SMART ENERGY SUSTAINABLE FUTURE

ENERGY MARKET AUTHORITY ANNUAL REPORT 2014/15

ABOUT THE ENERGY MARKET AUTHORITY

The Energy Market Authority (EMA) is a statutory board under the Ministry of Trade and Industry. Our main goals are to ensure a reliable and secure energy supply, promote effective competition in the energy market, and develop a dynamic energy sector in Singapore. Through our work, we seek to forge a progressive energy landscape for sustained growth.

OUR VISION

SMART ENERGY, SUSTAINABLE FUTURE

"Smart Energy" describes how we seek to harness, deliver and utilise energy in an innovative and efficient way. "Sustainable Future" highlights the need to develop robust energy solutions that endure over time.

OUR MISSION

TO FORGE A PROGRESSIVE ENERGY LANDSCAPE FOR SUSTAINED GROWTH

EMA seeks to develop, in partnership with all stakeholders, an energy landscape that is forward-looking, innovative and vibrant. The aim is to create an energy sector that contributes to sustained growth, for the benefit of all Singaporeans.

We will achieve our Mission and Vision through:

- **A Secure Energy Supply**
  We operate the power system and promote the safe use of electricity and gas to ensure that the supply of energy is reliable and secure.
- **A Competitive Energy Market**
  We promote effective competition with a sound regulatory framework that encourages investment and prevents the exercise of market power.
- **A Dynamic Energy Sector**
  We develop and promote the energy industry, facilitating the efficient use of energy, and supporting R&D efforts to secure our energy future.
- **A High Performance Organisation**
  We embrace change and seek continuous improvements in our systems, processes and people.

These four goals reflect the key areas of EMA's work, i.e. system operation, market regulation, industry development and promotion, as well as our own internal drive for organisational excellence.

Members of the Board

MR LOH KHUM YEAN
CHAIRMAN
Permanent Secretary,
Ministry of Manpower

MR TANG TUCK WENG
MEMBER
Senior Director,
National Climate Change Secretariat

MR QUEK SEE TIAT
MEMBER
Chairman,
Building and Construction Authority

MR CHANG MENG TENG
MEMBER
Chairman,
Squire Mech Pte Ltd

MR PEK HAK BIN
MEMBER
Partner,
Head of Energy and Natural Resources Practices,
KPMG Advisory LLP

MR ALLEN LEW
MEMBER
CEO Consumer Australia and CEO Optus,
Singapore Telecommunications Limited

PROFESSOR PHANG SOCK YONG
MEMBER
Celia Moh Professor and Professor of Economics,
School of Economics,
Singapore Management University
(Since 1 April 2015)

MR THAM MIN YEW, RUSSELL
MEMBER
Regional President,
South East Asia & Global Merger Planning Team,
Corporate Vice President,
Applied Materials, Inc
(Since 1 April 2015)

MR YEAP POH LEONG, ANDRE
MEMBER
SC, Senior Partner,
Rajah and Tann Limited Liability Partnership
(Since 1 April 2015)

MR NG WAI CHOONG
MEMBER
Chief Executive,
Energy Market Authority
(Since 1 April 2015)

MR LEE ENG BENG
MEMBER
Managing Director,
Rajah and Tann Limited Liability Partnership
(Till 31 March 2015)

MR LEE KOK CHOY
MEMBER
Managing Director and Singapore Country Manager,
Micron Semiconductor Asia Private Limited
(Till 31 March 2015)

PROFESSOR EUSTON QUAH
MEMBER
Head,
Division of Economics,
Nanyang Technological University
(Till 31 March 2015)

MR CHEE HONG TAT
Chief Executive,
Energy Market Authority
(Till 30 November 2014)

IN APPRECIATION

We would like to express our appreciation to our former board members – Mr Lee Eng Beng, Mr Lee Kok Choy, Professor Euston Quah and Mr Chee Hong Tat – for their guidance and contributions to EMA.

Senior Management

MR NG WAI CHOONG
Chief Executive

MR YEO YEK SENG
Deputy Chief Executive
Regulation

MR KNG MENG HWEE
Deputy Chief Executive
Corporate Services Group & Power System Operation

MR BERNARD NEE
Assistant Chief Executive
Energy Planning & Development

MR SOH YAP CHOON
Assistant Chief Executive
Power System Operation

Organisation Structure

CORPORATE SERVICES GROUP
- Administration Department
- Corporate Communications Department
- Finance Management Department
- Finance Planning Department
- Human Resource Department
- Information Systems & Technology Department
- Legal Department

ENERGY PLANNING & DEVELOPMENT DIVISION
- Energy Technology Department
- External Relations Department
- Industry Development Department
- Planning Department
- Policy Department

POWER SYSTEM OPERATION DIVISION
- Energy Management Systems Department
- Gas System Supervision Department
- System Stability & Planning Department
- System Control Department

REGULATION DIVISION
- Economic Regulation & Licensing Department
- Electricity Resilience & Regulation Department
- Gas Industry Regulation Department
- Gas Policy & Infrastructure Department
- Market Development & Surveillance Department

SECURING SINGAPORE'S ENERGY FUTURE

Image courtesy of Singapore LNG Corporation.

Securing Singapore's Energy Future

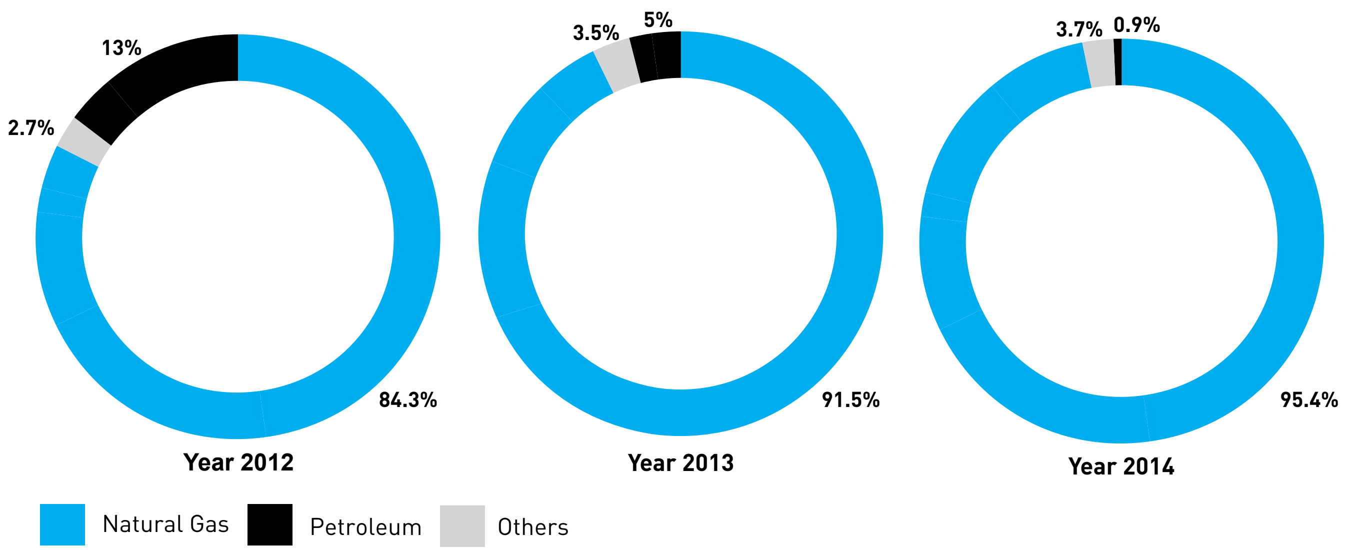
SECURING SINGAPORE'S ENERGY FUTURE

About 95 percent of Singapore's electricity is generated from natural gas. Our Liquefied Natural Gas (LNG) terminal on Jurong Island plays a critical role in keeping the lights on. The terminal enables Singapore to import competitively priced LNG from across the world.

In February 2014, EMA introduced a Competitive Licensing Framework to procure LNG on a tranche-by-tranche basis to meet incremental market demand. This will allow us to keep our options open to take advantage of opportunities arising from changing global market conditions.

A two-stage Request for Proposal (RFP) process started in June 2014 to appoint up to two LNG importers, after the current exclusive franchise for BG to import 3 Mtpa of LNG is completed. Stage One of the RFP closed on 31 December 2014 and saw nine bids from 10 companies. On 29 May 2015, four companies were shortlisted for Stage Two of the RFP. We expect to appoint the new LNG importer(s) in 2016.

FUEL MIX FOR ELECTRICITY GENERATION



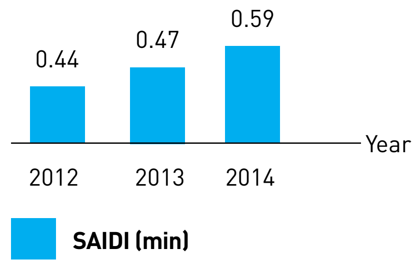
ENSURING RELIABILITY OF ELECTRICITY AND GAS INFRASTRUCTURE

We continued to accord high priority to ensuring a reliable supply of electricity and gas. For example, we worked with the Singapore Infocomm Technology Security Authority to conduct an industry-wide cyber security exercise in November 2014. This was in addition to the existing annual crisis management exercise. These exercises enhanced the industry's resilience in cyber security and readiness in emergency response.

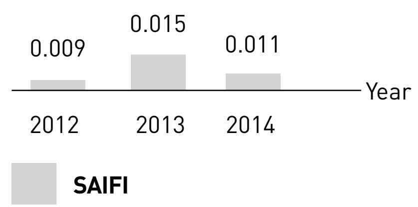
In addition, EMA is replacing our current Supervisory Control and Data Acquisition system, which monitors the natural gas facilities and transmission network. This is expected to be completed by the first quarter of 2017. This enhances our ability to supervise in real time the operation of our natural gas transmission system given the importance of gas in our power system.

ELECTRICITY NETWORK PERFORMANCE

Singapore's electricity grid maintained its status as one of the most reliable in the world. In 2014, there was an interruption time of less than 1 minute per customer per year. This is much lower compared with Hong Kong (2.30 minutes), Tokyo (5.00 minutes), New York (14.34 minutes) and London (49.60 minutes)[1].



SAIDI (System Average Interruption Duration Index) measures the average interruption time per customer in minutes



SAIFI (System Average Interruption Frequency Index) measures the average number of interruptions per customer

FACILITATING SOLAR ENERGY DEPLOYMENT

With no energy resources of our own, Singapore is keeping our energy options open. Of all the renewable energy sources, solar energy remains the most promising for Singapore. EMA supports the use of solar energy, and has been taking proactive steps to facilitate its deployment while ensuring power system stability is maintained.

For example, EMA worked with SP PowerGrid to reduce the processing time for the connection of solar installations from 27 days to seven days. We have also simplified the process for solar owners to sell excess electricity to the power grid.

That said, it is important to recognise the constraints that solar energy poses on the electricity system. Weather conditions such as cloud movement impact changes in solar irradiance, and can result in fluctuations in power output. EMA is thus undertaking more research and development to manage intermittency, through building capabilities in both solar forecasting and energy storage.

[1]SAIDI figures from DNV GL's Update of Grid Price and Performance Benchmarking Report.

Image courtesy of YTL PowerSeraya.

ENSURING A COMPETITIVE ENERGY MARKET

Ensuring a Competitive Energy Market

With the availability of LNG, an additional 1,610 MW of new generation capacity was added into the electricity system in 2014. This comprised 406 MW from Tuas Power Generation, 800 MW from PacificLight Power and 404 MW from SembCorp Cogen. Tuaspring has a 411 MW plant scheduled for commercial operations by 2016.

The added capacity resulted in greater market competition and exerted downward pressure on wholesale electricity prices. This and declining gas prices in the second half of 2014 resulted in 30 percent lower wholesale prices in 2014 compared with 2013. This benefited contestable consumers who were able to purchase more competitive retail packages for their electricity needs.

EXPANDING RETAIL CONTESTABILITY FOR CONSUMERS

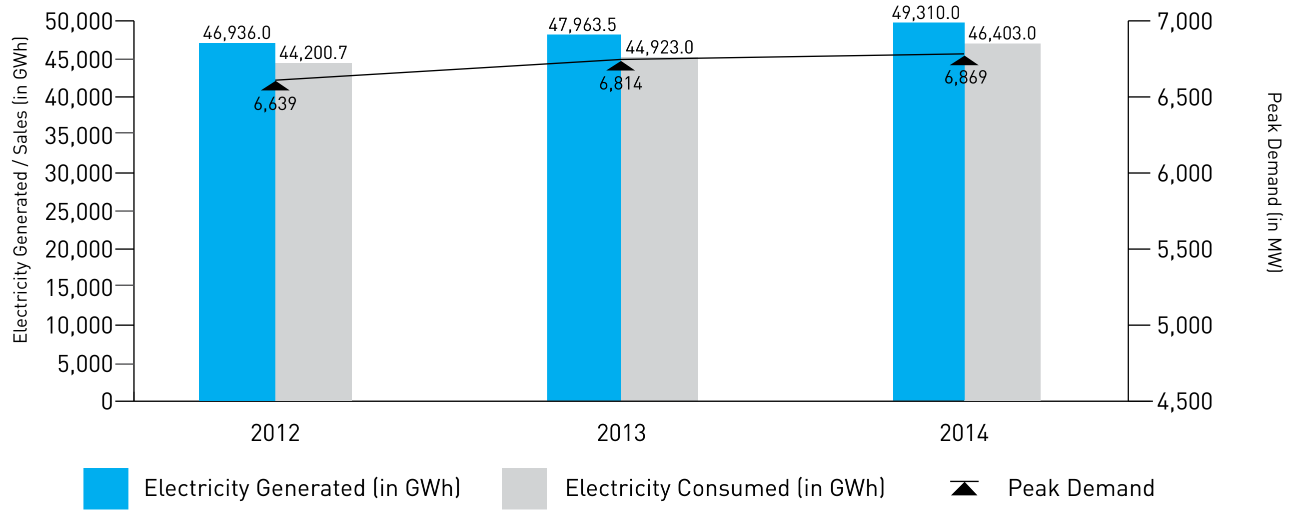
Contestable consumers – commercial and industrial consumers – have the option to buy electricity from various electricity retailers to enjoy competitive rates. EMA has been progressively lowering the contestability threshold over the last few years to further liberalise the electricity market.

In April 2014, EMA lowered the contestability threshold from 10,000 kWh to 8,000 kWh. Consumers were also able to aggregate their demand across different electricity accounts for non-residential premises to meet the prevailing contestability threshold. In October 2014, EMA lowered the threshold from 8,000 kWh to 4,000 kWh. The threshold has been lowered to 2,000 kWh from 1 July 2015.

Since the liberalisation of the retail electricity market in 2001, about 27 percent of 76,000 eligible accounts, or about 88 percent of eligible contestable electricity demand, have opted to become contestable as of end March 2015.

EMA is actively reaching out to businesses and companies. We organised two seminars to raise their awareness of the benefits of becoming contestable. The first seminar, jointly organised with the Singapore Business Federation in July 2014, reached out to about 230 companies. The second seminar in February 2015, with the support of various trade associations and chambers, engaged another 280 companies. Various electricity retailers were also present to share about their products and services to help companies meet their electricity needs. We will continue to engage the industry through various outreach activities.

ELECTRICITY GENERATED, CONSUMED AND PEAK DEMAND



Note: Electricity generated reflects the gross generation in the system including electricity produced by the embedded generators

FACILITATING A PRO-BUSINESS ENVIRONMENT

To further aid companies to become contestable, EMA worked with SP Services to streamline the application process, cutting down the time taken from two months previously to within a month. This translates into cost savings for the companies as they will enjoy their customised electricity packages earlier.

EMA has also sought to lower energy and compliance costs for businesses, especially for small and medium enterprises. For example, we introduced lifetime licensing for Licensed Electrical Workers, Licensed Gas Service Workers and Licensed Cable Detection Workers. Licence holders will not need to renew their licences issued after 1 August 2014. This will save time and costs for more than 5,000 workers.

Another enhancement EMA made was to allow workers with at least 10 years of relevant local experience to apply for an electrician or gas service worker licence. This benefits workers who have the relevant skills and expertise but do not have the formal academic qualifications. This also allows consumers to access a larger pool of licensed electricians and gas service workers.

EMA will continue with our pro-enterprise efforts to reduce costs and enhance flexibility for businesses.

DEVELOPING A DYNAMIC ENERGY SECTOR

Developing a Dynamic Energy Sector

CATALYSING ENERGY RESEARCH AND INNOVATION

EMA is catalysing energy R&D innovation to strengthen the efficiency and resilience of Singapore's power system. In May 2014, EMA launched two grant calls in the areas of Smart Grid and Gas Technologies on behalf of the Energy Innovation Programme Office.

The Smart Grid Grant Call focused on improving our electricity grid's resilience, while the Gas Technology Grant Call sought to enhance the operational readiness and resilience of our gas network and LNG infrastructure. The grant calls attracted more than 50 proposals in total.

EMA also piloted innovative projects such as the Pulau Ubin Micro-grid Test-bed. Phase 2 of the project, launched in August 2014, enabled more companies and research organisations to leverage the micro-grid infrastructure to develop and pilot innovative clean and renewable energy solutions. These were in the areas of energy analytics, energy storage and grid asset management.

ENCOURAGING ENERGY EFFICIENCY

In the area of energy conservation, EMA set up a joint taskforce with SP Services in June 2014 to raise awareness of energy efficiency and help the public reduce their electricity bills. Students were identified as energy ambassadors to encourage their family and friends to conserve energy. An interactive exhibition on energy efficiency was developed and brought to primary and secondary schools. As of June 2015, we have reached out to more than 12,000 students from 34 schools in Singapore.

A new mobile app was also developed to help households compare their electricity, water and gas consumption with that of their neighbours. This app will empower users to make informed decisions on efficient use of energy, and potentially lower their utility bills and carbon footprint. The app also highlights which home appliances are consuming the most energy so households can take proactive steps to reduce their energy consumption. SP Services will study the results of how consumers respond to such feedback relating to energy and water usage, before introducing this initiative nationwide.

ESTABLISHING ENERGY THOUGHT LEADERSHIP

EMA organises the annual Singapore International Energy Week (SIEW) for top policymakers, energy practitioners and commentators to discuss and exchange their perspectives on global energy issues. The seventh edition of SIEW in 2014 saw a strong turnout of energy ministers, heads of international organisations and industry captains.

The SIEW Opening Keynote Address and the Singapore Energy Summit drew audiences of 1,300 and 850, respectively.

The programme incorporated coverage on clean technologies under the overarching theme of Renewables@SIEW. There was also increased participation from leading international and regional energy organisations and associations, which ran think-tank roundtables and associated events at the sidelines of the event.

ENHANCING BILATERAL AND INTERNATIONAL ENGAGEMENT

To raise Singapore's profile in global energy discussions and advance our energy interests, EMA actively enhances our bilateral relations with strategic partners. We have participated in key regional and international fora, including ASEAN, APEC, EAS and G20.

Last year, EMA started its first bilateral project under the Singapore-Cambodia Memorandum of Understanding that saw 55 Cambodian officials being trained in electrical safety systems, frameworks and regulations. The project also equipped the Cambodians with professional and technical skills to develop standards for electrical wiring and safety.

FOSTERING A HIGH PERFORMANCE ORGANISATION

Fostering a High Performance Organisation

ATTRACTING TALENT

EMA's Human Resource (HR) practices were recognised by the Singapore Human Resource Institute (SHRI) at the Singapore HR Awards 2014. We received the following awards:

- Leading HR Practices in Learning & Human Capital Development Award
- Leading HR Practices in Quality Work-life Physical & Mental Well-being
- Leading HR Practices in Talent Management, Retention & Succession Planning Award

SHRI also conferred the following awards to EMA staff who have shown significant efforts in contributing to the organisation's effective and innovative HR practices:

- Leading CEO Award - Chief Executive/EMA – Mr Chee Hong Tat (then-CE)
- Leading HR Leader Award - Director/HR – Ms Jae Annie Tay

EMA also received the Plaque of Commendation from NTUC at its May Day Dinner 2014. This was testament to our contributions in promoting good industrial relations and ensuring workers' welfare and workfare.

To nurture young talents, we awarded five deserving undergraduates EMA scholarships in disciplines such as Economics and Engineering to join our organisation and contribute to Singapore's energy sector.

GIVING BACK TO SOCIETY

Our Corporate Social Responsibility efforts saw EMA colleagues raising over $20,000 for our adopted charity, Beyond Social Services (BSS). This will support BSS' programme to develop a high level of volunteerism and community participation among children, youths and their care-givers. We also collaborated with BSS to run a festive card design competition for youths. The winning designs were used for EMA's greeting cards in 2014.

FINANCIAL HIGHLIGHTS

FOR FY 2014/15

FINANCIAL HIGHLIGHTS FOR FY2014/15

For the year ended 31 March 2015, the Authority achieved a net surplus of $22.104 million, higher than the previous year's figure of $7.629 million. The increase is mainly attributed to the one-time gain of $20.450 million at Authority level from the divestment of its 51% stake in Energy Market Company Pte Ltd ("EMC") on 1 October 2014.

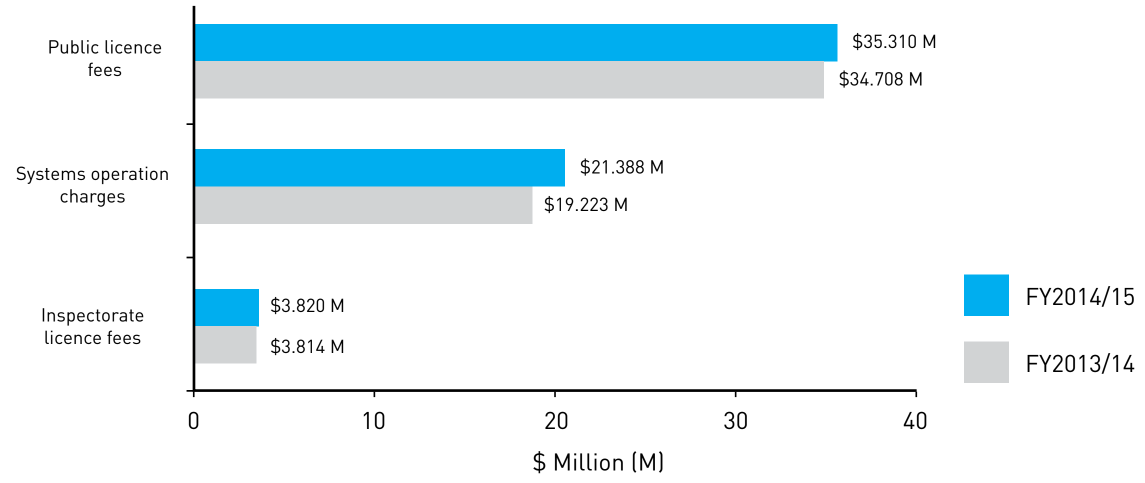
At the Group level, the consolidated results for FY2014/15 included six months' results of EMC. The previous year's results were restated under "discontinued operation" for comparative purposes.

FINANCIAL RESULTS

	Group		Authority	
	FY2014/15 $M	FY2013/14 $M (Restated)	**FY2014/15 $M**	FY2013/14 $M
Operating revenue	**59.212**	55.133	**60.518**	57.745
Operating expenses	**65.381**	65.738	**65.381**	65.775
Operating deficit	**6.169**	10.605	**4.863**	8.030
Government grant	**7.872**	9.944	**7.872**	9.944
Non-operating revenue	**20.600**	4.870	**23.624**	7.279
Surplus before contribution to GCF	**22.303**	4.209	**26.633**	9.193
Contribution to GCF	**4.529**	1.564	**4.529**	1.564
Surplus from continuing operation	**17.774**	2.645	**22.104**	7.629
<u>Discontinued operation</u>				
Gain from discontinued operation	**3.045**	6.127		
Total Group Surplus	**20.819**	8.772		

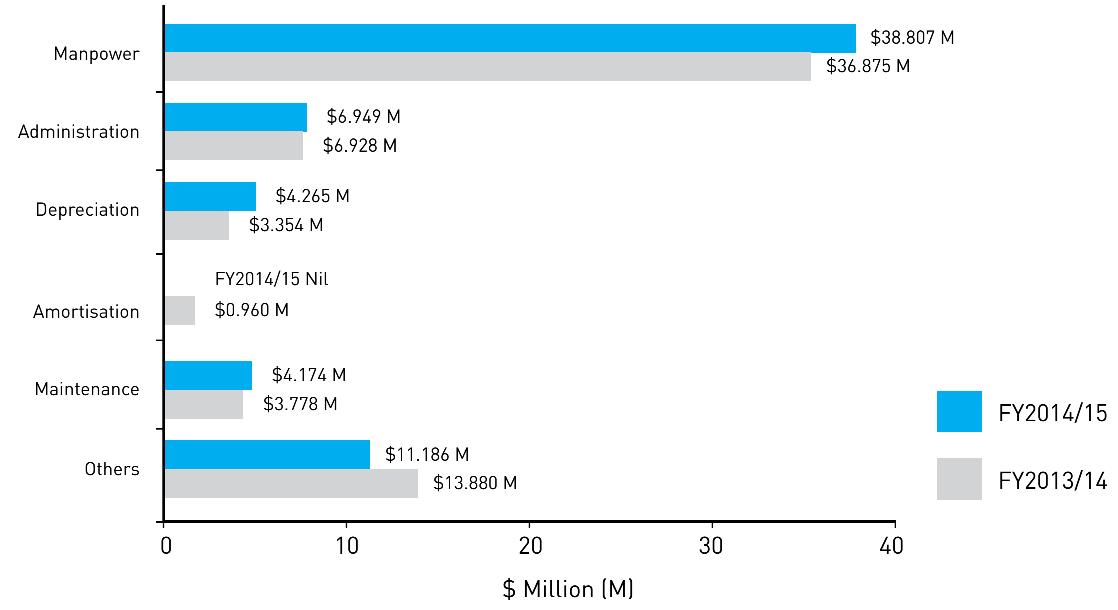
OPERATING REVENUE

Operating revenue for the Authority was $60.518 million for FY2014/15, with breakdown in the graph below.



OPERATING EXPENSES

Operating expenses for the Authority totalled $65.381 million for the year. The breakdown is shown below.



CAPITAL EXPENDITURE

Capital expenditure incurred for the Authority was $4.072 million. This included $3.779 million for IT system developments and acquisition of computer hardware / software, as well as $0.293 million for other purchases such as office / works equipment and furniture & fittings replacements and office renovation.

LOAN RECEIVABLE

During the year, there were significant loan repayments by Singapore LNG Corporation Pte Ltd. These reduced the loan receivable from $1.233 billion in FY2013/14 to $73.795 million in the FY2014/15 balance sheet.

ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

Independent Auditor's Report

For the financial year ended 31 March 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENERGY MARKET AUTHORITY OF SINGAPORE AND ITS SUBSIDIARY

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Energy Market Authority of Singapore (the "Authority") and its subsidiary (collectively, the "Group") set out on pages 28 to 73, which comprise the balance sheets of the Group and the Authority as at 31 March 2015, the statements of comprehensive income, statements of changes in equity of the Group and the Authority and the consolidated statement of cash flow of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Energy Market Authority of Singapore Act, Chapter 92B (the "Act") and Statutory Board Financial Reporting Standards, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet, statement of comprehensive income and statement of changes in equity of the Authority are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group and the Authority as at 31 March 2015 and the results, changes in equity of the Group and the Authority and cash flows of the Group for the financial year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Management's responsibility for compliance with legal and regulatory requirements

The Authority's 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 responsibility

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We conducted our audit in accordance with Singapore Standards on Auditing. 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 entity's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Opinion

In our opinion:

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

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

Ernst & Young LLP
Public Accountants and
Certified Public Accountants
Singapore
26 June 2015

Statements of Comprehensive Income

For the financial year ended 31 March 2015

	Note	Group 2014/15 S$'000	Group 2013/14 S$'000 (Restated)	Authority 2014/15 S$'000	Authority 2013/14 S$'000
Continuing operation					
Operating revenue	4	59,212	55,133	60,518	57,745
Operating expenses	4	(65,381)	(65,738)	(65,381)	(65,775)
Operating deficit		(6,169)	(10,605)	(4,863)	(8,030)
Government grant	4	7,872	9,944	7,872	9,944
Operating surplus after grant		1,703	(661)	3,009	1,914
Non-operating revenue	5	20,600	4,870	23,624	7,279
Surplus before contribution to Government Consolidated Fund ("GCF") and income tax		22,303	4,209	26,633	9,193
Contribution to GCF	6	(4,529)	(1,564)	(4,529)	(1,564)
Surplus for the year from continuing operation		17,774	2,645	22,104	7,629
Discontinued operation					
Gain from discontinued operation, net of tax	24	3,045	6,127	–	–
Surplus for the year		20,819	8,772	–	–
Other comprehensive income for the year		–	–	–	–
Total comprehensive income for the year		20,819	8,772	22,104	7,629
Attributable to:					
The Authority					
Surplus from continuing operation		17,774	2,645	–	–
Gain from discontinued operation		2,209	4,418	–	–
Non-controlling interests					
Surplus from continuing operation		–	–	–	–
Gain from discontinued operation		836	1,709	–	–
		20,819	8,772	–	–

The financial statements as set out on pages 28 to 73 have been authorised for issue by the Authority.

LOH KHUM YEAN
CHAIRMAN

NG WAI CHOONG
CHIEF EXECUTIVE

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Balance Sheets

As at 31 March 2015

	Note	Group 2014/15 S$'000	Group 2013/14 S$'000	Authority 2014/15 S$'000	Authority 2013/14 S$'000
Capital Account	14	86,674	86,565	86,674	86,565
Specific Funds	13	37,406	17,958	37,406	17,958
Accumulated Surplus		78,126	78,223	78,126	76,102
		202,206	182,746	202,206	180,625
Non-controlling interests		–	4,438	–	–
Total equity		202,206	187,184	202,206	180,625
Represented by:					
Non-current assets					
Fixed assets	7	12,984	21,737	12,984	13,179
Intangible assets	8	–	–	–	–
Investments in a subsidiary	9	–	–	–	2,550
Other receivables and prepayments	10	–	35,034	–	35,000
Loan receivable	19	32,195	1,191,844	32,195	1,191,844
Interest receivable	20	395	101,756	395	101,756
		45,574	1,350,371	45,574	1,344,329
Current assets					
Other receivables and prepayments	10	3,859	4,316	3,859	1,983
Cash and receivables under NEMS #	21	–	204,309	–	–
Cash and cash equivalents	11	189,152	96,849	189,152	91,902
Loan receivable	19	41,600	41,600	41,600	41,600
Interest receivable	20	–	2,329	–	2,329
		234,611	349,403	234,611	137,814
Current liabilities					
Other payables	12	(10,792)	(18,457)	(10,792)	(13,357)
Payables under NEMS #	21	–	(204,309)	–	–
Provision for contribution to Government Consolidated Fund ("GCF")		(4,529)	(1,565)	(4,529)	(1,565)
Income tax payable		–	(265)	–	–
Loan payable	19	(41,600)	(41,600)	(41,600)	(41,600)
Interest payable	20	–	(2,329)	–	(2,329)
		(56,921)	(268,525)	(56,921)	(58,851)
Net current assets		177,690	80,878	177,690	78,964
Non-current liabilities					
Deferred tax liabilities	15	–	(1,397)	–	–
Loan payable	19	(21.058)	(1,144,062)	(21,058)	(1,144,062)
Interest payable	20	–	(98,606)	–	(98,606)
		(21,058)	(1,244,065)	(21,058)	(1,242,668)
Net assets		202,206	187,184	202,206	180,625

NEMS – National Electricity Market of Singapore

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 March 2015

Group	Capital Account (Note 14) S$'000	Specific Funds (Note 13) S$'000	Accumulated Surplus S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
	Attributable to the Authority					
At 1 April 2013	86,198	20,042	71,568	177,808	4,983	182,791
Total comprehensive income for the year	–	(2,084)	9,147	7,063	1,709	8,772
Dividends paid to the Government	–	–	(2,492)	(2,492)	–	(2,492)
Dividends paid to non-controlling interest	–	–	–	–	(2,254)	(2,254)
Issuance of shares to the Government	367	–	–	367	–	367
At 31 March 2014 and at 1 April 2014	86,565	17,958	78,223	182,746	4,438	187,184
Total comprehensive income for the year	–	(552)	20,535	19,983	836	20,819
Dividends paid to the Government	–	–	(632)	(632)	–	(632)
Issuance of shares to the Government	109	–	–	109	–	109
Transfer during the year	–	20,000	(20,000)	–	–	–
Divestment of a subsidiary (Note 24)	–	–	–	–	(5,274)	(5,274)
At 31 March 2015	86,674	37,406	78,126	202,206	–	202,206

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 March 2015

Authority	Capital Account (Note 14) S$'000	Specific Funds (Note 13) S$'000	Accumulated Surplus S$'000	Total S$'000
At 1 April 2013	86,198	20,042	68,881	175,121
Total comprehensive income for the year	–	(2,084)	9,713	7,629
Dividends paid to the Government	–	–	(2,492)	(2,492)
Issuance of shares to the Government	367	–	–	367
At 31 March 2014 and at 1 April 2014	86,565	17,958	76,102	180,625
Total comprehensive income for the year	–	(552)	22,656	22,104
Dividends paid to the Government	–	–	(632)	(632)
Issuance of shares to the Government	109	–	–	109
Transfer during the year	–	20,000	(20,000)	–
At 31 March 2015	86,674	37,406	78,126	202,206

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 March 2015

	Note	2014/15 S$'000	2013/14 S$'000 (Restated)
Cash flows from operating activities			
Surplus before contribution to Government Consolidated Fund ("GCF") and income tax		22,303	4,209
Gain from discontinued operation before tax	24b	3,045	6,360
Surplus before GCF and tax, total		25,348	10,569
Adjustments for:			
Depreciation of fixed assets	7a	5,829	6,676
Amortisation of intangible assets	8a	–	960
Gain on disposal of fixed assets	5	(28)	(79)
Gain on divestment of a subsidiary	24e	(17,457)	–
Grants from the Government		(7,872)	(9,944)
Interest income	5	(2,552)	(2,366)
Operating profit before working capital changes		3,268	5,816
Increase in other receivables		(1,192)	(978)
Decrease in other payables		(2,669)	(3,032)
Cash flows from operations activities		(593)	1,806
Income taxes paid by a subsidiary		(132)	(336)
Payment to GCF		(1,565)	(1,457)
Net cash flows (used in)/generated from operating activities		(2,290)	13
Cash flows from investing activities			
Net cash inflow on divestment of a subsidiary	24d	18,550	–
Purchase of fixed assets		(7,332)	(10,037)
Proceeds from disposal of fixed assets		29	129
Reimbursement of payment made on behalf		35,000	–
Interest income received from funds managed under Centralised Liquidity Management		820	795
Loan repayment from/(made to) SLNG (net of loan received from Government)		36,645	(11,300)
Interest income received from SLNG (net of loan received from Government)		3,991	–
Net cash flows generated from/(used in) investing activities		87,703	(20,413)
Cash flows from financing activities			
Payment of dividends to the Government		(632)	(2,492)
Grants received from the Government		7,413	10,071
Dividends paid by a subsidiary to non-controlling interest		–	(2,254)
Proceeds from issuance of share to the Government		109	367
Net cash flows generated from financing activities		6,890	5,692
Net increase/(decrease) in cash and cash equivalents		92,303	(14,708)
Cash and cash equivalents at beginning of year		96,849	111,557
Cash and cash equivalents at end of year	12	189,152	96,849

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Notes to the Financial Statements

For the financial year ended 31 March 2015

1. CORPORATE INFORMATION

Energy Market Authority of Singapore (the "Authority") is a statutory board established in the Republic of Singapore under the Energy Market Authority of Singapore Act (Chapter 92B) and has its registered office at 991G Alexandra Road, #01-29, Singapore 119975.

The principal activities of the Authority are to create and regulate a competitive market framework for the electricity and gas industries as well as district cooling in designated areas. It also undertakes the system operation function of the electricity industry and energy development of Singapore.

The principal activity of the subsidiary, Energy Market Company Pte Ltd ("EMC") is that of administration and operation of the National Electricity Market of Singapore ("NEMS").

EMC was issued with a Market Operator's licence by the Authority on 16 September 2002 to administer and operate for an initial period of 10 years from 1 January 2003, the launch date of NEMS. The NEMS is governed by the Singapore Electricity Market Rules. On 30 June 2011, the Energy Market Authority of Singapore granted the renewal of Electricity License for Market Company (EMA/MC/001R1) to the Company for another term of 10 years commencing 1 January 2013.

The consolidated financial statements relate to the Authority and its subsidiary (together referred to as the "Group").

The Authority divested its 51% of equity interest in EMC on 1 October 2014 for total cash consideration of S$23 million.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet, statement of comprehensive income and statement of changes in equity of the Authority are prepared in accordance with the applicable requirements of the EMA Act and Statutory Board Financial Reporting Standards ("SB-FRS"). SB-FRS includes Statutory Board Financial Reporting Standards, Interpretations of SB-FRS and SB-FRS Guidance Notes as promulgated by the Accountant-General.

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

The financial statements are presented in Singapore dollars ("SGD" or "S$") and all values in the tables are rounded to the nearest thousand ("S$'000") as indicated

Notes to the Financial Statements

For the financial year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 SB-FRS and Interpretations of SB-FRS effective in the financial year

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new or revised SB-FRS and interpretations to SB-FRS that are effective for annual periods beginning on or after 1 April 2014. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Authority.

2.3 SB-FRS and Interpretations of SB-FRS issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SB-FRS 19 Defined Benefit Plans: *Employee Contributions*	1 July 2014
Improvements to SB-FRSs (January 2014)	
(a) Amendments to SB-FRS 16 *Property, Plant and Equipment*	1 July 2014
(b) Amendments to SB-FRS 24 *Related Party Disclosures*	1 July 2014
(c) Amendments to SB-FRS 38 *Intangible Assets*	1 July 2014
Improvements to SB-FRSs (February 2014)	
(a) Amendments to SB-FRS 113 *Fair Value Measurement*	1 July 2014
(b) Amendments to SB-FRS 40 *Investment Property*	1 July 2014
SB-FRS114 *Regulatory Referral Accounts*	1 January 2016
Amendments to SB-FRS 16 and SB-FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016

The standards and interpretations above are expected to have no material impact on the financial statements in the period of initial application, if adopted.

Notes to the Financial Statements

For the financial year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation

(a) Business combinations

Business combinations adopted in accordance with SB-FRS 103 Business Combinations (2009) are accounted for by applying the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

(b) Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(c) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(d) Accounting for subsidiary

Investments in a subsidiary are stated in the Authority's balance sheet at cost less accumulated impairment losses.

Notes to the Financial Statements
For the financial year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in profit or loss.

2.6 Fixed assets

On 1 April 2001, with the establishment of the Energy Market Authority, the fixed assets of the former Regulation Department of the Public Utilities Board were vested in the Authority at net carrying amounts.

All items of fixed assets are initially recorded at cost. Subsequent to recognition, fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the fixed assets that are directly attributable to the acquisition, construction of production of a qualifying fixed asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use. The cost of an item of fixed asset is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation is computed on a straight-line basis over the estimated useful life of the fixed assets as follows:

	Years
Computer systems	3 - 5
Microcomputer and software	3
Vehicles	10
Office setup / Furniture and fittings	3 - 7
Office / Work equipment	3

Fixed assets costing less than S$2,000 are fully depreciated in the financial year of purchase by the Authority.

Fully depreciated fixed assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of them.

Projects-in-progress included in fixed assets are not depreciated as these assets are not yet available-for-use.

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

Notes to the Financial Statements
For the financial year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Fixed assets (continued)

The residual value, useful live and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the financial year the asset is derecognised.

2.7 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

<u>Deferred development costs</u>

Development costs incurred by the Authority which relate to the restructuring of the utilities industry in Singapore and development costs incurred by the subsidiary relating to the design and testing of the settlement system for the NEMS are recognised as an asset to the extent that it is expected that such assets will generate future economic benefits.

The Authority amortises the deferred development costs upon completion of the consultancy work and implementation of the regulatory framework in the utilities industry on a straight-line basis over their estimated economic useful lives of 5 years.

The subsidiary amortises the deferred development costs from the date of the launch of the NEMS on a straight-line basis over the market licence period of 10 years.

2.8 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the assets' recoverable amount.

Notes to the Financial Statements
For the financial year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of non-financial assets (continued)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit 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 expected to be generated by the asset are discounted to their present values 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 cash-generating unit. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised previously.

2.9 Financial instruments

(a) Non-derivative financial assets

Non-derivative financial assets comprise loans and receivables, cash and receivables under NEMS and cash and cash equivalents.

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Notes to the Financial Statements
For the financial year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial instruments (continued)

(a) Non-derivative financial assets (continued)

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or 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 Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheets when, and only when, the Group currently has enforceable legal right to set-off the amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Loans and receivables, and cash and receivables under NEMS are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise other receivables, loan receivable and interest receivable.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at banks, cash with Accountant-General's Department ("AGD"), and fixed deposits with banks, which are subject to an insignificant risk of changes in value. Cash with AGD refers to cash that are managed by AGD under Centralised Liquidity Management ("CLM") as set out in the Accountant-General's Circular No.4/2009 CLM for Statutory Boards and Ministries.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(c) Non-derivative financial liabilities

Non-derivative financial liabilities comprise loans, payables under NEMS and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The Group initially recognises financial liabilities on the trade date at which the Group becomes a party to the contractual provisions of the instrument. Subordinated liabilities are recognised on the date that they originated.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Notes to the Financial Statements

For the financial year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Non-derivative financial liabilities (continued)

Financial assets and liabilities are offset and the net amount presented in the balance sheets when, and only when, the Group currently has enforceable legal right to set-off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For financial assets carried at amortised cost, the Group 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 Group 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 loans and receivables 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. The amount of the loss is recognised in profit or loss.

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 values of the financial assets.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group 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. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying values of the asset does not exceed its amortised cost at the reversal date.

2.11 Provisions

Provisions are recognised when the Group 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.

Notes to the Financial Statements

For the financial year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Provisions (continued)

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 provisions are reversed.

2.12 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognised as an expense in the income and expenditure on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.13 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Authority if that person:

(i) Has control or joint control over the Authority;

(ii) Has significant influence over the Authority; or

(iii) Is a member of the key management personnel of the Group or the Authority or of a parent of the Authority.

(b) An entity is related to the Group and the Authority if any of the following conditions applies:

(i) The entity and the Authority are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Authority or an entity related to the Authority. If the Authority is itself such a plan, the sponsoring employers are also related to the Authority;

Notes to the Financial Statements

For the financial year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Related parties (continued)

(vi) The entity is controlled or jointly controlled by a person identified in (a); or

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.14 Discontinued operations

A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

In statement of comprehensive income of the current reporting period, and of the comparative period of the previous year, all income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after tax. The resulting gain after tax is reported separately in the statement of comprehensive income.

2.15 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measure at the fair value of consideration received or receivable, taking into account contractual defined terms of payment and excluding taxes or duties. In particular:

(a) Licence fees from public licensees are recognised as income on an accrual basis;

(b) Interest income is recognised on an accrual basis, using the effective interest method; and

(c) Subsidiary's NEMS administration fees is recognised when service is rendered.

2.16 Government grant

Government grants are recognised at their fair values where there is reasonable assurance that the grant will be received and all conditions attached will be complied with. When the grant relates to an expense item, it is recognised in profit or loss over the periods necessary to match it on a systematic basis to the costs which it is intended to compensate. Where the grant relates to an asset, the fair value is recognised as deferred income account on the balance sheets and is amortised to the profit or loss over the expected useful lives of the relevant asset by equal annual instalments.

Notes to the Financial Statements

For the financial year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Employee benefits

(a) Defined contribution scheme

The Group makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, as required by law. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.18 Taxation

Income tax expense is provided by the subsidiary. It comprises current and deferred tax as follows:

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Notes to the Financial Statements

For the financial year ended 31 March 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Taxation (continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred taxes relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to the Financial Statements

For the financial year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosures 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 and underlying assumptions are reviewed in an ongoing basis. Revision concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

<u>Useful lives of fixed assets</u>

The cost of fixed assets is depreciated on a straight-line basis over the assets' useful lives, which are estimated by the management to be within 3 to 10 years. These are common life expectancies applied in the relevant industry. The carrying amount of the Group's fixed assets as 31 March 2015 was S$12,984,000 (2014: S$21,737,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised.

Notes to the Financial Statements

For the financial year ended 31 March 2015

4. SURPLUS BEFORE CONTRIBUTION TO GOVERNMENT CONSOLIDATED FUND ("GCF") AND INCOME TAX

	Note	Group		Authority	
		2014/15 S$'000	2013/14 S$'000 (Restated)	2014/15 S$'000	2013/14 S$'000
Operating revenue					
Regulatory fees					
- Public licence fees		34,004	32,096	35,310	34,708
- Other licence fees		3,820	3,814	3,820	3,814
Systems operation charges		21,388	19,223	21,388	19,223
		59,212	55,133	60,518	57,745
Operating expenses					
Manpower	4a	(38,807)	(36,838)	(38,807)	(36,875)
Administration	4b	(6,949)	(6,928)	(6,949)	(6,928)
Depreciation of fixed assets		(4,265)	(3,354)	(4,265)	(3,354)
Amortisation of intangible assets		–	(960)	–	(960)
Maintenance		(4,174)	(3,778)	(4,174)	(3,778)
Others		(11,186)	(13,880)	(11,186)	(13,880)
		(65,381)	(65,738)	(65,381)	(65,775)
Operating deficit		(6,169)	(10,605)	(4,863)	(8,030)
Government grant		7,872	9,944	7,872	9,944
Surplus/(deficit) after government grant		1,703	(661)	3,009	1,914
Non-operating revenue	5	20,600	4,870	23,624	7,279
Surplus before contribution to GCF and income tax		22,303	4,209	26,633	9,193

Notes to the Financial Statements

For the financial year ended 31 March 2015

4. SURPLUS BEFORE CONTRIBUTION TO GOVERNMENT CONSOLIDATED FUND ("GCF") AND INCOME TAX (CONTINUED)

(a) Manpower expenses include the following:

	Group		Authority	
	2014/15 S$'000	2013/14 S$'000 (Restated)	2014/15 S$'000	2013/14 S$'000
Salaries and salary related expenses	32,383	30,739	32,383	30,739
CPF contributions	3,355	3,133	3,355	3,133

(b) Administration expenses include the following:

	Group		Authority	
	2014/15 S$'000	2013/14 S$'000 (Restated)	2014/15 S$'000	2013/14 S$'000
Operating lease expenses	3,702	3,751	3,702	3,751

Notes to the Financial Statements

For the financial year ended 31 March 2015

5. NON-OPERATING REVENUE

	Group		Authority	
	2014/15 S$'000	2013/14 S$'000 (Restated)	2014/15 S$'000	2013/14 S$'000
Interest earned	2,552	2,355	2,552	2,355
Dividend income from a subsidiary	–	–	–	2,346
Gain on disposal of fixed assets	28	27	28	27
Penalty charges/fines	476	2,382	476	2,382
Gain from divestment of subsidiary	17,457	–	20,450	–
Others	87	106	118	169
	20,600	4,870	23,624	7,279

6. CONTRIBUTION TO GOVERNMENT CONSOLIDATED FUND ("GCF")

In lieu of income tax, the Authority is required to make contribution to the GCF in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act. The contribution is based on 17% (FY2013/14: 17%) of the surplus of the Authority for the financial year.

Notes to the Financial Statements

For the financial year ended 31 March 2015

7. FIXED ASSETS

(a) Group

	Computer systems S$'000	Micro-computer and software S$'000	Vehicles S$'000	Office setup/ furniture & fittings S$'000	Office/ work equipment S$'000	Project-in-progress S$'000	Total S$'000
Cost							
At 1 April 2013	77,412	1,461	83	6,926	739	3,927	90,548
Additions	2,652	227	–	212	18	3,788	6,897
Disposals	(5,172)	(58)	–	(41)	(50)	–	(5,321)
Reclassifications	7,489	(302)	–	–	–	(7,187)	–
At 31 March 2014 and at 1 April 2014	82,381	1,328	83	7,097	707	528	92,124
Divestment of a subsidiary (Note 24)	(42,116)	–	–	(1,980)	(228)	–	(44,324)
Additions	1,563	143	–	229	78	3,365	5,378
Disposals	(17,313)	(138)	–	(45)	(82)	–	(17,578)
Reclassifications	3,355	–	–	91	–	(3,446)	–
At 31 March 2015	27,870	1,333	83	5,392	475	447	35,600
Accumulated depreciation							
At 1 April 2013	62,408	894	13	5,011	656	–	68,982
Depreciation charge for the financial year	5,811	120	14	665	66	–	6,676
Disposals	(5,133)	(57)	–	(31)	(50)	–	(5,271)
At 31 March 2014 and at 1 April 2014	63,086	957	27	5,645	672	–	70,387
Divestment of a subsidiary (Note 24)	(33,929)	–	–	(1,870)	(224)	–	(36,023)
Depreciation charge for the financial year	4,882	221	14	685	27	–	5,829
Disposals	(17,313)	(138)	–	(44)	(82)	–	(17,577)
At 31 March 2015	16,726	1,040	41	4,416	393	–	22,616
Net book value							
At 31 March 2014	19,295	371	56	1,452	35	528	21,737
At 31 March 2015	11,144	293	42	976	82	447	12,984

Notes to the Financial Statements

For the financial year ended 31 March 2015

7. FIXED ASSETS (CONTINUED)

(b) Authority

	Computer systems	Micro-computer and software	Vehicles	Office setup/ furniture & fittings	Office/ work equipment	Project-in-progress	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Cost							
At 1 April 2013	34,457	1,461	83	5,066	514	3,927	45,508
Additions	3	227	–	198	15	3,788	4,231
Disposals	(483)	(58)	–	(41)	(50)	–	(632)
Reclassifications	7,489	(302)	–	–	–	(7,187)	–
At 31 March 2014 and at 1 April 2014	41,466	1,328	83	5,223	479	528	49,107
Additions	362	143	–	123	78	3,365	4,071
Disposals	(17,313)	(138)	–	(45)	(82)	–	(17,578)
Reclassifications	3,355	–	–	91	–	(3,446)	–
At 31 March 2015	27,870	1,333	83	5,392	475	447	35,600
Accumulated depreciation							
At 1 April 2013	28,651	894	13	3,187	450	–	33,195
Depreciation charge for the financial year	2,529	120	14	643	48	–	3,354
Disposals	(483)	(57)	–	(31)	(50)	–	(621)
At 31 March 2014 and at 1 April 2014	30,697	957	27	3,799	448	–	35,928
Depreciation charge for the financial year	3,342	221	14	661	27	–	4,265
Disposals	(17,313)	(138)	–	(44)	(82)	–	(17,577)
At 31 March 2015	16,726	1,040	41	4,416	393	–	22,616
Net book value							
At 31 March 2014	10,769	371	56	1,424	31	528	13,179
At 31 March 2015	11,144	293	42	976	82	447	12,984

Notes to the Financial Statements

For the financial year ended 31 March 2015

8. INTANGIBLE ASSETS

(a) Group

	Development of the electricity market	Development of the gas market	District cooling project	Total
	S$'000	S$'000	S$'000	S$'000
Cost				
At 1 April 2013, at 31 March 2014 and at 1 April 2014	32,391	8,864	480	41,735
Divestment of a subsidiary (Note 24)	(13,036)	–	–	(13,036)
At 31 March 2015	19,355	8,864	480	28,699
Accumulated amortisation				
At 1 April 2013	32,391	7,904	480	40,775
Amortisation	–	960	–	960
At 31 March 2014 and at 1 April 2014	32,391	8,864	480	41,735
Divestment of a subsidiary (Note 24)	(13,036)	–	–	(13,036)
At 31 March 2015	19,355	8,864	480	28,699
Net book value				
At 31 March 2014	–	–	–	–
At 31 March 2015	–	–	–	–

Notes to the Financial Statements
For the financial year ended 31 March 2015

8. INTANGIBLE ASSETS (CONTINUED)

(b) Authority

	Development of the electricity market	Development of the gas market	District cooling project	Total
	S$'000	S$'000	S$'000	S$'000
Cost				
At 1 April 2013, at 31 March 2014, at 1 April 2014 and at 31 March 2015	19,355	8,864	480	28,699
Accumulated amortisation				
At 1 April 2013	19,355	7,904	480	27,739
Amortisation	–	960	–	960
At 31 March 2014, at 1 April 2014 and at 31 March 2015	19,355	8,864	480	28,699
Net book value				
At 31 March 2014	–	–	–	–
At 31 March 2015	–	–	–	–

Notes to the Financial Statements
For the financial year ended 31 March 2015

9. INVESTMENTS IN A SUBSIDIARY

	Authority	
	2014/15 S$'000	2013/14 S$'000
Unquoted shares, at cost	–	2,550

Name	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest 2014/15 %	2013/14 %
Held by the Authority:				
Energy Market Company Pte Ltd ("EMC")	Singapore	Administration and operation of the National Electricity Market of Singapore	–	51

The Authority divested its 51% of equity interest in EMC on 1 October 2014 with total cash consideration of S$23 million. Please refer to Note 24 for divestment of a subsidiary.

Notes to the Financial Statements

For the financial year ended 31 March 2015

10. OTHER RECEIVABLES AND PREPAYMENTS

	Note	Group		Authority	
		2014/15 S$'000	2013/14 S$'000	2014/15 S$'000	2013/14 S$'000
Non-current assets:					
Prepayment	10a	–	34	–	–
Payment on behalf of the Government	10b	–	35,000	–	35,000
		–	35,034	–	35,000
Current assets:					
Accrued interest income		941	445	941	445
Amounts due from NEMS market participants		–	1,347	–	–
Amounts due from a subsidiary		–	–	–	85
Grant receivable from government		501	42	501	42
Other receivables		721	357	721	246
Deposits		847	1,246	847	876
Current portion of loans and receivables		3,010	3,437	3,010	1,694
Prepayments		849	879	849	289
		3,859	4,316	3,859	1,983

Notes to the Financial Statements

For the financial year ended 31 March 2015

10. OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

(a) Prepayments relate primarily to prepaid maintenance and technical support fees for the subsidiary's computers and peripherals.

(b) The payment on behalf of government relates to monies paid by the Authority to SembGas for the transfer of the Assets in accordance with Regulation 4 and 6 of the Gas (Transfer of Property, etc.) Regulation 2008. Reimbursement for this payment had been made by SP Power Assets Ltd to the Authority during the financial year.

(c) The ageing of other receivables as at the reporting date is:

	Group	
	2014/15 S$'000	2013/14 S$'000
Group		
No credit terms	847	36,246
Not past due	2,163	2,191
	3,010	38,437
Authority		
No credit terms	847	35,876
Not past due	2,163	818
	3,010	36,694

The Authority believes that no impairment allowance is necessary in respect of the receivables with no credit terms and not past due as these receivables are mainly arising from debtors that have a good record with the Group.

Notes to the Financial Statements

For the financial year ended 31 March 2015

11. CASH AND CASH EQUIVALENTS

	Note	Group		Authority	
		2014/15 S$'000	2013/14 S$'000	2014/15 S$'000	2013/14 S$'000
Cash with AGD	11a	189,152	91,902	189,152	91,902
Fixed deposits		–	1,001	–	–
Cash and bank balances		–	3,946	–	–
Cash and cash equivalents per balance sheet		189,152	96,849	189,152	91,902

(a) Cash with the Accountant-General's Department ("AGD") refers to cash that are managed by AGD under Centralised Liquidity Management as set out in the Accountant-General's Circular No. 4/2009 Centralised Liquidity Management for Statutory Boards and Ministries; and

(b) The interest rate of cash with AGD, defined as the ratio of the interest earned to the average cash balance ranges from 0.74% to 0.99% per annum (FY2013/14: 0.54% to 0.70% per annum).

12. OTHER PAYABLES

	Group		Authority	
	2014/15 S$'000	2013/14 S$'000	2014/15 S$'000	2013/14 S$'000
Other creditors and accruals	6,576	10,054	6,576	8,978
Accrued capital expenditure	658	2,612	658	664
Accrual for employee benefits	3,558	5,264	3,558	3,188
Amount due to NEMS market participant	–	527	–	527
	10,792	18,457	10,792	13,357

Notes to the Financial Statements

For the financial year ended 31 March 2015

13. SPECIFIC FUNDS

The specific funds comprise the Energy Research Development Fund ("ERDF") and Energy Training Fund ("ETF") as follows:

	Group and Authority				
	2014/15			2013/14	
	ERDF S$'000	ETF S$'000	Total S$'000	ERDF S$'000	Total S$'000
As at 1 April	17,958	–	17,958	20,042	20,042
Disbursements during the year	(552)	–	(552)	(2,084)	(2,084)
Transfer from accumulated surplus	–	20,000	20,000	–	–
As at 31 March	17,406	20,000	37,406	17,958	17,958

The Energy Research Development Fund ("ERDF") was set up to initiate research and development into creating capabilities which may include infrastructure, policies and market signals etc., that would enable the use of emerging technologies as they become commercially viable.

The Energy Training Fund ("ETF") was set up during the year to co-fund the development of dedicated training programs and training grants to build a strong core of Singaporean technical professionals in the power sector.

The above funds are reviewed periodically and additional contributions or refunds will be made to or from the funds as and when appropriate.

14. CAPITAL ACCOUNT

The capital account comprises the accumulated reserves transferred from the Public Utilities Board ("PUB") to the Authority for its establishment and for the financing of fixed and development assets acquisitions and injection of S$1,000 by the Government on 23 February 2009.

The Authority issued 108,682 (FY2013/14: 366,611) shares of S$1 each during the financial year for additional equity financing by the Government on 31 March 2015.

Notes to the Financial Statements

For the financial year ended 31 March 2015

14. CAPITAL ACCOUNT (CONTINUED)

Capital management

The Authority's policy is to maintain a strong capital base so as to maintain market confidence and to sustain future development. There were no changes in the Authority's approach to capital management during the financial year.

15. DEFERRED TAX LIABILITIES

The deferred tax liabilities related solely to its former subsidiary which is a private limited company incorporated in the Republic of Singapore and is liable to pay income tax under the Singapore Income Tax Act as detailed below:

	Group	
	2014/15 S$'000	2013/14 S$'000
Balance at beginning of year	**1,397**	1,522
Reversal of temporary differences during the year	–	(125)
Divestment of a subsidiary (Note 24)	(1,397)	–
Balance at end of year	–	1,397

Deferred tax liabilities at end of the financial year relate to the following:

	Group	
	2014/15 S$'000	2013/14 S$'000
Deferred tax liabilities		
Differences in depreciation for tax purposes	–	1,452
Differences in amortisation of intangible assets	–	–
	–	1,452
Deferred tax assets		
Provisions	–	(55)
Net deferred tax liabilities	–	1,397

Notes to the Financial Statements

For the financial year ended 31 March 2015

16. OUTSTANDING CAPITAL AND LOAN COMMITMENTS

The Authority has procurement commitments for fixed assets and intangible assets incidental to its ordinary course of business. The outstanding capital commitments as at 31 March 2015 for the Authority amounted to S$297,000 (FY2013/14: S$1,282,000).

The Authority has entered into loan agreements with Singapore LNG Corporation Pte Ltd. The outstanding undrawn loan commitment amounted to S$609,862,000 (FY2013/14: S$278,606,000) of which S$581,000,000 (FY2013/14: S$246,388,000), the Authority has signed back-to-back agreements with the Government of the Republic of Singapore.

17. OPERATING LEASE COMMITMENTS

The Authority has entered into commercial leases for its office and office equipment. These leases have remaining non-cancellable terms of between one year and five years.

Future minimum rentals under non-cancellable leases are as follows:

	Authority	
	2014/15 S$'000	2013/14 S$'000
Payable:		
Within 1 year	**3,851**	3,860
After 1 year but within 5 years	**1,132**	4,962
	4,983	8,822

Notes to the Financial Statements
For the financial year ended 31 March 2015

18. RELATED PARTY TRANSACTIONS

Other than those related party information disclosed elsewhere in the financial statements, there were the following significant related party transactions:

(a) Sale and purchase of services

	Group		Authority	
	2014/15 S$'000	2013/14 S$'000	2014/15 S$'000	2013/14 S$'000
Subsidiary				
Public licence fees	–	–	1,306	2,612
Rent	–	–	31	63
Others	–	–	–	(37)

(b) Key management personnel compensation

	Group		Authority	
	2014/15 S$'000	2013/14 S$'000	2014/15 S$'000	2013/14 S$'000
Directors' fees / Authority members' allowance	265	392	132	127
Salaries, bonuses and allowances	2,820	3,951	1,686	2,024
CPF contributions	111	99	40	41
	3,196*	4,442	1,858	2,192

* This amount comprises full year compensation for the Authority and six months compensation for the former subsidiary, EMC.

Notes to the Financial Statements
For the financial year ended 31 March 2015

19. LOAN RECEIVABLE AND LOAN PAYABLE

On 17 December 2009, the Authority signed an agreement with The Government of the Republic of Singapore (henceforth "the Government") for a loan facility not exceeding S$1.01 billion in respect of the Singapore LNG Terminal Project. The Authority has, on the same day, signed a back-to-back agreement with Singapore LNG Corporation Pte Ltd (henceforth "SLNG Corp") to extend the same loan to the company for funding the costs associated with the engineering, procurement and construction (henceforth "EPC") of the Singapore LNG Terminal which is to be undertaken by SLNG Corp. The loan was repaid in full on 26 November 2014.

On 23 June 2011, the Authority signed another back-to-back agreement with the Government and SLNG Corp for a loan facility not exceeding S$129.05 million in respect of the Singapore LNG Terminal Project to fund the Third Tank EPC contract. On the same day, the Authority signed an additional loan agreement with SLNG Corp for a loan facility not exceeding S$40 million to fund the Third Tank EPC contract of the Singapore LNG Terminal Project. The S$129.05 million loan was repaid in full on 4 September 2014 and the S$40 million loan was repaid in full on 26 November 2014.

On 10 December 2012, the Authority signed a third back-to-back agreement with SLNG Corp for a loan facility not exceeding S$293 million in respect of the Singapore LNG Terminal Project to fund all costs associated with bringing the Singapore LNG Terminal into commercial operations. The loan is unsecured and carries a fixed interest rate that approximated prevailing market rates at the time of issue. The loan will be repaid over ten equal quarterly instalments commencing on 30 June 2014 and ending on 30 June 2016.

On 22 February 2013, the Authority signed a loan agreement with SLNG Corp for a loan facility not exceeding S$40 million in respect of the Singapore LNG Terminal Project to fund the costs associated with the Phase 3 Expansion which will be undertaken by SLNG Corp. The loan is unsecured and carries a fixed interest rate that approximated prevailing market rates at the time of issue.

On 3 April 2014 and 12 November 2014, the Authority signed two additional back-to-back loan agreements with SLNG Corp and the Government for a loan facility not exceeding S$281 million and S$300 million respectively to fund the costs associated with the EPC of the Phase 3 Expansion and general working capital requirements. These loans are unsecured and carry a fixed interest rate that approximated prevailing market rates at the time of issue. No drawdown has been made under these loans.

Notes to the Financial Statements
For the financial year ended 31 March 2015

19. LOAN RECEIVABLE AND LOAN PAYABLE (CONTINUED)

(a) Loan receivable from SLNG Corp

	Group and Authority	
	2014/15 S$'000	2013/14 S$'000
As at 1 April	1,233,444	1,071,114
Loan drawdown during the year	25,208	162,330
Loan repayment during the year	(1,184,857)	–
As at 31 March	73,795	1,233,444
Current	41,600	41,600
Non-current	32,195	1,191,844

(b) Loan payable to the Government

	Group and Authority	
	2014/15 S$'000	2013/14 S$'000
As at 1 April	1,185,662	1,034,632
Loan drawdown during the year	23,059	151,030
Loan repayment during the year	(1,146,063)	–
As at 31 March	62,658	1,185,662
Current	41,600	41,600
Non-current	21,058	1,144,062

Notes to the Financial Statements
For the financial year ended 31 March 2015

20. INTEREST RECEIVABLE AND INTEREST PAYABLE

(a) Interest receivable from SLNG Corp

	Group and Authority	
	2014/15 S$'000	2013/14 S$'000
As at 1 April	104,085	60,082
Interest charged during the year	30,465	44,003
Interest repayment during the year	(134,155)	–
As at 31 March	395	104,085
Current	–	2,329
Non-current	395	101,756

(b) Interest payable to the Government

	Group and Authority	
	2014/15 S$'000	2013/14 S$'000
As at 1 April	100,935	58,475
Interest charged during the year	29,228	42,460
Interest repayment during the year	(130,163)	–
As at 31 March	–	100,935
Current	–	2,329
Non-current	–	98,606

Notes to the Financial Statements

For the financial year ended 31 March 2015

21. CASH, RECEIVABLES AND PAYABLES UNDER NEMS

No cash, receivables and payables under NEMS as at 31 March 2015 as the Authority divested its investment in the former subsidiary, EMC on 1 October 2014. At 31 March 2014, EMC has outstanding receivables and payables in respect of sale of electricity to market participants and purchase of electricity and ancillary services from market participants in the NEMS as follows:

(a) **Cash and receivables under NEMS**

	Group	
	2014/15 S$'000	2013/14 S$'000
Cash at bank	–	10,553
Receivables from market participants	–	193,743
Amounts due from market participants for:		
- Under/(over)-recovery of ancillary charges	–	–
Amounts due from the subsidiary for:		
- Administration charges	–	–
- Others	–	13
Total assets	–	204,309

(b) **Payables under NEMS**

	Group	
	2014/15 S$'000	2013/14 S$'000
Payables to market participants (generators)	–	(200,903)
Net Goods and Services Tax ("GST") payable	–	(96)
Amounts due to ancillary service providers	–	(1,891)
Amounts due to market participants for:		
- (Over)/under-recovery of ancillary charges	–	(39)
- (Over)/under-recovery of administration charges	–	(5)
-Security deposit	–	(28)
Amounts due to a former subsidiary for:		
- Administration charges	–	(1,347)
Total liabilities	–	(204,309)

Notes to the Financial Statements

For the financial year ended 31 March 2015

21. CASH, RECEIVABLES AND PAYABLES UNDER NEMS (CONTINUED)

(b) **Payables under NEMS**

(i) Cash at bank

The cash at bank under the NEMS represents cash balances held in various bank accounts opened by the subsidiary solely for the operation of the NEMS. The manner in which these bank accounts can be operated are defined in the Market Rules. The bank balances are not available to the subsidiary for payments of its administrative and operating costs.

(ii) Cash, receivables and payables under NEMS – Adjustments to balances arising from post-transaction changes in metering data or dispute over final settlement statements

The former subsidiary, EMC acts as a principal in the NEMS. In the NEMS, the Market Support Services Licensee ("MSSL") is responsible for the provision and accuracy of the metering data, which is used in calculation of settlements. From time-to-time, the subsidiary may be advised by the MSSL of the changes to the metering data and the quantities of electricity traded. This will result in adjustments to the settlement amounts due (to)/from the market participants. These adjustments may take place up to 250 business days after the meter adjustments.

Under the Market Rules, the market participants may dispute final settlement statements. Any adjustments to be made after the issue of a final settlement statement shall be made in the preliminary settlement statement issued immediately following the resolution of disputes.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Authority is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, credit risk and liquidity risk. The Authority has established processes to monitor and manage these risks in a timely manner.

The following section provides details regarding the Authority's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Authority's exposure to these financial risks or the manner in which it manages and measures the risks.

Notes to the Financial Statements

For the financial year ended 31 March 2015

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Interest rate risk

At the end of the reporting period, the interest rate profile of the interest-earning financial instruments was:

	Authority	
	2014/15	2013/14
	S$'000	S$'000
Variable rate instruments		
Cash with AGD	**189,152**	91,902

Surplus cash are placed with AGD (under CLM as set out in the Accountant-General's Circular No. 4/2009 Centralised Liquidity Management for Statutory Boards and Ministries).

Sensitivity analysis for interest rate risk

The interest rates for Cash with AGD are based on deposit rates determined by the financial institutions with which the cash are deposited and are expected to move in tandem with market interest rate movements. A 20 basis points change in interest rates for Cash with AGD would not have a material impact on the net surplus/deficit for the financial year.

Notes to the Financial Statements

For the financial year ended 31 March 2015

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk

At 31 March 2015, loans and interest receivable due from SLNG Corp amounted to S$74 million (FY2013/14: S$1,338 million). Management believes that minimal credit risks exist with respect to these receivables.

The carrying amount of other receivables and cash and bank balances represent the Authority's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Cash and bank balances are placed with AGD. Management believes that minimal credit risks exist with respect to the funds placed with AGD.

As at 31 March 2015, approximately 14% of the Authority's other receivables is due from EMC. Management believes that minimal credit risks exist with respect to amount due from EMC.

Financial assets that are neither past due nor impaired

Other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Authority. Cash and cash equivalents that are neither past due nor impaired are placed with AGD.

(c) Liquidity risk

Liquidity risk is the risk that the Authority will encounter difficulty in meeting 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. To manage liquidity risk, the Authority monitors its net operating cash flows and maintains an adequate level of cash and cash equivalents and secured uncommitted short-term funding facilities from bank.

Notes to the Financial Statements

For the financial year ended 31 March 2015

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summaries the maturity profile of the Authority's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	One year or less	One year to five years	Over five years	Total
	S$'000	S$'000	S$'000	S$'000
Authority				
2014/15				
Other receivables	3,089	–	–	3,089
Cash and cash equivalents	189,152	–	–	189,152
Other payables	(8,948)	–	–	(8,948)
Interest receivable	–	395	–	395
Loan receivable from SLNG Corp	42,638	23,545	10,378	76,561
Loan payable to the Government	(42,638)	(21,252)	–	(63,890)
Lease obligations	(3,851)	(1,132)	–	(4,983)
Total net undiscounted financial assets/(liabilities)	179,442	1,556	10,378	191,376
2013/14				
Other receivables	1,694	35,000	–	36,694
Cash and cash equivalents	91,902	–	–	91,902
Other payables	(10,562)	–	–	(10,562)
Interest receivable	2,329	101,598	158	104,085
Interest payable	(2,329)	(98,606)	–	(100,935)
Loan receivable from SLNG Corp	43,551	1,317,005	10,298	1,370,854
Loan payable to the Government	(43,551)	(1,273,553)	–	(1,317,104)
Lease obligations	(3,860)	(4,962)	–	(8,822)
Total net undiscounted financial assets/(liabilities)	79,174	76,482	10,456	166,112

Notes to the Financial Statements

For the financial year ended 31 March 2015

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Fair value hierarchy

The Authority categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follow:

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

Fair 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. The fair value hierarchy is disclosed in (b) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.*

(a) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts approximate fair value*

Other receivables (Note 10), Cash and cash equivalents (Note 11), Other payables (Note 12)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values because these are mostly short-term in nature or are re-priced frequently.

(b) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value*

Fair value is calculated based on quoted offer price or discounted expected future principal and interest cash flows using market interest rates.

Notes to the Financial Statements

For the financial year ended 31 March 2015

23. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (cont'd)*

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

Authority	**Carrying amount**	**Fair value (Level 2)**
	S$'000	S$'000
2014/15		
Fixed rate loan due from SLNG Corp, including accrued interests	74,190	73,623
Fixed rate loan to Government, including accrued interests	62,658	62,659
2013/14		
Fixed rate loan due from SLNG Corp, including accrued interests	1,337,529	1,372,193
Fixed rate loan to Government, including accrued interests	1,286,596	1,320,183

Discount rates used for determining fair value

A rate of 2.24% and 2.83% (FY2013/14: 2.6%) per annum has been used to discount the estimated cash flows on the fixed rate loans and are determined based on the 2-year and 5-year swap offer rates respectively at the end of the reporting period plus an adequate credit spread. (FY2013/14: The discount rate was based on the 3-year swap offer rate at the end of the reporting period plus an adequate credit spread).

Notes to the Financial Statements

For the financial year ended 31 March 2015

24. DISCONTINUED OPERATION

The Authority divested its subsidiary, Energy Market Company Pte Ltd ("EMC") on 1 October 2014 for total cash consideration of S$23 million. As at 31 March 2015, the assets and liabilities related to EMC have been de-consolidated from the balance sheet of the Group, and its results are presented separately on statement of comprehensive income as "Gain from discontinued operation, net of tax".

(a) Balance sheet disclosures

The major classes of assets and liabilities of EMC as at 1 October are as follows:

	S$'000
Assets	
Fixed assets	8,301
Intangible assets	–
Other receivables and prepayments	4,159
Cash and receivables under NEMS	202,788
Cash and cash equivalents	4,450
Total assets	219,698
Liabilities	
Other payables	4,563
Payables under NEMS	202,788
Income tax payable	133
Deferred tax liabilities	1,397
Total liabilities	208,801
Carrying value of net assets	10,817

Notes to the Financial Statements
For the financial year ended 31 March 2015

24. DISCONTINUED OPERATION (CONTINUED)

(b) Income statement disclosures

The result of EMC are as follows:

	1 April 2014 to 30 September 2014 S$'000	1 April 2013 to 31 March 2014 S$'000
Operating revenue	12,457	25,154
Operating expenses	(9,571)	(19,020)
Operating surplus	2,886	6,134
Non-operating revenue	159	226
Gain before tax from discontinued operation	3,045	6,360
Taxation related to loss from ordinary activities of the discontinued operation	–	(233)
Gain from discontinued operation, net of tax	3,045	6,127

The results above exclude related party transactions disclosed in Note 18 to the financial statements.

(c) Cash flow statement disclosures

The cash flows attributable to EMC are as follows:

	1 April 2014 to 30 September 2014 S$'000	1 April 2013 to 31 March 2014 S$'000
Operating	810	1,129
Investing	(1,307)	(2,575)
Financing	–	(4,600)
Net cash outflows	(497)	(6,046)

Notes to the Financial Statements
For the financial year ended 31 March 2015

24. DISCONTINUED OPERATION (CONTINUED)

(d) Net cash inflows on divestment of a subsidiary

	1 April 2014 to 30 September 2014 S$'000
Total consideration	23,000
Cash and cash equivalents of a subsidiary	(4,450)
Net cash inflow on divestment of a subsidiary	18,550

(e) Gain on divestment of a subsidiary

	1 April 2014 to 30 September 2014	
	Group S$'000	Authority S$'000
Total consideration	23,000	23,000
Net assets/cost of investment	(10,817)	(2,550)
Non-controlling interests	5,274	–
Gain on divestment of a subsidiary	17,457	20,450

25. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Group for the financial year ended 31 March 2015 were authorised for issue in accordance with a resolution of the Authority on 26 June 2015.

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