid	(470)	(459)
Closing defined benefit obligation	9,435	8,687

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	
	%	2022/23 S$'000	2021/22 S$'000
Pension Scheme			
Discount rate	+ 0.5	(151)	(166)
	− 0.5	161	172
Post-Retirement Medical Benefit Scheme			
Discount rate	+ 0.5	(273)	(231)
	− 0.5	297	252
Medical inflation rate	+ 0.5	290	267
	− 0.5	(270)	(245)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

28. REVENUE

	2022/23 S$'000	2021/22 S$'000
Timing of revenue recognition		
SB-FRS 115 revenue		
At a point in time:		
Aviation training programme fee	7,108	5,414
Certification, examination and licence fee	15,625	16,184
Over time:		
Fees for airport and related services	249,870	252,539
Airport and aerodrome licence fee	6,350	6,300
Other service income	5,660	3,998
Non SB-FRS 115 revenue		
SB-FRS 116 *Leases*:		
Annual ground rent	75,694	75,682
Other rental income	823	746
SB-FRS 1001 *Non-exchange revenue*:		
Aviation levy	89,795	7,774
	450,925	368,637

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

29. SALARIES, WAGES AND STAFF BENEFITS

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

	Note	2022/23 S$'000	2021/22 S$'000
Pension and post-retirement medical benefits cost	27	107	(98)
Employer's contribution to Central Provident Fund		20,262	19,853

30. NON-OPERATING INCOME, NET

	2022/23 S$'000	2021/22 S$'000
Non-operating income		
Gain on foreign exchange	1,724	–
Foreign exchange gain on financial assets measured at FVTOCI	–	319
Interest income	9,843	3,680
Others	28	692
	11,595	4,691
Non-operating expense		
Loss on foreign exchange	–	(181)
Foreign exchange loss on financial assets measured at FVTOCI	(312)	–
Loss on disposal of property, plant and equipment	(9)	(948)
Loss on disposal of financial assets measured at FVTOCI	(421)	(222)
	(742)	(1,351)
Non-operating income, net	10,853	3,340

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

31. 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:

	2022/23 S$'000	2021/22 S$'000
Capital commitments in respect of property, plant and equipment	113,850	131,555

(b) *Operating lease commitments — as lessor*

Maturity analysis of operating lease receivables:

	2022/23 S$'000	2021/22 S$'000
Year 1	76,369	76,340
Year 2	76,040	76,322
Year 3	75,658	76,059
Year 4	75,648	75,654
Year 5	75,648	75,648
Year 6 and onwards	1,113,015	1,188,541
	1,492,378	1,568,564

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

32. 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					
	1 April 2022	**Financing cash flows (i)**	**Grants received/ (utilised)**	**Grants accruals**	**Grants Amortised**	**New lease liabilities**	**Other changes (ii)**	**31 March 2023**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Lease liabilities (Note 22)	23,028	(7,210)	–	–	–	305	(97)	16,026
Grants received in advance (Note 23)	58,427	131,347	(67,443)	23,957	–	–	–	146,288
Deferred capital grants (Note 26)	4,193,711	3,412	–	–	(45,692)	–	–	4,151,431
Cash at bank								
- Restricted balance (Note 20)	(9,877)	9,303	–	–	–	–	–	(574)
	4,265,289	136,852	(67,443)	23,957	(45,692)	305	(97)	4,313,171

(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 lease modification adjustments.

			Non-cash changes					
	1 April 2021	**Financing cash flows (i)**	**Grants received/ (utilised)**	**Grants accruals**	**Grants Amortised**	**New lease liabilities**	**Other changes (ii)**	**31 March 2022**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Lease liabilities (Note 22)	25,650	(7,996)	–	–	–	5,209	165	23,028
Grants received in advance (Note 23)	50,355	48,517	(46,406)	5,961	–	–	–	58,427
Deferred capital grants (Note 26)	4,234,590	4,813	–	–	(45,692)	–	–	4,193,711
Cash at bank								
- Restricted balance (Note 20)	(15,807)	5,930	–	–	–	–	–	(9,877)
	4,294,788	51,264	(46,406)	5,961	(45,692)	5,209	165	4,265,289

(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 lease modification adjustments.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

33. 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 2009 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 2009. 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:

	2022/23 S$'000	2021/22 S$'000
Income		
Funds from Government	–	–
Airport development levy	166,791	14,065
Interest income	88,030	54,593
Write back of loss allowance on airport development levy receivable	–	347
	254,821	69,005
Expenditure		
Grants disbursed to a third party	310,513	328,476
	310,513	328,476
Net deficit for the year	(55,692)	(259,471)
Accumulated surplus as at 1 April	4,587,655	4,847,126
Accumulated surplus as at 31 March	4,531,963	4,587,655

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

	2022/23 S$'000	2021/22 S$'000
Accumulated fund	4,531,963	4,587,655
Non-current assets		
Investment in Special Singapore Government Securities	3,908,328	857,288
Current assets		
Investment in Special Singapore Government Securities	–	3,025,046
Cash placed with Accountant-General's Department under CLM scheme	546,608	675,315
Airport development levy receivable	47,976	6,517
Less: Loss allowance	–	–
Interest receivable	52,143	23,489
	646,727	3,730,367
Current Liabilities		
Disbursement payables	(23,092)	–
Net assets	4,531,963	4,587,655

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 2023

34. GRANTS TO AVIATION INDUSTRY

To support the aviation industry during the COVID-19 pandemic, the government provided grants to the aviation industry to reduce the impact of COVID-19 on their operations. The Authority supports the government in implementing these measures by acting as an agent to the Government and administered these grants on behalf of the government. During the year, S$684,182,000 (2021/22: S$879,218,000) was disbursed as part of these initiatives.

35. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 March 2023 were authorised for issue by the Authority members on 22 June 2023.

Civil Aviation Authority of Singapore

Singapore Changi Airport
P.O. Box 1 Singapore 918141