Civil Aviation Authority of Singapore

CAAS ANNUAL REPORT 2017/18

PAVING THE WAY FORWARD FOR AVIATION

2017 was a good year for Singapore Aviation. For the first time, passenger movements at Changi Airport surpassed the 60-million mark and airfreight throughput crossed two-million tonnes.

We expect growth to remain vigorous, supported by strong air travel demand in the Asia Pacific region. As the number of passengers in the wider Asia Pacific region is forecast to grow from 1.4 billion to 3.5 billion in the next 20 years[1], CAAS is taking steps to ensure that Singapore remains best positioned to capture its share of this growth.

Infrastructure Capacity Enhancements

With continuing traffic growth putting further pressure on airport infrastructure capacity, we have been building capacity and upgrading existing facilities to ensure that Singapore remains the Aviation Hub of Choice. In October 2017, the opening of Terminal 4 added a capacity of 16 million passengers per annum to Changi Airport. We are also on track with the works on the Changi East Development (including Terminal 5), the upgrading of Terminal 2 and the operationalising of the new Passenger Terminal Building (PTB) at Seletar Airport, targeted for the end of 2018.

Ensuring adequate capacity allows us to consistently deliver a high standard of service to passengers at all times, as attested by Changi Airport clinching 26 Best Airport awards in 2017, bringing its total number of awards to 557.

[1] IATA's 20-Year Passenger Forecast, updated in October 2017.

ATM Advancements

In 2017, the number of air traffic movements in the Singapore Flight Information Region rose by 6.6%. With robust air traffic growth, air traffic management (ATM) is becoming more complex. This is why we are pushing ahead to strengthen our ATM core capabilities, tapping advancements in technology, and forging partnerships with established global players to conduct Research and Development (R&D) on new solutions to optimise our use of airspace, create capacity, and ensure the safety of passengers.

In this past year, we have also augmented our number of Air Traffic Control Officers (ATCOs) and Air Traffic Control Support Officers (ATCSOs), engineers and Technical Support Officers (TSOs) by 5%, while increasing the number of Probationary ATCOs trained by 15%.

Safety Augmentations

Amidst rising air traffic volumes, air accident rates and resultant fatalities have reached a record low in 2017. Singapore has long built up a robust and progressive aviation safety oversight system that is based on International Civil Aviation Organization (ICAO) standards and aligned with international best practices. We also cooperate with the European Aviation Safety Agency (EASA)[2], the U.S. Department of Transportation's Federal Aviation Administration (FAA)[3], and other leading aviation regulators.

To address emerging safety risks proactively and ensure continuous improvement in safety performance, CAAS launched the Singapore State Safety Programme (SSP) together with the Transport Safety Investigation Bureau in August 2017. The Singapore SSP provides a structured framework to help integrate safety management activities across the State and gain insights into existing and emerging safety risks in the operating environment.

Hub Competitiveness

With air hub competition intensifying, CAAS remains committed to enhancing our hub connectivity to ensure the continued success of Singapore Aviation. For FY 2017-2018, CAAS concluded 4 new Air Services Agreements and expanded 5 others. These will link us to new markets, opening new destinations to be explored, and new air routes to create more options for leisure and trade.

A vibrant air hub is crucial to enable our aviation businesses to grow, provide more quality jobs and facilitate trade, investment and tourism for the wider economy to the benefit of Singaporeans. Over the last year, the air transport sector's real value-add increased by 5% — significantly higher than the national average of 3.6%, with productivity growing by 5.7%. With this strong growth, the aviation workforce also expanded by 2%.

"As the number of passengers in the wider Asia Pacific region is forecast to grow from 1.4 billion to 3.5 billion in the next 20 years, CAAS is taking steps to ensure that Singapore remains best positioned to capture its share of this growth."

[2] July 2017 – CAAS and EASA signed a working agreement to expand collaboration in airworthiness certification.

[3] Feb 2018 – CAAS and FAA signed revisions to the Bilateral Aviation Safety Agreement – Implementation Procedures for Airworthiness (BASA-IPA) on the sidelines of the Singapore Airshow.

To further promote growth, sharpen our air hub's competitiveness and create jobs for Singaporeans, CAAS unveiled the Air Transport Industry Transformation Map (ITM) in April 2017[4]. The Air Transport ITM aims to achieve real value-added growth of 16% from 2015 to 2020, boost productivity by 3-4% per annum, and create more than 8,000 new good jobs in the sector between 2017 and 2025 from process rethinking and job redesign.

Innovation Drive

To achieve these ambitious targets, digitalisation will be an important aspect of innovation for our sector. CAAS is driving this transformation both within itself and the wider aviation industry. Our digitalisation path is in tandem with the Singapore Government's Digital Government Blueprint (DGB) which details better leveraging of data and new technologies for building a Smart Nation. CAAS is making good progress in digitalising some of our internal processes, such as moving from paper forms to e-forms. Our newly revamped corporate website also offer an enhanced user experience.

On the industry front, we are supporting the efforts of local enterprises such as SATS on developing smart wearables that give workers real-time information; Changi Airport Group and its S$50 million Living Lab Programme; and SIA Engineering Company on novel solutions for the future maintenance, repair and overhaul needs of airline customers.

Skills Development

While digitalisation is the future of aviation, it is an enabler, not an end goal. People making up the aviation industry remain at the heart of what we do. To overcome current manpower constraints and ensure a talent pipeline for the future, CAAS has continued to introduce new initiatives and expand existing programmes to help provide more aviation course options for students, and promote awareness and interest in aviation careers amongst youth. The Skills Framework for Air Transport, developed with SkillsFuture Singapore (SSG), fosters the professional growth of those already in the industry by helping them to identify, acquire and master skills needed to upgrade themselves.

Unmanned Opportunities

Another area that is developing rapidly is the fast-evolving Unmanned Aircraft Systems (UAS) sector. To promote UAS applications, especially in the urban environment, CAAS is collaborating with industry partners to advance UAS technologies.

CAAS, together with the Ministry of Transport and JTC, have designated one-north as a drone estate to facilitate trialling innovative UAS technologies and commercial use-cases in a controlled urban environment. With this drone estate, we will also be able to work with companies to develop rules and regulations which ensure the safe use of drones in Singapore without hampering innovation.

"To achieve these ambitious targets, digitalisation will be an important aspect of innovation for our sector. CAAS is driving this transformation both within itself and the wider aviation industry."

[4] The Air Transport ITM is part of the Singapore government's larger strategy to promote growth and competitiveness for 23 industries across the economy and create good jobs for Singaporeans.

International Leadership

A leading member of the dynamic and entwined global aviation community, Singapore continues to contribute actively in ICAO panels and working groups to help shape the development of international standards for a safe, secure, seamless, connected, harmonised and sustainable global aviation system.

In 2017, CAAS had the privilege to host a dialogue session during the World Civil Aviation Chief Executives Forum, bringing over 100 members from the ICAO Council, the Directors-General of Civil Aviation from around the world, and the ICAO Secretariat to discuss and identify common solutions to global aviation challenges – the first of such a scale.

We also enable the sharing of knowledge and provide training assistance. We are a key supporter of ICAO's "No Country Left Behind" and "Next Generation of Aviation Professionals" initiatives. In 2018, CAAS and ICAO jointly launched the Programme for Young Aviation Professionals, which will provide 40 scholarships and 600 fellowships over 5 years (2018-2023) to young aviation professionals below the age of 35 from developing ICAO Member States to enable them to pursue aviation training and leadership development. This new initiative underscores CAAS' commitment to be a part of ICAO's efforts to develop international civil aviation, and our support over the years for building up the capabilities of ICAO Member States into a global community of aviation specialists and leaders.

Sound Fundamentals

To realise the full potential of Singapore Aviation, our fundamentals must remain strong. For the FY ended 31 March 2018, we achieved a net surplus of S$78 million, up from S$76 million in FY16/17.

With net assets of S$2.7 billion as at 31 March 2018, CAAS will continue to exercise strict financial prudence to drive and support the industry transformation efforts to ensure Singapore Aviation's future-readiness.

We wish to take this opportunity to thank outgoing Authority Members Khoo Chin Hean and Lim Yeow Khee for their contributions, and welcome new Authority Members Mark Chong and Tan Pheng Hock, who both joined us on 1 August 2017.

In addition, CAAS would like to thank stakeholders in the local aviation community who have helped us progress in many areas through their steadfast partnerships with us. Together, we are paving the way forward for Singapore Aviation to rise to the challenges ahead.

Lee Hsien Yang
Chairman

Kevin Shum
Director-General

Appointment of New Chairman, CAAS

Mr Edmund Cheng Wai Wing was appointed the Chairman of CAAS with effect from 1 July 2018. Mr Cheng has taken over from Mr Lee Hsien Yang, who relinquished his position as Chairman of CAAS on 30 June 2018 after nine years in the role.

CAAS would like to take this opportunity to thank Mr Lee for his many years of dedicated service to the organisation.

AUTHORITY MEMBERS

(As at 31 March 2018)

MS CHAM HUI FONG
Member

CHANDRA MOHAN K NAIR
Member

MARK CHONG
(From 1 Aug 2017)
Member

PROF CHONG TOW CHONG
Member

MS CHOO OI YEE
Member

LEE HSIEN YANG
Chairman

EDMUND CHENG
Deputy Chairman

AUTHORITY MEMBERS

(As at 31 March 2018)

HAN KOK JUAN
Member

KEVIN SHUM
Member

TAN PHENG HOCK
(From 1 Aug 2017)
Member

MG MERVYN TAN
Member

PROF WEE CHOW HOU
Member

MS MARY YEO
Member

THE AUTHORITY'S COMMMITTEES

(As at 31 March 2018)

Staff & Remuneration Committee

Chairman Lee Hsien Yang

Members Edmund Cheng
Prof Chong Tow Chong
Han Kok Juan
Kevin Shum
MG Mervyn Tan

Secretary Ms Florence Tan

Investment Committee

Chairman Ms Choo Oi Yee (from 26 Oct 2017)
Khoo Chin Hean (up to 30 Jun 2017)

Members Tan Pheng Hock (from 26 Oct 2017)
Ms Choo Oi Yee (up to 25 Oct 2017)
Kevin Shum

Secretary Ms Chia Sin Yee

Audit Committee

Chairman Prof Wee Chow Hou

Members Chandra Mohan K Nair
Mark Chong (from 26 Oct 2017)
Lim Yeow Khee (up to 30 Jun 2017)
Ms Mary Yeo

Secretary Tan Kwang Wei (from 19 Sep 2017)
Sng Hock Seng (up to 18 Sep 2017)

Tenders Committee

Chairman Lee Hsien Yang

Alternate Chairman Edmund Cheng (from 26 Oct 2017)
Han Kok Juan (up to 25 Oct 2017)

Members Ms Cham Hui Fong
Han Kok Juan (from 26 Oct 2017)
Kevin Shum

Alternate Member Prof Chong Tow Chong

Secretary Not applicable

PRINCIPAL OFFICERS

(As at 31 March 2018)

MR TAY TIANG GUAN
Deputy Director-General

MR SOH POH THEEN
Deputy Director-General (Air Navigation Services)

MR SHUM JIN-CHYI KEVIN
Director-General

MR TAN KAH HAN
Senior Director (Safety Regulation) / Director (Airworthiness and Flight Operations)

MS POH LI-MEIN EILEEN
Senior Director (International Relations Group) / Director (International Relations) / Alternate Representative on the Council of the ICAO

MR NG TEE CHIOU
Permanent Representative on the Council of the ICAO

Not Pictured

PRINCIPAL OFFICERS

(As at 31 March 2018)

MR PHUA CHAI TECK
Director (Airport Development and Planning)

MR NG KHENG HIONG DANIEL
Director (Air Transport)

MR HO YUEN SANG
Director (Aviation Industry)

MR CHANG CHIN KOON ADRIAN
Director (Safety Policy and Licensing)

DR JARNAIL SINGH
Chairman, Civil Aviation Medical Board

MR CHEW CHOONG CHENG
Director (Aerodrome and Air Navigation Services Regulation)

PRINCIPAL OFFICERS
(As at 31 March 2018)

MR ROSLY BIN MD SAAD
Director (Air Traffic Services)

MS TAN PUAY KUEN MARGARET
Director (Airport Economic Regulation and Aviation Security)

DR LIM TECK HUAT MICHAEL
Director (Singapore Aviation Academy)

MR YEO CHENG NAM
Director (Aeronautical Telecommunications & Engineering)

MR LOO CHEE BENG
Director (Air Navigation Services Strategic Planning) / Director (Air Navigation Services Policy)

PRINCIPAL OFFICERS

(As at 31 March 2018)

MR TAN KWANG WEI
Director (Internal Audit)

MR PETER WEE
Director (Corporate Development and Emergency Preparedness)

MS TAN SIEW HUAY
Director (Legal)

MS CHIA SIN YEE
Director (Finance)

MS TAN KAH LING FLORENCE
Director (Human Resource)

MS TAN JUI HWANG LYDIA
Director (Corporate Communications)

MR TAN CHUN TAT DALEN
Director (Futures and Planning Office)

KEY HIGHLIGHTS

KEY HIGHLIGHTS

Paving the way forward for aviation

SCALING UP FOR FUTURE GROWTH

Changi Airport's Terminal 4 commenced operations on 31 October 2017, bringing the total handling capacity of Changi Airport to 82 million passengers per annum (mppa).

This is the first terminal at Changi Airport to leverage the use of technology extensively, such as facial recognition software to enable end-to-end self-service options. Fast and Seamless Travel (FAST) options at T4 redefines the travel experience for passengers, while enhancing operational efficiency and raising productivity. Together, these efforts further enhance Changi Airport's position as a global air hub.

Photo by Changi Airport Group

With Jewel Changi and Terminal 5 on the horizon, we are well positioned to scale up for long-term future growth.

	Passenger movements at Changi	Commercial aircraft movements at Changi	Airfreight throughput at Changi
2017	62.2 million	373,200	2.13 million tonnes
2016	58.7 million	360,500	1.97 million tonnes

ENHANCING HUB CONNECTIVITY

Today, Changi Airport is the sixth busiest airport for international air traffic. More than 100 airlines operate at Changi Airport, with more than 7,200 flights scheduled weekly. These flights connect Singapore to some 400 cities in about 100 countries and territories worldwide.

We are continuously expanding Singapore's position as the Aviation Hub of Choice. With new Air Services Agreements (ASAs) signed and existing ones expanded, more airlines are now able to operate into and out of Changi, giving travellers more destination choices.

9 new and expanded ASAs

Armenia • Saudi Arabia • Hungary • Kenya • South Africa • Argentina • Guyana • Kiribati • Bangladesh

14 new destinations

Addis Ababa (Ethiopia) • Athens (Greece) • Bintulu (Malaysia) • Chicago (US) • Guilin (China) • Harbin (China) • Hiroshima (Japan) • Khabarovsk (Russia) • Madurai (India) • Okinawa (Japan) • Padang (Indonesia) • Shijiazhuang (China) • Stockholm (Sweden) • Yantai (China)

5 new airlines

US-Bangla Airlines • Ethiopian Airlines • Norwegian Air UK • Hebei Airlines • JC (Cambodia) International Airlines

INVESTING IN LONG-TERM AVIATION GROWTH

The new Changi East, comprising the new Terminal 5, a three-runway system, and a complex network of inter- and intra-terminal tunnels, will enable Singapore to accommodate future growth in air traffic. Together, the Changi East development will boost Changi's overall handling capacity to 135mppa and capitalise on the benefits that air connectivity brings to Singapore.

While the Government will be funding the majority of the cost, the aviation community, which will benefit from the new infrastructure, will also share in the cost. To help fund these significant airport developments, CAAS announced the introduction of an Airport Development Levy (ADL) for passengers departing from Changi Airport.

AUGMENTING ATM CAPABILITIES

Air traffic in Singapore's Flight Information Region (FIR) continues to grow rapidly. To ensure that air traffic continues to be managed safely and efficiently, CAAS has intensified efforts to enhance its Air Traffic Management (ATM) capabilities.

Through partnerships with local and international research institutions, technology providers and other Air Navigation Services Providers, CAAS is working on numerous innovative initiatives aimed at improving ATM performance, expanding traffic handling capacity and ensuring ATM safety and efficiency amidst ever busier skies.

Watch this video to find out some of the new initiatives we have embarked on.

Singapore Flight Information Region (FIR) Air Traffic Movements

726,000

FY17/18

681,000

FY16/17

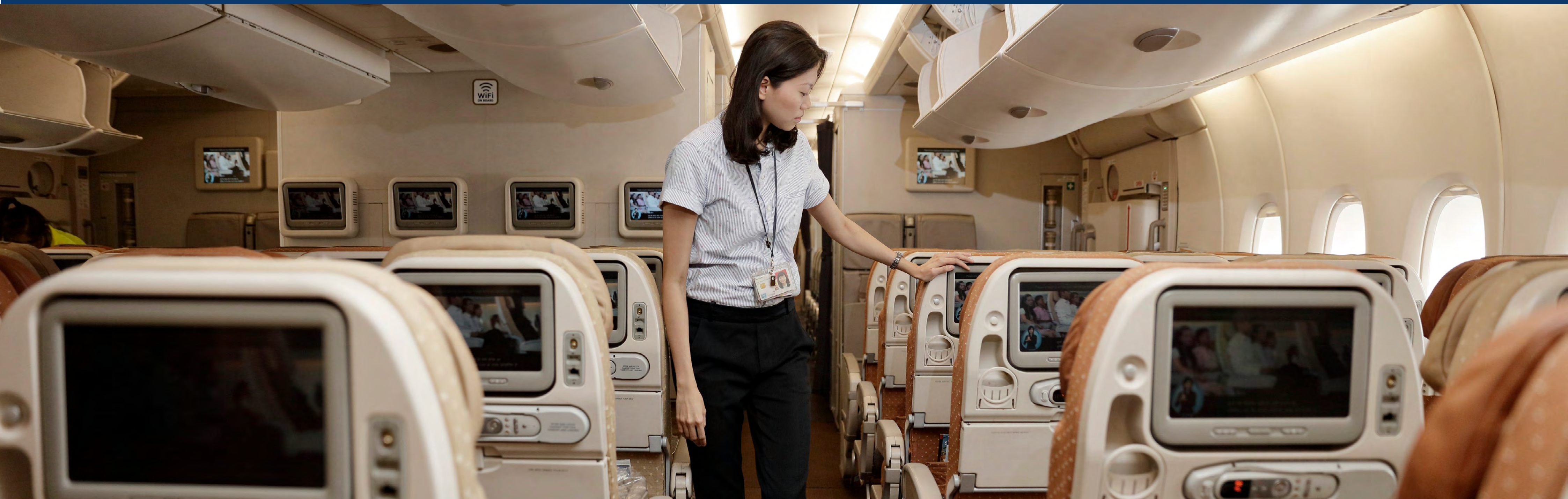
662,000

FY15/16

STRENGTHENING SAFETY OVERSIGHT

As a premier air hub, it is important for Singapore to maintain a high level of aviation safety.

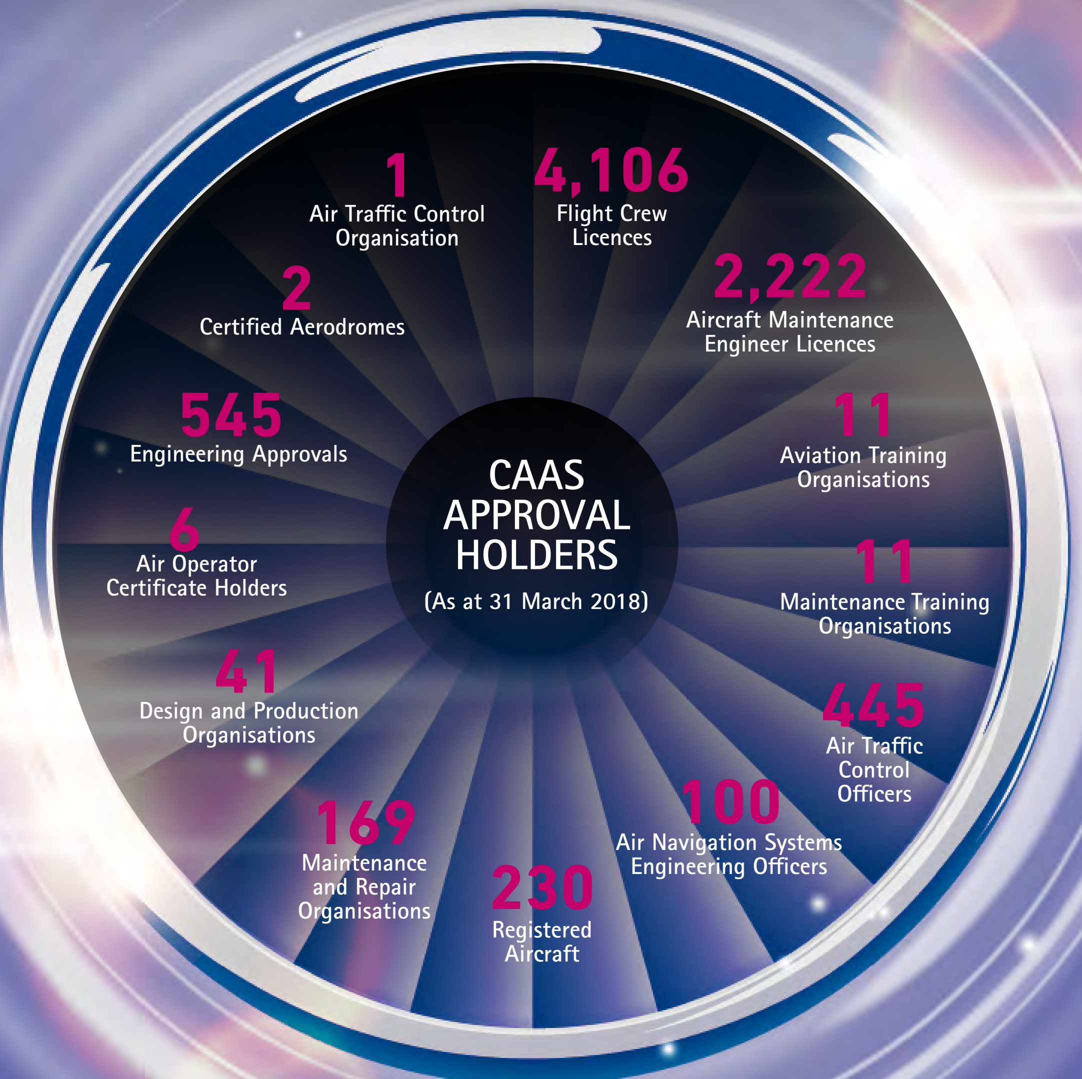
Given the rapid pace of air traffic growth and the increasing complexity of the aviation landscape, CAAS continues to work closely with the industry to ensure that its regulations are robust and up-to-date with industry developments.



In FY17/18, CAAS carried out 12 regulatory framework reviews, made 51 rule and guidance material amendments, and conducted 33 industry consultations.

As Singapore's aviation safety regulator, CAAS is deeply committed to aviation safety. Through the newly-launched Singapore State Safety Programme (SSP), we will enable Singapore to identify and manage aviation safety risks more holistically and effectively.

Watch this video to learn more about the SSP.



FACILITATING INNOVATIVE AND SAFE DRONE USAGE

The use of Unmanned Aircraft Systems (UAS) continues to increase in Singapore. With the rapid advancement of this technology, UAS are increasingly being deployed to improve processes, as well as enhance productivity and service delivery.

To seize the potential benefits that the use of UAS can bring, CAAS is collaborating with its partners to spur new and innovative UAS applications across various industries. At the same time, CAAS is also addressing the safety concerns posed by UAS operations and taking steps to promote the safe use of UAS.

UAS PERMITS ISSUED
(As at 31 March 2018)

Operator Permits

441
FY17/18

215
FY16/17

117
FY15/16

Activity Permits

1679
FY17/18

902
FY16/17

510
FY15/16

The figures for FY15/16 have been revised to correct errors made during the compilation process previously.

SECURING THE FUTURE OF SINGAPORE AVIATION

In April 2017, CAAS unveiled the Air Transport Industry Transformation Map (ITM). The Air Transport ITM outlines plans to create better jobs and career opportunities for workers in the aviation sector, as well as to support the sector's growth and competitiveness over the coming years. The ITM was co-developed by the Air Transport Industry Tripartite Committee (ITC), comprising 16 key representatives from industry, unions and government.

Transforming Aviation Together

Air Transport Industry Transformation Map

Our Vision

We aim to create:

- A vibrant and quality air hub for our economy and nation
- Better jobs for Singaporeans
- An efficient and smart airport for users and passengers

Our Strategies

Innovation

Break new ground:

1. Pioneer novel solutions
2. Partner national research communities
3. Strengthen core capabilities

Productivity

Improve jobs:

1. Accelerate use of technology
2. Redesign work processes
3. Encourage new ways of doing business

Jobs & Skills

Develop workers:

1. Expand education options for students
2. Ease entry into aviation
3. Support professional growth
4. Share productivity gains

Enterprise

Enable new ideas:

Develop new businesses together

WINNING INNOVATIONS

To encourage a spirit of collaboration and innovation, CAAS launched two Aviation Challenges in 2014. Participants – from both within and beyond the aviation industry – were invited to collaborate and design solutions that alleviate the labour-intensive nature of processes in airport operations.

In 2017, the teams led by Singapore Technologies Dynamics Pte Ltd, in collaboration with Israel Aerospace Industries Ltd, developed prototypes which won Aviation Challenges 1 and 2. Both solutions are expected to ease the load of baggage handling workers and help boost productivity in the cargo-handling process in the near future.

Watch this video for Aviation Challenge 1 winning prototypes.

Watch this video for Aviation Challenge 2 winning prototypes.

CREATING AVIATION OPPORTUNITIES

To allow aviation workers to keep pace with the industry's growth and development, job redesign and skills enhancements are necessary in addition to technological innovations. CAAS adopts a comprehensive approach to manpower development. This includes giving students more aviation course options, raising awareness of the career opportunities in aviation, and offering opportunities for further development to those already in the industry.

In 2017, three initiatives were carried out:

INITIATIVE	BRIEF DESCRIPTION
Higher NITEC in Airport Operations	Developed in consultation with industry partners such as SATS and dnata, this course will prepare students to work in airport ground handling – ramp services, baggage handling, cargo handling and in-flight catering operations – areas which will see more job opportunities due to future airport development plans.
Air Scouts Co-Curricular Activity	Launched in 2012, the renewed Air Scouts Co-Curricular Activity (CCA) programme further strengthens CAAS and Singapore Scouts Association's collaboration. It will continue to provide members with exposure to aviation, and further expand the outreach capabilities between the Air Scouts and the wider aviation community.
SkillsFuture Study Awards for Air Transport	A scheme for retraining and upskilling to encourage Singaporeans to develop and deepen career-related specialist skills.

MAKING A GLOBAL IMPACT

CAAS continues to play an expansive role in influencing global aviation. Over the years, CAAS' committed efforts to advance international civil aviation have enabled Singapore to be known for its role as a thought leader in global aviation. CAAS has actively contributed to and shaped the development of safer, more secure and more reliable air transport in the Asia Pacific region and around the world.

Singapore Aviation Academy's (SAA) flagship World Civil Aviation Chief Executives Forum (WCACEF), held biennially, has served as a platform for knowledge-sharing and aviation thought leadership since its inception in 2003. The 2017 run brought together more than 160 delegates from over 80 countries to discuss key issues and challenges facing aviation.

Watch this video for WCACEF 2017 key highlights

Climate change is a global issue and Singapore recognises the need for actions to be taken by every State, and the aviation industry to ensure the sustainability of aviation.

In 2017, Singapore Airlines conducted a series of Green Package Flights in partnership with CAAS, involving the use of Sustainable Alternative Fuels (SAF) to gain insights into the economics, logistical requirements and performance of SAFs. The Green Package Flights were the first to combine the use of biofuels, fuel-efficient aircraft and optimised flight operations to reduce fuel burn and carbon emissions.

As an internationally-recognised aviation academy, SAA, the training arm of CAAS, continues to firmly support ICAO's efforts in helping developing countries meet their civil aviation goals and strengthen the global aviation system. In an acknowledgment of SAA's contributions to global aviation human capital development, ICAO has recertified SAA as an ICAO Regional Training Centre of Excellence in June 2017 for the next three years.

Watch this video on how the Singapore-ICAO partnership has advanced over the years.

In FY17/18, SAA conducted over 140 different programmes addressing the training needs of aviation professionals at all levels. SAA also introduced new programmes - ranging from airport ramp operations to water rescue operations – to continue to cater to the needs of global aviation professionals.

SAA's Global Impact

No. of new programmes: **7**

33 on-site training conducted in **20** countries

9,704 participants from **170** countries

No. of conferences/ seminars organized: **6**

ENHANCING CUSTOMER EXPERIENCE

While CAAS enables and supports the local aviation industry in its adoption of innovative technology to improve productivity, CAAS has also stepped up its efforts to digitalise more of its services. In FY17/18, CAAS enhanced the functionalities and improved the user interface of three e-services – portals to apply for permits for aerial activities, obstacle clearances and drones respectively.

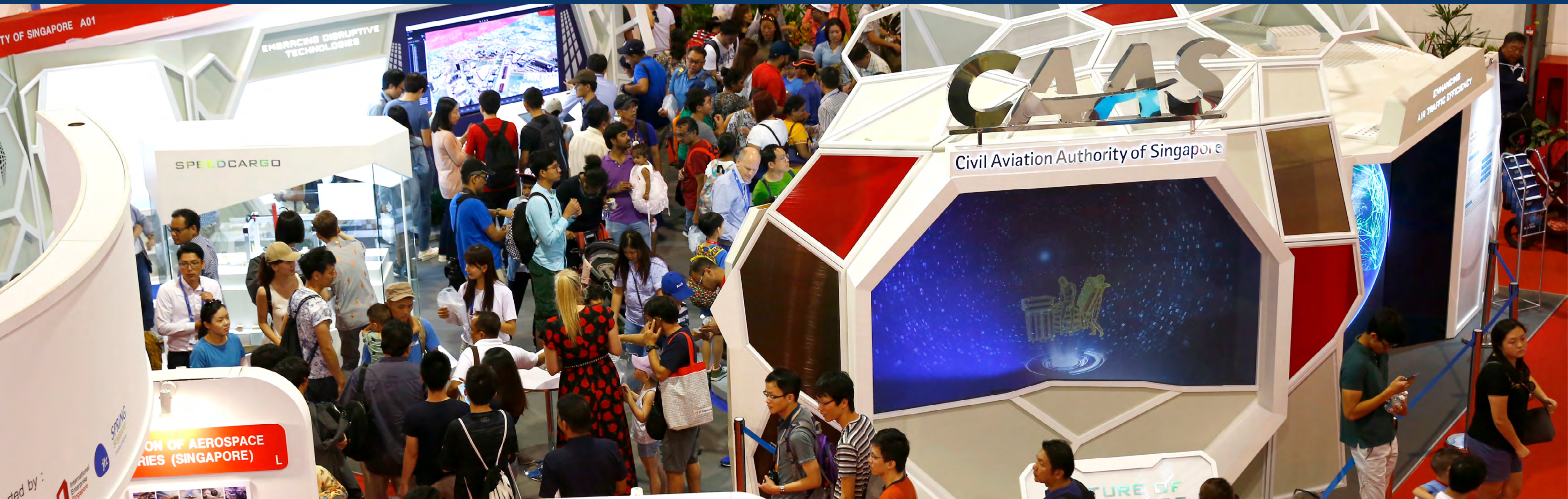
In addition, CAAS also revamped its corporate website to offer an enhanced user experience with a cleaner and modern website design that is responsive across all devices. Take a look at some of the enhancements here:

Watch this video to discover the key features of the new website.

ENGAGING THE COMMUNITY

As part of our ongoing community outreach efforts, CAAS put together a few initiatives in 2017 including the Aviation Open House and the inaugural Singapore Aviation Heritage Trail.

In addition, CAAS put up a showcase during the Singapore Airshow 2018, with exhibits on several key CAAS projects. This included the interactive displays on Smart Tower and video wall showcasing Air Traffic Flow Management. CAAS staff and partners were also present to explain and provide more details on the projects to members of the public.



Catering to a variety of important communities ranging from students, aviation enthusiasts, industry partners to the general public, these programmes are aimed at igniting a passion in aviation and to inspire the generation of new ideas to take Singapore Aviation forward.

Watch this video for highlights of the Aviation Heritage Trail.

FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2018

STATEMENT BY THE AUTHORITY MEMBERS

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

(i) the accompanying statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, together with the notes thereto, are drawn up so as to present fairly, in all material respects, the state of affairs of the Authority as at 31 March 2018 and the results, changes in equity and cash flows of the Authority for the financial year then ended on that date in accordance with the provisions of the Civil Aviation Authority of Singapore Act (Cap. 41, 2014 Revised Edition) (the "Act") and Singapore Statutory Board Financial Reporting Standards;

(ii) the accounting and other records, including records of all assets of the Authority whether purchased, donated or otherwise have been properly kept in accordance with the provisions of the Act; and

(iii) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Authority during the financial year have been in accordance with the provisions of the Act.

On behalf of the Authority

Lee Hsien Yang
Chairman

Kevin Shum
Director-General

Singapore
21 June 2018

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2018

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 2018, 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.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Civil Aviation Authority of Singapore Act (Cap. 41, 2014 Revised Edition) (the "Act") and Singapore Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Authority as at 31 March 2018 and the results, 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 ("ACRA") 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.

Other Information

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, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and Singapore Statutory Board Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

A statutory board is constituted based on its Act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the 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 dissolve the Authority or for the Authority to cease operations.

Management is responsible for overseeing the Authority's financial reporting process.

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2018

Members of the Authority
Civil Aviation Authority of Singapore

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2018

Members of the Authority
Civil Aviation Authority of Singapore

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

(i) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Authority during the year are, in all material respects, in accordance with the provisions of the Act; and

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

Basis for Opinion

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

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

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 Act.

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 accounting and internal control system, non-compliances may nevertheless occur and not be detected.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

21 June 2018

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	2017/18 S$'000	2016/17 S$'000
Equity			
Capital account	4	2,179,090	2,179,090
Accumulated surplus		495,543	471,654
		2,674,633	2,650,744
Non-current assets			
Property, plant and equipment	5	6,021,320	6,039,805
Capital work-in-progress	6	545,551	260,590
Investment in joint venture	7	36,163	34,817
Investment in associate	8	12,870	10,435
Available-for-sale investment	9	–	3,600
Long-term investment	10	150	150
Other receivables and prepayments	11	45,190	43,614
		6,661,244	6,393,011
Current assets			
Trade and other receivables and prepayments	11	143,674	227,633
Cash and cash equivalents	12	859,605	789,547
		1,003,279	1,017,180
Current liabilities			
Trade and other payables	13	263,690	248,776
Contribution payable to Government Consolidated Fund	15	15,229	16,465
		278,919	265,241
Net current assets		724,360	751,939
Non-current liabilities			
Deferred income	16	7,147	7,556
Deferred capital grants	17	4,693,573	4,476,181
Provision for pension and post-retirement medical benefits plan	18	10,251	10,469
		4,710,971	4,494,206
Net assets		2,674,633	2,650,744
Changi Airport Development Fund - net assets	23	4,101,953	4,048,254

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

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2018

	Note	2017/18 S$'000	2016/17 S$'000
Income			
Airport licence fee		2,530	2,530
Aviation levy		144,571	135,970
Annual ground rent		78,570	78,570
Fees for airport and related services		213,729	202,271
Aviation training programme fee		7,934	7,988
Certification, examination and licence fee		16,117	15,099
Other operating income		5,582	4,745
		469,033	447,173
Expenditure			
Salaries, wages and staff benefits	19	177,060	165,348
Maintenance of buildings and equipment		46,673	40,773
Rental expense		8,012	9,925
Depreciation of property, plant and equipment	5	111,123	105,426
Property tax		20,892	20,752
Services related expenses		31,088	28,250
Other operating expenses		66,827	61,837
		461,675	432,311
Non-operating income, net	20	17,955	16,203
Share of results of joint venture		1,346	(1,123)
Share of results of associate, net of tax		2,435	(1,072)
Surplus for the year before government grants		29,094	28,870
Government grants			
Deferred capital grants amortised	17	45,061	44,812
Operating grants	14	19,126	19,235
		64,187	64,047
Surplus for the year before contribution to Government Consolidated Fund		93,281	92,917
Contribution to Government Consolidated Fund	15	(15,229)	(16,480)
Net surplus for the year		78,052	76,437
Other comprehensive income			
Items that will not be reclassified to income or expenditure			
Remeasurement of pension and post-retirement medical benefit plan		–	793
Total comprehensive income for the year		78,052	77,230

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

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2018

	Note	Capital account S$'000	Accumulated surplus S$'000	Total S$'000
At 1 April 2016		2,179,090	451,156	2,630,246
Net surplus for the year		–	76,437	76,437
Other comprehensive income for the year		–	793	793
Total comprehensive income for the year		–	77,230	77,230
Dividends paid to Government during the year	4	–	(56,732)	(56,732)
At 31 March 2017		2,179,090	471,654	2,650,744
Total comprehensive income for the year		–	78,052	78,052
Dividends paid to Government during the year	4	–	(54,163)	(54,163)
At 31 March 2018		2,179,090	495,543	2,674,633

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

STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2018

	Note	2017/18 S$'000	2016/17 S$'000
Cash flows from operating activities			
Surplus for the year before government grants		29,094	28,870
Adjustments for:			
Share of results of joint venture		(1,346)	1,123
Share of results of associate, net of tax		(2,435)	1,072
Depreciation of property, plant and equipment	5	111,123	105,426
Gain on disposal of property, plant and equipment	20	–	(4,064)
Write-off of property, plant and equipment	20	60	225
Gain on disposal of available-for-sale investment	20	(6,269)	–
Interest income	20	(10,992)	(11,932)
Dividend income	20	(297)	(83)
Provision for pension and post-retirement medical benefits	18	162	248
Amortisation of deferred income	16	(409)	(410)
Amortisation of prepaid lease	11	409	410
Impairment loss on trade receivables/ (write back of impairment loss)	11	3	(3)
Operating cash flows before changes in working capital		119,103	120,882
Changes in working capital:			
Trade and other receivables and prepayments		86,397	(42,315)
Trade and other payables		14,854	50,957
Staff loans		9	9
Pension and post-retirement medical benefits paid		(589)	(872)
Cash generated from operations		219,774	128,661
Contribution paid to Government Consolidated Fund		(16,465)	(12,085)
Net cash flows from operating activities		203,309	116,576

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

STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2018

	Note	2017/18	2016/17
		S$'000	S$'000
Cash flows from investing activities			
Interest received		12,379	11,658
Purchase of property, plant and equipment and payment for capital work-in-progress		(378,362)	(227,892)
Proceeds from disposal of property, plant and equipment		703	4,064
Proceeds from disposal of available-for-sale investment		9,869	–
Dividends received		297	1,783
Net cash flows used in investing activities		(355,114)	(210,387)
Cash flows from financing activities			
Dividends paid to Government	4	(54,163)	(56,732)
Grants received from Government		276,026	174,916
Net cash flows from financing activities		221,863	118,184
Net increase in cash and cash equivalents		70,058	24,373
Cash and cash equivalents at beginning of year		789,547	765,174
Cash and cash equivalents at end of year	12	859,605	789,547

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

These notes form an integral part of the financial statements.

1. Domicile and activities

The Civil Aviation Authority of Singapore (the "Authority") was reconstituted under the Civil Aviation Authority of Singapore Act (Cap. 41, 2014 Revised Edition). 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:

(i) 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;

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

(iii) 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;

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

(v) 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;

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

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

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

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

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

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

(xii) 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 2018

1. Domicile and activities (cont'd)

(xiii) 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;

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

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

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

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

(xviii) 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 7 and 8 respectively.

2. Basis of preparation

2.1 ***Statement of compliance***

The financial statements have been prepared in accordance with the provisions of the Civil Aviation Authority of Singapore Act (Cap. 41, 2014 Revised Edition) (the "Act") and Singapore 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 notes below.

2.3 ***Functional and presentation currency***

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

2. Basis of preparation (cont'd)

2.4 ***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 make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenditure. Actual results may differ from these estimates.

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

Information about critical accounting estimates, assumptions and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note 28.

2.5 ***Changes in accounting policies***

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Authority has adopted all the new and revised SB-FRS which are effective for annual financial periods beginning on or after 1 April 2017. The adoption of the new and revised SB-FRS did not have any effect on the financial performance or position of the Authority.

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

3. Significant accounting policies (cont'd)

3.2 ***Joint ventures and associates***

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

The Authority accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Authority's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Authority's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Authority's share of the associate's or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Authority's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Authority recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Authority and associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

When the Authority's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Authority does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Authority determines whether it is necessary to recognise an additional impairment loss on the Authority's investment in associate or joint venture. The Authority determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Authority calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in income or expenditure.

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

3. Significant accounting policies (cont'd)

3.3 ***Foreign currency***

The financial statements are presented in Singapore Dollars, which is also the Authority's functional currency.

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

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

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

3.4 ***Financial instruments***

(a) *Financial assets*

<u>Initial recognition and measurement</u>

Financial assets are recognised when, and only when, the Authority becomes a party to the contractual provisions of the financial instrument. The Authority determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

<u>Subsequent measurement</u>

The subsequent measurement of financial assets depends on their classification as follows:

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in income or expenditure when the loans and receivables are derecognised or impaired, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

3. Significant accounting policies (cont'd)

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

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

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in fair value reserve in equity. However, if available-for-sale equity instruments do not have a quoted market price in an active market and other methods of reasonably estimating its fair value are inappropriate, the available-for-sale investment is stated at cost less impairment losses.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Authority is recognised as a separate asset or liability. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in income or expenditure.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Authority becomes a party to the contractual provisions of the financial instrument. The Authority determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

3. Significant accounting policies (cont'd)

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

(b) *Financial liabilities (cont'd)*

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in income or expenditure when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in income or expenditure.

(c) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Authority after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

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

Recognition and measurement

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. 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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

3. Significant accounting policies (cont'd)

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

Subsequent cost

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Authority, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The cost of the day-to-day servicing of property, plant and equipment is recognised in income or expenditure as incurred.

Depreciation

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

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

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

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

Leasehold land	over remaining lease term of 21 to 96 years
Leasehold buildings	15 to 30 years
Plant and equipment	7 to 15 years
Vehicles	5 to 10 years
Office/other equipment, furniture and fixtures	1 to 3 years
Capital improvements	5 to 15 years

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

3. Significant accounting policies (cont'd)

3.6 ***Impairment of financial assets***

The Authority assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Authority first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If the Authority determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in income or expenditure.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Authority considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in income or expenditure.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

3. Significant accounting policies (cont'd)

3.6 ***Impairment of financial assets (cont'd)***

(b) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in income or expenditure, is transferred from other comprehensive income and recognised in income or expenditure. Reversals of impairment losses in respect of equity instruments are not recognised in income or expenditure; increase in their fair value after impairment are recognised directly in other comprehensive income.

3.7 ***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 2018

3. Significant accounting policies (cont'd)

3.8 ***Provisions***

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

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

3.9 ***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 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 current service costs, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

3. **Significant accounting policies (cont'd)**

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

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.

3.10 ***Revenue***

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and revenue can be reliably measured. Revenue is reduced for rebates and other similar allowances.

Rental income

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

License fee income

License fee income is recognised on a straight-line basis over the term of the licenses.

Aviation levy

Pursuant to the provisions in the Civil Aviation Authority of Singapore (Aviation Levy) Order 2009, the aviation levy is payable and recognised as income upon passenger embarking on an aircraft from Changi Airport or Seletar Airport.

Fees for airport and related services

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

Service income

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

3. **Significant accounting policies (cont'd)**

3.10 ***Revenue (cont'd)***

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.

3.11 ***Government grants***

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

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

3.12 ***Leases***

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

(a) *As lessee*

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

3. Significant accounting policies (cont'd)

3.12 ***Leases (cont'd)***

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

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

(b) *As lessor*

Leases in which the Authority does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating 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 3.10. Contingent rents are recognised as revenue in the period in which they are earned.

3.13 ***Income tax***

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

3.14 ***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.

3.15 ***Cash and cash equivalents***

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

3. Significant accounting policies (cont'd)

3.16 ***Related parties***

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

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

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

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

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

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

3.17 ***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 23.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

3. Significant accounting policies (cont'd)

3.18 ***Standards issued but not yet effective***

The Authority has not adopted the following standards applicable to the Authority that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
SB-FRS 109 Financial Instruments	1 January 2018
SB-FRS 115 Revenue from Contracts with Customers	1 January 2018
SB-FRS 1001 Accounting and Disclosure for Non-Exchange Revenue	1 January 2018
SB-FRS 116 Leases	1 January 2019
Amendments to SB-FRS 28 : Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to SB-FRS 109 : Prepayment Features with Negative Compensation	1 January 2019

Except for SB-FRS 116, the Authority expects that the adoption of the other standards above will not have a material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policies on adoption of SB-FRS 116 is described below.

SB-FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Authority is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

4. Capital account

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

Dividend

Under the Capital Management Framework for Statutory Boards (FCM No. M26/2008), the Minister for Finance, the body incorporated by the Minister for Finance (Incorporation) Act, as the ultimate shareholder of the Authority, expects an annual return in the form of dividends in return for the Government's equity injections.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

5. Property, plant and equipment

	Leasehold land S$'000	**Leasehold buildings** S$'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 2016	6,469,883	128,225	521,723	710	29,938	52,174	7,202,653
Additions	–	–	–	–	97	–	97
Transfers from capital work-in-progress (Note 6)	2,448	–	12,425	469	2,469	741	18,552
Disposals/write-off	–	(4,150)	(17,169)	(68)	(2,751)	(969)	(25,107)
At 31 March 2017 and 1 April 2017	6,472,331	124,075	516,979	1,111	29,753	51,946	7,196,195
Additions	–	–	–	–	126	–	126
Transfers from capital work-in-progress (Note 6)	26,242	–	60,326	391	5,760	556	93,275
Disposals/write-off	–	(858)	(136,969)	(78)	(3,002)	(312)	(141,219)
At 31 March 2018	6,498,573	123,217	440,336	1,424	32,637	52,190	7,148,377
Accumulated depreciation:							
At 1 April 2016	613,288	90,535	307,741	359	27,954	35,969	1,075,846
Depreciation for the year	66,791	2,255	32,307	103	1,854	2,116	105,426
Disposals/write-off	–	(3,980)	(17,140)	(68)	(2,726)	(968)	(24,882)
At 31 March 2017 and 1 April 2017	680,079	88,810	322,908	394	27,082	37,117	1,156,390
Depreciation for the year	67,034	2,236	36,810	149	3,005	1,889	111,123
Disposals/write-off	–	(809)	(136,926)	(77)	(2,500)	(144)	(140,456)
At 31 March 2018	747,113	90,237	222,792	466	27,587	38,862	1,127,057
Carrying amount:							
At 31 March 2017	5,792,252	35,265	194,071	717	2,671	14,829	6,039,805
At 31 March 2018	5,751,460	32,980	217,544	958	5,050	13,328	6,021,320

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

6. Capital work-in-progress

	Note	2017/18	2016/17
		S$'000	S$'000
At beginning of the year		260,590	51,347
Additions during the year		378,236	227,795
Transfer to property, plant and equipment	5	(93,275)	(18,552)
At end of the year		545,551	260,590

7. Investment in joint venture

	2017/18	2016/17
	S$'000	S$'000
Investment in joint venture	36,163	34,817

Details of the joint venture are as follows:

Name	Principal activities	Place of business	Authority's interest 2017/18	Authority's interest 2016/17
			%	%
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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

7. Investment in joint venture (cont'd)

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.

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:

	2017/18	2016/17
	S$'000	S$'000
Revenue	6,748	7,075
Interest income	817	768
Depreciation expense	(1,539)	(1,654)
Other income / (expenses)	702	(11,806)
Profit / (loss) before tax	6,728	(5,617)
Income tax expense	–	–
Profit / (loss) after tax	6,728	(5,617)
Other comprehensive income	–	–
Total comprehensive income / (loss)	6,728	(5,617)
Cash and cash equivalents	78,201	58,356
Trade and other receivables	1,577	587
Total current assets	79,778	58,943
Non-current assets	119,050	117,755
Total assets	198,828	176,698
Current liabilities	(2,049)	(1,594)
Non-current liabilities	(15,965)	(1,019)
Total liabilities	(18,014)	(2,613)
Net assets	180,814	174,085
Net assets	180,814	174,085
Proportion of the Authority's ownership	20%	20%
Authority's share of net assets	36,163	34,817
Carrying amount of interest in joint venture	36,163	34,817

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 2018

8. Investment in associate

	2017/18	2016/17
	S$'000	S$'000
Investment in associate	12,870	10,435

Details of the associate are as follows:

Name	Principal activities	Place of incorporation and business	Effective equity held by the Authority 2017/18	Effective equity held by the Authority 2016/17
			%	%
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:

	2017/18	2016/17
	S$'000	S$'000
Revenue	50,867	15,953
Profit / (loss) after tax	14,324	(6,310)
Other comprehensive income	–	–
Total comprehensive income / (loss)	14,324	(6,310)
Current assets	46,418	33,986
Non-current assets	54,685	57,231
Current liabilities	(21,710)	(26,367)
Non-current liabilities	(3,689)	(3,470)
Net assets	75,704	61,380
Net assets	75,704	61,380
Proportion of the Authority's ownership	17%	17%
Authority's share of net assets	12,870	10,435
Carrying amount of interest in associate	12,870	10,435

During the year, the Authority received dividend income amounting to S$nil (2016/17: S$1,700,000) from the associate.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

9. Available-for-sale investment

The available-for-sale investment was stated at cost. Fair value information was not disclosed for the investment as its fair value could not be measured reliably. These equity shares were not quoted on any market and did not have any comparable industry peer that is listed.

The investment in unquoted equity shares offered the Authority the opportunity for returns through dividend income. During the year, the Authority received dividend income amounting to S$297,000 (2016/17: S$83,000) from the investment (Note 20).

During the year, the Authority disposed of its available-for-sale investment.

10. Long-term investment

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

11. Trade and other receivables and prepayments

	2017/18	2016/17
	S$'000	S$'000
Other receivables and prepayments (non-current)		
Prepaid lease	7,147	7,556
Staff loans	2	6
Liquidated damages receivable	11,094	13,062
Prepayments	26,947	22,990
	45,190	43,614
Trade and other receivables and prepayments (current)		
Trade receivables		
- Related parties	721	370
- Third parties	365	83,882
Accrued income	62,734	66,509
Prepaid lease	410	410
Staff loans	5	10
Liquidated damages receivable	3,071	3,926
Prepayments	24,529	23,047
Grant receivable	44,149	38,327
Others	7,690	11,152
	143,674	227,633

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

	2017/18	2016/17
	S$'000	S$'000
Denominated in:		
- Australian Dollar	–	11

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

11. Trade and other receivables and prepayments (cont'd)

(a) *Trade receivables*

The average credit period for trade receivables ranges from 7 to 30 days (2016/17: 7 to 30 days). No interest is charged on the trade receivables for payment received before due date of the invoice. Thereafter, the Authority reserves the right to charge interest at 5.5% or 8.5% (2016/17: 5.5% or 8.5%) per annum on the overdue balance.

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

	2017/18 S$'000	2016/17 S$'000
Not past due and not impaired	982	84,210
Past due but not impaired	104	42
Past due and impaired	–	–
Total trade receivables, net	1,086	84,252

Impairment on trade receivables are provided on estimated non-recoverable amounts based on management's assessment and past default experience.

Included in the Authority's trade receivable balance are receivables with a carrying amount of S$104,000 (2016/17: S$42,000) which are past due at the reporting date for which the Authority has not provided for impairment as there has not been a significant change in credit quality and the amounts are still considered recoverable.

The Authority's trade receivables that are impaired at the end of the reporting period and the movement in the allowance accounts used to record the impairment are as follows:

	Individually impaired	
	2017/18 S$'000	2016/17 S$'000
Trade receivables – nominal amounts	3	–
Less: Allowance for impairment	(3)	–
Balance at end of the year	–	–
Movement in the allowance accounts:		
Balance at beginning of the year	–	3
Charge / (write-back) for the year	3	(3)
Balance at end of the year	3	–

The Authority's exposure to credit risks related to trade receivables is disclosed in Note 24.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

11. Trade and other receivables and prepayments (cont'd)

(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 16).

	S$'000
Cost:	
At 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018	12,290
Accumulated amortisation:	
At 1 April 2016	3,914
Amortisation charge for the year	410
At 31 March 2017 and 1 April 2017	4,324
Amortisation charge for the year	409
At 31 March 2018	4,733
Carrying amount:	
At 31 March 2017	7,966
At 31 March 2018	7,557

(c) *Staff loans*

These comprise interest-free study loans to the Authority's staff in accordance with the terms of the Authority's loan scheme. The repayment period for study loan is 3 years (2016/17: 3 years).

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

11. Trade and other receivables and prepayments (cont'd)

(d) *Liquidated damages receivable*

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

As at 31 March 2018, the Authority has a liquidated damages credits receivable of S$15,425,000 (2016/17: S$18,802,000) under this contract arising from agreed contractual milestones not being achieved by the contractor. The credits receivable is to be applied against future evolutions to the LORADS III ATC System or other additional services from the contractor. The Authority has identified certain upcoming projects for the application of these credits, which are forecast to be utilised by Year 2021.

The credits receivable was measured at an amortised cost of S$14,165,000 (2016/17: S$16,988,000). The initial credits receivable was measured and recognised in 2012/13 at its fair value based on the discounted cash flow method. The discount rate used was based on the average cost of debt applicable to the industry and the jurisdiction of the contractor. The fair value of the credits receivable on the liquidated damages was estimated based on the Authority's assumption to fully utilise them by Year 2021. In the unlikely event that this assumption does not materialise, adjustments may have to be made to the annual amortisation of the discount on initial recognition and the carrying value of the credits receivable.

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

12. Cash and cash equivalents

	2017/18	2016/17
	S$'000	S$'000
Bank and cash balances	859,605	774,335
Fixed deposits	–	15,212
	859,605	789,547

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.

Fixed deposits carry effective interest rates ranging from 1.24% to 1.75% (2016/17: 1.34% to 2.45%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

12. Cash and cash equivalents (cont'd)

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

	2017/18	2016/17
	S$'000	S$'000
Denominated in:		
- Australian Dollar	1,788	15,223
- Canadian Dollar	1	1
	1,789	15,224

13. Trade and other payables

	Note	2017/18	2016/17
		S$'000	S$'000
Trade payables			
- Related parties		646	143
- Third parties		34,053	12,685
Income billed and received in advance		79,758	79,880
Accrued expenses		59,510	63,969
Accrued payroll expenses		24,992	23,589
Sundry and other payables		4,064	5,301
Deposits received		371	2,973
Grants received in advance	14	14,217	14,217
Current portion of			
- Deferred income	16	410	410
- Deferred capital grant	17	45,103	44,834
- Provision for pension and post-retirement medical benefits plan	18	566	775
		263,690	248,776

The average credit period on purchases of goods and services is 1 month (2016/17: 1 month).

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

	2017/18	2016/17
	S$'000	S$'000
Denominated in:		
- United States Dollar	147	16
- Canadian Dollar	38	13
	185	29

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

14. Grants received in advance

	Note	2017/18	2016/17
		S$'000	S$'000
At beginning of the year		14,217	–
Operating grants received during the year		19,126	33,452
Transfer to income or expenditure		(19,126)	(19,235)
At end of the year		14,217	14,217
Comprising:			
- Current	13	14,217	14,217
- Non-current		–	–
		14,217	14,217

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

15. Contribution payable to Government Consolidated Fund

The contribution to the Government Consolidated Fund is payable in accordance with Section 3(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act (Cap. 319A, 2004 Revised Edition). The contribution is based on a percentage of the net surplus as specified by the Minister for Finance. The contribution rate is pegged to the prevailing corporate tax rate and the applicable rate for 2017/18 is 17% (2016/17: 17%).

16. Deferred income

	Note	2017/18	2016/17
		S$'000	S$'000
At beginning of the year		7,966	8,376
Amortisation for the year		(409)	(410)
At end of the year		7,557	7,966
Comprising:			
- Current	13	410	410
- Non-current		7,147	7,556
		7,557	7,966

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

17. Deferred capital grants

	Note	2017/18	2016/17
		S$'000	S$'000
At beginning of the year		4,521,015	4,391,607
Capital grants received during the year		262,722	174,220
Amortisation for the year		(45,061)	(44,812)
At end of the year		4,738,676	4,521,015
Comprising:			
- Current	13	45,103	44,834
- Non-current		4,693,573	4,476,181
		4,738,676	4,521,015

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

18. Provision for pension and post-retirement medical benefits plan

The Authority provides pension and post-retirement medical benefit schemes to certain of its 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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

18. Provision for pension and post-retirement medical benefits plan (cont'd)

The actuarial valuation of the present value of the defined benefit obligation was carried out in 2016/17 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 2018, 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	
	2017/18	**2016/17**
	%	%
Pension Scheme		
Discount rate	1.9	1.9
Post-Retirement Medical Benefit Scheme		
Discount rate	2.3	2.3
Medical inflation rate	4.0 – 5.0	4.0 – 5.0

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

	Note	**2017/18**	**2016/17**
		S$'000	S$'000
Current	13	566	775
Non-current		10,251	10,469
Total liability recognised in the statement of financial position		10,817	11,244

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

	Note	**2017/18**	**2016/17**
		S$'000	S$'000
Interest cost		240	248
Gain on settlement		(78)	–
	19	162	248

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

18. Provision for pension and post-retirement medical benefits plan (cont'd)

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:

	2017/18	**2016/17**
	S$'000	S$'000
Opening defined benefit obligation	11,244	12,661
Interest cost	240	248
Gain on settlement	(78)	–
Remeasurement gain recognised in other comprehensive income	–	(793)
Benefits paid	(589)	(872)
Closing defined benefit obligation	10,817	11,244

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	
		2017/18	**2016/17**
	%	S$'000	S$'000
Pension Scheme			
Discount rate	+ 0.5	(240)	(266)
	- 0.5	259	287
Post-Retirement Medical Benefit Scheme			
Discount rate	+ 0.5	(282)	(299)
	- 0.5	309	328
Medical inflation rate	+ 0.5	314	307
	- 0.5	(289)	(283)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

19. Salaries, wages and staff benefits

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

	Note	2017/18	2016/17
		S$'000	S$'000
Pension and post-retirement medical benefits cost	18	162	248
Employer's contribution to Central Provident Fund		16,792	18,454

20. Non-operating income, net

	2017/18	2016/17
	S$'000	S$'000
Non-operating income		
Interest income	10,992	11,932
Dividend income from available-for-sale investment	297	83
Gain on disposal of property, plant and equipment	–	4,064
Gain on disposal of available-for-sale investment	6,269	–
Gain on foreign exchange	–	737
Others	1,017	–
	18,575	16,816
Non-operating expense		
Loss on foreign exchange	(560)	–
Write-off of property, plant and equipment	(60)	(225)
Others	–	(388)
	(620)	(613)
Non-operating income, net	17,955	16,203

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

21. 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:

	2017/18	2016/17
	S$'000	S$'000
Capital commitments in respect of property, plant and equipment	131,893	115,551

(b) *Operating lease commitments – as lessor*

The Authority leases land to the airport operator and a related party. The future minimum lease receivables under non-cancellable leases are as follows:

	2017/18	2016/17
	S$'000	S$'000
Within one year	75,570	78,570
Between one and five years	302,281	302,281
More than five years	1,491,355	1,566,924
	1,869,206	1,947,775

(c) *Operating lease commitments – as lessee*

The Authority leases office facilities and land under non-cancellable leases. Minimum lease payments recognised as an expense in income or expenditure amounted to S$8,563,000 (2016/17: S$9,001,000).

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

	2017/18	2016/17
	S$'000	S$'000
Within one year	192	8,752
Between one and five years	734	2,424
More than five years	324	–
	1,250	11,176

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

22. 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:

	2017/18	2016/17
	S$'000	S$'000
Salaries and other short-term employee benefits	2,596	2,757
Central Provident Fund contributions	48	52

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:

	2017/18	2016/17
	S$'000	S$'000
Purchase of land from Singapore Land Authority	23,101	–
Meteorological services from National Environment Agency	8,150	8,030

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

23. Changi Airport Development Fund

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

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

	2017/18	2016/17
	S$'000	S$'000
Funds from Government	–	1,000,000
Interest income	53,699	42,537
Surplus for the year	53,699	1,042,537
Accumulated surplus as at 1 April	4,048,254	3,005,717
Accumulated surplus as at 31 March	4,101,953	4,048,254

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

	2017/18	2016/17
	S$'000	S$'000
Accumulated fund	4,101,953	4,048,254
Non-current assets		
Investment in Special Singapore Government Securities	3,712,050	3,000,747
Current assets		
Cash placed with Accountant-General's Department under CLM scheme	366,810	1,018,801
Interest receivable	23,093	28,706
	389,903	1,047,507
Net assets	4,101,953	4,048,254

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 2018

24. 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.

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*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Authority's exposure to credit risk arises primarily from trade and other receivables.

The Authority has a credit policy in place which monitors their balances on an ongoing basis. Cash and fixed deposits are placed with banks and financial institutions which are regulated. Investments and transactions involving derivative financial instruments are allowed only with counterparties who have sound credit ratings.

At the end of the reporting period, the Authority has no significant concentration of credit risk. At the end of the previous reporting period, 99% of the trade receivables were due from the Authority's sole major customer. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Further details of credit risk on trade and other receivables are disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

24. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk*

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.

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.

	Within 1 year	**After 1 year but within 5 years**	**After 5 years**	**Total**
	S$'000	S$'000	S$'000	S$'000
2017/18				
Non-derivative financial liabilities				
Trade and other payables	123,636	–	–	123,636
2016/17				
Non-derivative financial liabilities				
Trade and other payables	107,482	–	–	107,482

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

24. Financial risk management objectives and policies (cont'd)

(c) *Foreign currency risk*

The Authority transacts business in various foreign currencies and therefore is exposed to foreign exchange risk, mainly arising from the Australian Dollar.

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	
	2017/18	2016/17	2017/18	2016/17
	S$'000	S$'000	S$'000	S$'000
United States Dollar	(147)	(16)	–	–
Australian Dollar	–	–	1,788	15,234
Canadian Dollar	(38)	(13)	1	1
	(185)	(29)	1,789	15,235

Foreign currency sensitivity

The following table details the sensitivity to a 5% (2016/17: 5%) increase and decrease in the relevant foreign currencies against the functional currency of the Authority. 5% (2016/17: 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% (2016/17: 5%) change in spot foreign currency rates for monetary items.

If the relevant foreign currency were to strengthen by 5% (2016/17: 5%) against the functional currency of the Authority, surplus before contribution to Government Consolidated Fund will increase/(decrease) by:

	2017/18	2016/17
	S$'000	S$'000
United States Dollar	(7)	(1)
Australian Dollar	89	762
Canadian Dollar	(2)	(1)
	80	760

A 5% (2016/17: 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 2018

25. Financial instruments

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

	2017/18	2016/17
	S$'000	S$'000
Financial assets		
Cash and cash equivalents	859,605	789,547
Trade and other receivables	129,665	217,169
Loans and receivables at amortised cost	989,270	1,006,716
Available-for-sale financial asset	–	3,600
	989,270	1,010,316
Financial liabilities		
Trade and other payables	(123,636)	(107,482)
Financial liabilities at amortised cost	(123,636)	(107,482)

26. Fair values of assets and liabilities

The fair values of financial assets and financial liabilities are determined as follows:

(i) the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

(ii) the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

26. Fair values of assets and liabilities (cont'd)

Fair value hierarchy

The Authority classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

	Level 1	**Level 2**	**Level 3**	**Total**	**Carrying amount**
	S$'000	S$'000	S$'000	S$'000	S$'000
31 March 2018					
Liquidated damages receivable	–	–	14,596	14,596	14,165
31 March 2017					
Liquidated damages receivable	–	–	17,575	17,575	16,988

<u>Determination of fair value</u>

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

27. 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 2016/17.

28. Critical accounting estimates, assumptions and judgements

The preparation of the Authority's financial statements requires management to make judgements, 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 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 2018 is S$10,817,000 (2016/17: S$11,244,000). Further details are provided in Note 18.

29. Authorisation of financial statements

The financial statements for the year ended 31 March 2018 were authorised for issue by the Authority members on 21 June 2018.

CAAS

Civil Aviation Authority of Singapore

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