SMART ENERGY SUSTAINABLE FUTURE

ENERGY MARKET AUTHORITY ANNUAL REPORT 2015/16

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.

List of Board Members

MR LOH KHUM YEAN
CHAIRMAN
Permanent Secretary, Ministry of Trade and Industry
(Till 30 April 2016)

MR QUEK SEE TIAT
MEMBER
Deputy President, Council for Estate Agencies

MR KON YIN TONG
MEMBER
Managing Partner, Foo Kon Tan LLP
(Since 1 May 2016)

MR NG HOW YUE
CHAIRMAN
Permanent Secretary, Ministry of Law
(Since 1 May 2016)

MR THAM MIN YEW RUSSELL
MEMBER
Corporate Vice President, Regional President, SEA Head, Asia Business Development, Applied Materials

MS QUAH LEY HOON
MEMBER
Chief Editor (English Current Affairs & International News), MediaCorp
(Since 1 May 2016)

MR CHANG MENG TENG
MEMBER
Chairman, Squire Mech Pte Ltd

MR YEAP POH LEONG, ANDRE, SC
MEMBER
Senior Partner, Rajah and Tann Limited Liability Partnership

MR ZIA ZAMAN
Founder and Chief Executive Officer, LumenLab, and Senior Vice President and Chief Innovation Officer, MetLife Asia
(Since 1 May 2016)

MR PEK HAK BIN
MEMBER
Group Chief Executive Officer, Cronus Energy Pte Ltd

MR ALLEN LEW
MEMBER
CEO Consumer Australia and CEO Optus, Singapore Telecommunications Limited
(Until 31 March 2016)

MR NG WAI CHOONG
MEMBER
Chief Executive, Energy Market Authority

PROFESSOR PHANG SOCK YONG
MEMBER
Celia Moh Professor and Professor of Economics, School of Economics, Singapore Management University

MR TANG TUCK WENG
MEMBER
Senior Director, National Climate Change Secretariat
(Until 31 March 2016)

IN APPRECIATION

We would like to express our appreciation to our former board members – Mr Loh Khum Yean, Mr Allen Lew and Mr Tang Tuck Weng – for their guidance and contributions to EMA.

Senior Management

MR NG WAI CHOONG
Chief Executive

MR YEO YEK SENG
Deputy Chief Executive
Economic Regulation

MR KNG MENG HWEE
Deputy Chief Executive
Industry Regulation and Power System Operation

MR BERNARD NEE
Deputy Chief Executive
Corporate Services Group and Energy Planning & Development

MR SOH YAP CHOON
Assistant Chief Executive
Power System Operation

MR SOH SAI BOR
Acting Assistant Chief Executive
Economic Regulation

Organisation Structure

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

ECONOMIC REGULATION DIVISION
- Economic Regulation & Licensing Department
- Gas Policy & Infrastructure Department
- Market Development & Surveillance Department

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

INDUSTRY REGULATION DIVISION
- Electricity Industry Regulation Department
- Gas Industry Regulation Department

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

SECURING SINGAPORE'S ENERGY FUTURE

Securing Singapore's Energy Future

SECURING SINGAPORE'S ENERGY FUTURE

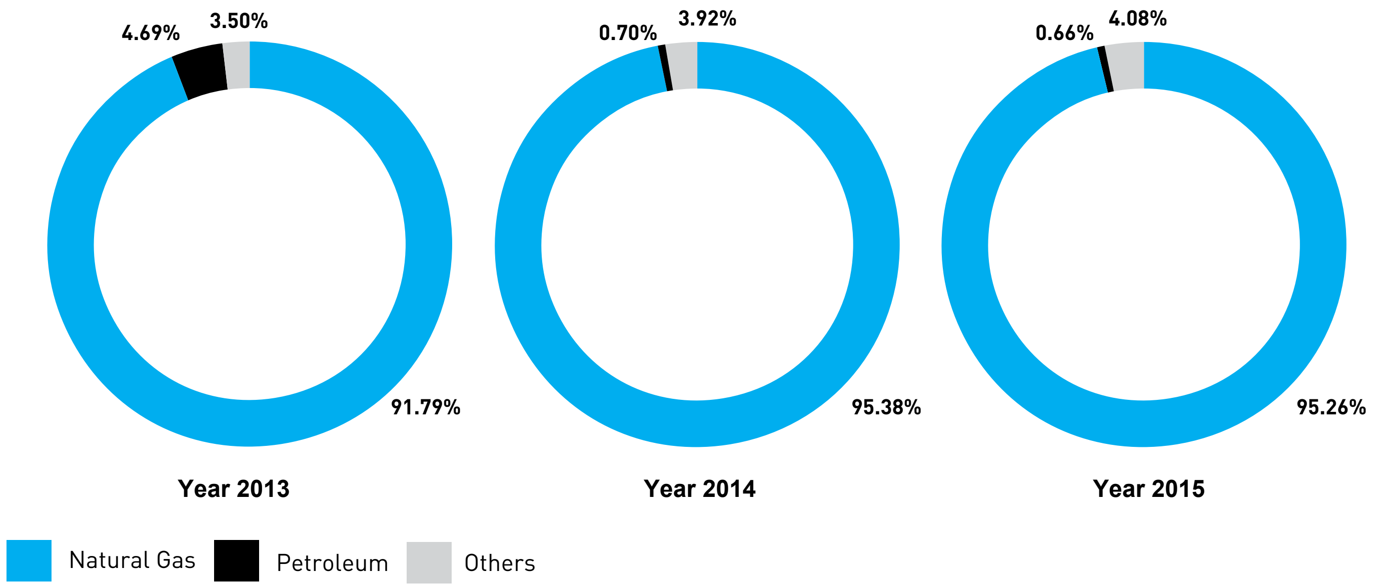
About 95 percent of Singapore's electricity is generated from natural gas. To enhance Singapore's energy security and competitiveness, EMA launched a two-stage Request for Proposal (RFP) in 2014 to appoint up to two new importers to meet the next tranche of Liquefied Natural Gas (LNG) demand.

EMA has shortlisted three companies for Stage Two of the RFP. They are Pavilion Gas Pte Ltd, Sembcorp Industries and Shell Eastern Petroleum (Pte) Ltd. They have negotiated and entered into binding commitments with potential LNG buyers, and submitted their proposals to EMA. EMA is evaluating the proposals.

EMA is also developing a Spot Import Control Policy to allow additional gas imports from more supply sources. This enables LNG buyers to complement their long-term gas supply with spot LNG imports.

As announced at Singapore International Energy Week in 2015, EMA is looking into setting up a Secondary Gas Trading Market (SGTM). It will allow gas buyers and sellers to trade gas within Singapore, enabling domestic gas price discovery that reflects Singapore's demand and supply conditions. Gas users will be able to better optimise their gas supply portfolios. In the long run, a SGTM will enhance Singapore's position as a hub for LNG and gas trading activities. It would also pave the way for the potential establishment of a gas forward market to trade financial contracts for gas.

FUEL MIX FOR ELECTRICITY GENERATION



DEPLOYING SOLAR ENERGY IN SINGAPORE

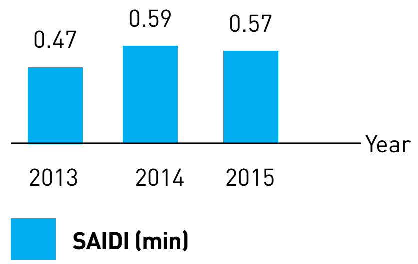
We undertook several initiatives to facilitate the deployment of solar energy in Singapore. We simplified market rules and regulations for electricity consumers. We launched the Central Intermediary Scheme to make it easier for small consumers to receive payment for injecting solar energy into the power grid. We also streamlined the metering requirements for solar photovoltaic (PV) owners of 1MWac and above.

Potential and existing solar PV owners now enjoy convenient access to information with the one-stop solar PV portal developed by EMA, SP Services and SP PowerGrid (SPPG). This portal provides consumers with the necessary information to make informed decisions on the installation of solar PV systems.

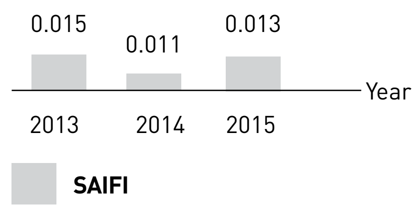
These efforts won EMA an award for our Pro-Enterprise Initiative to enhance the regulatory framework for solar deployment in Singapore.

STRENGTHENING GAS SUPPLY SYSTEM RESILIENCY

EMA amended the Gas Supply Code to require stakeholders to comply with standard operating procedures such as dealing with a gas system emergency. This serves to strengthen the resiliency and safe operation of Singapore's gas supply system.



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

ENHANCING OPERATIONAL EXCELLENCE AND MARKET MECHANISMS

To enhance the reliability of the electricity network, EMA conducted a joint systems review with SPPG to identify areas for improvement. This review also analysed SPPG's maintenance practices and standard operating procedures for emergency responses.

EMA is currently embarking on a joint system review with the power generating companies to ensure proper maintenance of the power plants and emergency preparedness.

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

[1] SAIDI figures from DNV GL's biennial 2013 Update of Grid Price and Performance Benchmarking Report.

Image courtesy of Afur Wong, Singapore Tourism Board.

ENSURING A COMPETITIVE ENERGY MARKET

Ensuring a Competitive Energy Market

To progressively give more electricity consumers options to manage their energy cost, EMA lowered the contestability threshold from 4,000 kWh to 2,000 kWh on 1 July 2015. This gave another 10,000 Commercial and Industrial consumers a choice of meeting their energy needs through electricity retailers. This included Small and Medium Enterprises, such as coffee shops, kindergartens, music schools, religious and community establishments. As of December 2015, around 26,500 or 30 percent of eligible accounts were contestable. They accounted for 71% of total electricity consumption in Singapore.

EMA is working with industry stakeholders to fully open the retail electricity market to competition in the second half of 2018. This will allow the remaining 1.3 million small consumers, mainly residential consumers, to choose between buying electricity at the regulated tariff or from retailers at market prices.

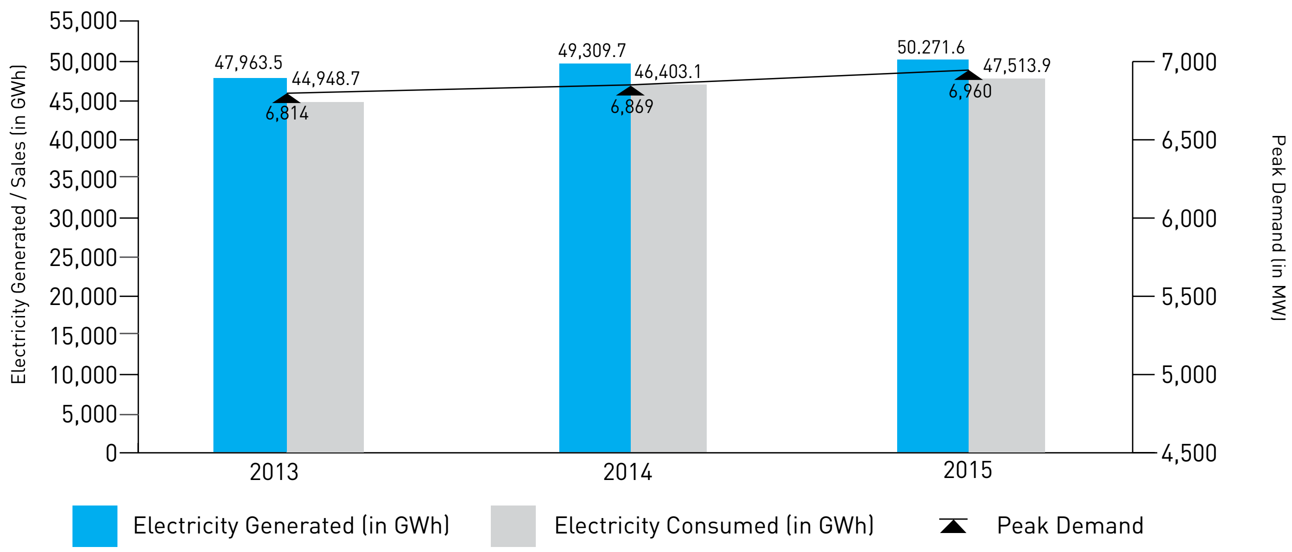
MARKET LIBERALISATION FOR A COMPETITIVE ELECTRICITY MARKET

In partnership with the Singapore Exchange and the electricity industry, we launched the Electricity Futures Market in April 2015. This is part of EMA's ongoing efforts to enhance market competition for the benefit of consumers. Based on the experiences of countries like Australia and New Zealand, an Electricity Futures Market leads to a more efficient and competitive wholesale and retail market with long-term benefits for consumers.

The Electricity Futures Market has led to more independent electricity retailers (i.e. not linked to any power generation company) entering the Singapore market. They are able to do so because the Electricity Futures Market helps them to hedge their risks. Their entry enhances market competition and keeps electricity retail prices competitive.

To encourage efficient investments in the power system infrastructure, EMA has sought industry feedback on a proposed suite of measures to facilitate informed investment decisions to meet Singapore's future energy needs. This included providing a long-term view of the energy landscape in Singapore for greater visibility to investors. Information such as the land allocation framework for new power plants would be provided. Following industry feedback, we are now reviewing the proposed framework.

ELECTRICITY GENERATED, CONSUMED AND PEAK DEMAND

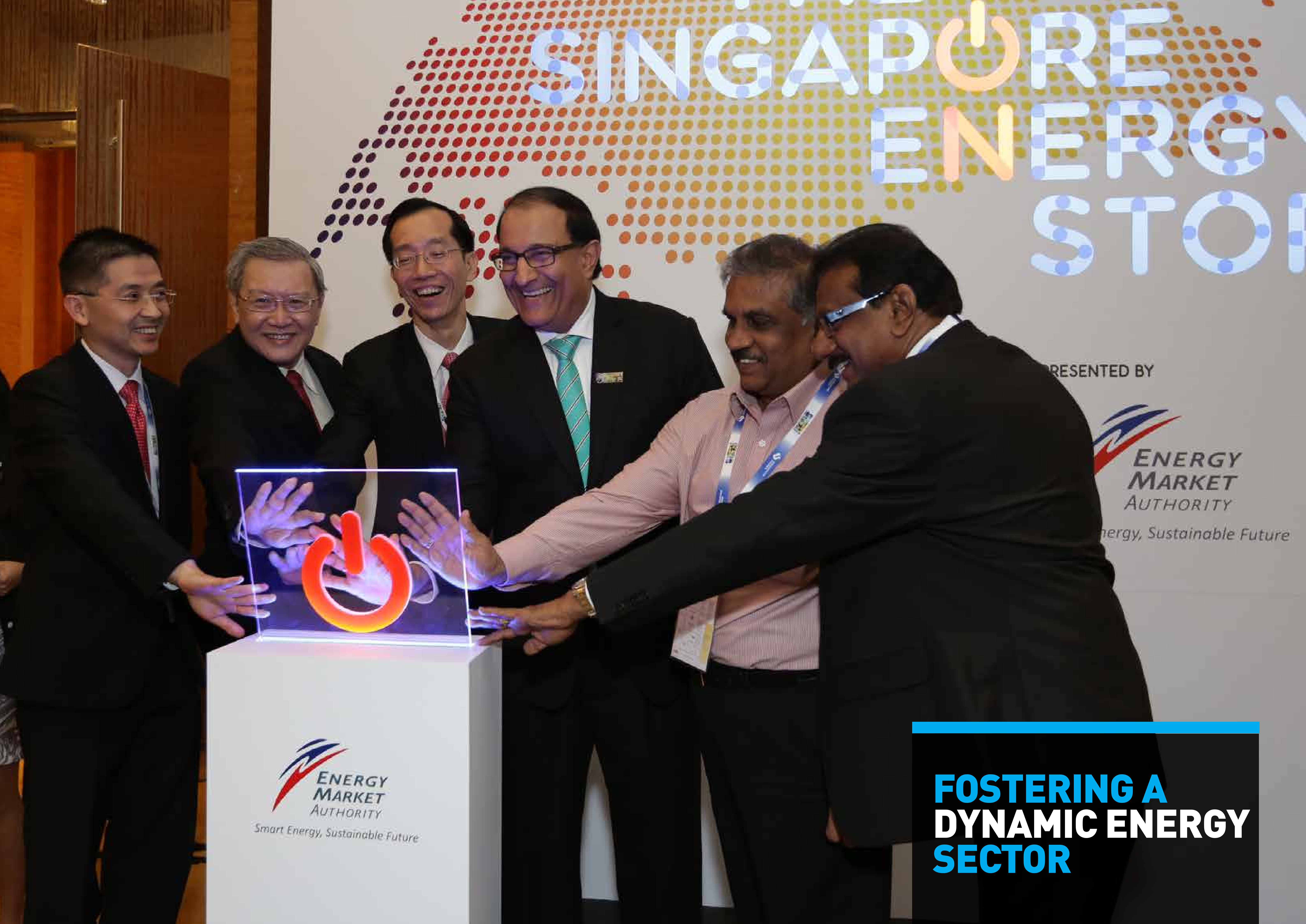


Note: Electricity generated reflects the gross generation in the system including electricity produced by the embedded generators. The graph is referenced to statistics that are the most recently available at the time of preparing this report.

FACILITATING A PRO-BUSINESS ENVIRONMENT

EMA regularly reviews our rules and regulatory requirements to lower business costs and increase flexibility for businesses and residential consumers. The enhancements implemented in 2015 include:

- Shortening the lead time for prospective electricity retailers to enter the electricity market from 10.5 to four months;
- Creating a "Retailer's Guide" to make it easier for retailers to enter the market; and
- Streamlining the retail electricity licence application process.



FOSTERING A DYNAMIC ENERGY SECTOR

FOSTERING A DYNAMIC ENERGY SECTOR

PROMOTING ENERGY EFFICIENCY

EMA works closely with SP Services to help residential consumers improve their energy efficiency. Last year, a mobile exhibition with fun and interactive displays to promote energy efficiency was deployed to primary and secondary schools. In addition, students were given activity kits to reinforce the lessons learned about energy efficiency. The mobile exhibition successfully reached out to more than 16,000 students. EMA also worked with Singapore Power to launch a website and a short film competition to promote awareness of energy efficiency.

EMA is also working with SP Services to provide residential consumers with enhanced feedback on their utilities consumption, to encourage energy and water conservation. Following a successful pilot in 2014, SP Services launched a new mobile application and updated their web portal to provide consumers with more information on their energy consumption, and also to enable comparison with their neighbours.

ATTRACTING TALENT TO THE POWER INDUSTRY

In 2015, EMA, together with the industry, implemented all the initiatives recommended by the Power Sector Manpower Taskforce in 2013. We will continue to partner the industry, Institutes of Higher Learning, union and government agencies to sustain the talent attraction and manpower development efforts in the power sector.

Three Energy-Industry Scholarships were awarded in 2015. Started in 2014, the Energy-Industry Scholarship is dedicated to develop and nurture talent for the power sector. In total, there are seven sponsoring organisations for this scholarship, namely Keppel Infrastructure, Sembcorp Industries, Senoko Energy, Singapore LNG Corporation, Singapore Power, Tuas Power Generation and YTL PowerSeraya. To date, a total of seven scholarships have been awarded.

To effectively reach out to educators, EMA developed a resource package on local energy issues and developments. Educators in schools can leverage the materials in the package to enhance their in-classroom teaching experience.

EMA will also champion SkillsFuture initiatives for the power sector to deepen skills and develop a relevant workforce. For example, two Earn and Learn Programmes for the power sector have commenced in 2016.

Engaging The Industry

EMA organised the fifth Energy Forum to engage industry players, researchers, academia, educators and youth on the developments and opportunities in the power sector. The event successfully reached out to over 700 participants.

Two outstanding contributors to Singapore's energy sector – Mr Neil McGregor, former Chief Executive Officer, Singapore LNG Corporation, and the Housing & Development Board (HDB) – were conferred the Singapore Energy Award 2015 for the individual and organisation categories respectively.

As the first CEO of the Singapore LNG Corporation, Mr McGregor played an instrumental role in building up the local LNG eco-system to enhance Singapore's energy resilience.
HDB stood out for catalysing the deployment of solar photovoltaic panels on an impactful scale.

Development Of Energy Technologies

EMA catalyses applied research and development (R&D) aimed at addressing Singapore's energy challenges. We do this through a suite of initiatives, such as competitive grant calls and test-beds, to spur research into promising energy technologies and systems-level innovation.

EMA has awarded more than $100 million in funding to date. This is to support R&D projects and test-beds in smart grids, energy storage and power utilities. Of this, $27 million was awarded to 13 gas technology and smart grid projects in March 2016.

Under the Research, Innovation and Enterprise 2020 plan, EMA will continue to push R&D innovation and build-associated capabilities in smart grids (including solar forecasting, grid resilience and grid security), energy storage and power utilities. We will also be stepping up our efforts to facilitate the commercialisation of energy innovation. This will enhance value creation from our R&D investments.

Establishing Energy Thought Leadership

The eighth edition of the Singapore International Energy Week (SIEW) 2015 was successfully held from 26 to 30 October with 28,000 attendees from over 60 countries. Government leaders, industry captains and heads of international organisations shared their insights on key energy issues.

SIEW 2015 also celebrated Singapore's 50th anniversary with an exhibition to highlight developments in Singapore's energy landscape over the past 50 years, as well as initiatives planned for the future.

FOSTERING A HIGH PERFORMANCE ORGANISATION

FOSTERING A HIGH PERFORMANCE ORGANISATION

AN EMPLOYER OF CHOICE

EMA has leading HR practices in place and we were conferred two awards in July 2015. These were Leading HR Practices in Lifelong Learning and Leading HR Practices in Quality Work-Life, Physical & Mental Well-Being. An EMA scholarship was also awarded to a promising undergraduate pursuing a Degree in Electrical and Electronic Engineering.

PRO-ENTERPRISE EFFORTS

EMA's efforts to be pro-enterprise were recognised with the following three awards:

i. Pro-Enterprise Panel – Singapore Business Federation (PEP-SBF) Pro-Enterprise Agency Award given to the top 5 agencies.

ii. PEP-SBF Most Improved Agencies Award as EMA moved from 13th to 5th position in ranking.

iii. Pro-Enterprise Initiative Gold Award for our idea on facilitating innovative business models in the energy industry.

CORPORATE SOCIAL RESPONSIBILITY (CSR) EFFORTS

EMA was conferred the SHARE Gold Award at the Community Chest Awards in September last year. This award acknowledges the fund-raising efforts by organisations towards community giving as well as their partnership with Community Chest.

As part of our CSR efforts, we have also adopted the Caregiving Welfare Association (CWA) as our new charity. We raised a total of over $20,000 in 2016 to support CWA in improving the lives of the elderly and to equip a generation of responsible care-givers.

FINANCIAL HIGHLIGHTS

FOR FY 2015/16

FINANCIAL HIGHLIGHTS FOR FY2015/16

For the year ended 31 March 2016, the Authority achieved a lower net surplus of $2.971 million, as compared with a $22.104 million surplus in the previous year. This decrease is attributed to the one-time gain of $20.450 million from the divestment of its remaining 51% stake in Energy Market Company Pte Ltd (EMC) in the previous year.

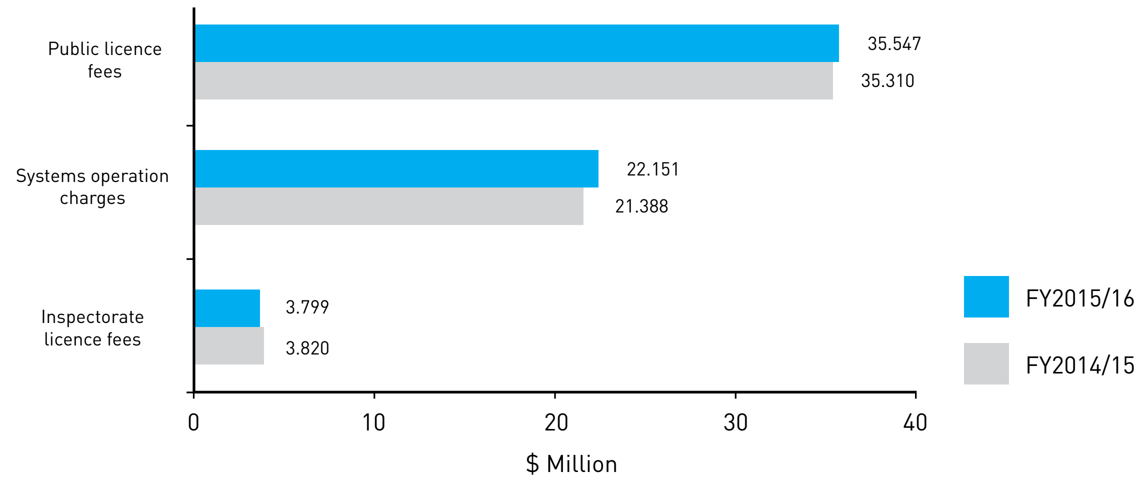
FINANCIAL RESULTS

	FY2015/16 $ Million	FY2014/15 $ Million
Operating revenue	61.497	60.518
Operating expenses	(70.090)	(65.381)
Operating deficit	(8.593)	(4.863)
Government grant	8.632	7.872
Non-operating revenue	3.542	23.624
Surplus before contribution to GCF	3.581	26.633
Contribution to GCF	(0.610)	(4.529)
Net surplus after GCF	2.971	22.104

OPERATING REVENUE

Operating revenue for the Authority was $61.497 million for FY2015/16, with breakdown in the graph below.

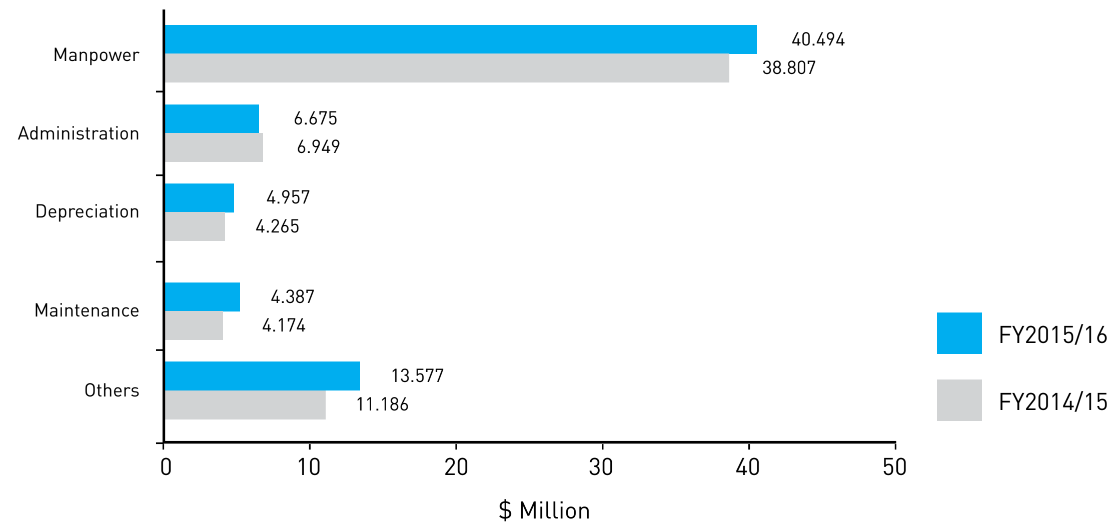
OPERATING REVENUE CATEGORY



OPERATING EXPENSES

Operating expenses for the Authority totalled $70.090 million for the year. The breakdown is shown below.

OPERATING EXPENSES CATEGORY



CAPITAL EXPENDITURE

Capital expenditure incurred for the Authority was $1.728 million. This included $1.657 million for IT system developments and acquisition of computer hardware / software, as well as $0.071 million for other purchases such as office / works equipment and replacement of furniture and fittings.

LOAN RECEIVABLE

During the year, there were loan repayments by SLNG Corporation Pte Ltd. These reduced the loan receivable from $73.795 million in FY2014/15 to $11.137 million in the FY2015/16 balance sheet.

ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

Independent Auditor's Report

For the financial year ended 31 March 2016

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Energy Market Authority of Singapore (the "Authority") set out on pages 28 to 57, which comprise the balance sheet of the Authority as at 31 March 2016, the statement of comprehensive income, statement of changes in equity and the statement of cash flows of the Authority 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 financial statements 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, state of affairs of the Authority as at 31 March 2016 and of the results, changes in equity and cash flows of the Authority 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
Chartered Accountants
Singapore
20 June 2016

Statements of Comprehensive Income

For the financial year ended 31 March 2016

	Note	2015/16 S$'000	2014/15 S$'000
Operating revenue	4	61,497	60,518
Operating expenses	4	(70,090)	(65,381)
Operating deficit		(8,593)	(4,863)
Government grant	4	8,632	7,872
Operating surplus after grant		39	3,009
Non-operating revenue	5	3,542	23,624
Surplus before contribution to Government Consolidated Fund ("GCF")		3,581	26,633
Contribution to GCF	6	(610)	(4,529)
Surplus for the year		2,971	22,104
Other comprehensive income for the year		–	–
Total comprehensive income for the year		2,971	22,104

The financial statements as set out on pages 28 to 57 have been authorised for issue by the Authority.

NG HOW YUE
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 2016

	Note	2015/16 S$'000	2014/15 S$'000
Capital account	13	86,674	86,674
Specific funds	12	19,884	37,406
Accumulated surplus		76,515	78,126
Total equity		183,073	202,206
Represented by:			
Non-current assets			
Fixed assets	7	9,825	12,984
Intangible assets	8	–	–
Other receivables	9	7,499	–
Loan receivables	17	11,137	32,195
Interest receivables	18	641	395
		29,102	45,574
Current assets			
Other receivables and prepayments	9	6,097	3,859
Cash and cash equivalents	10	78,720	189,152
Loan receivables	17	82,084	41,600
Interest receivables	18	336	–
		167,237	234,611
Current liabilities			
Other payables	11	(12,656)	(10,792)
Provision for contribution to Government Consolidated Fund ("GCF")		(610)	(4,529)
Loan payables	17	–	(41,600)
		(13,266)	(56,921)
Net current assets		153,971	177,690
Non-current liabilities			
Loan payables	17	–	(21,058)
		–	(21,058)
Net assets		183,073	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 2016

	Capital account (Note 13) S$'000	Specific funds (Note 12) S$'000	Accumulated surplus S$'000	Total S$'000
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 and at 1 April 2015	86,674	37,406	78,126	202,206
Total comprehensive income for the year	–	(116)	3,087	2,971
Dividends paid to the Government	–	–	(22,104)	(22,104)
Transfer during the year	–	(17,406)	17,406	–
At 31 March 2016	86,674	19,884	76,515	183,073

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

Statements of Cash Flows

For the financial year ended 31 March 2016

	Note	2015/16 S$'000	2014/15 S$'000
Cash flows from operating activities			
Surplus before contribution to Government Consolidated Fund ("GCF")		3,581	26,633
Adjustments for:			
Depreciation of fixed assets	7	4,957	4,265
Loss/(gain) on disposal of fixed assets	5	1	(28)
Gain on divestment of a subsidiary	5	–	(20,450)
Grants from the Government	4	(8,632)	(7,872)
Interest income	5	(2,878)	(2,552)
Operating profit before working capital changes		(2,971)	(4)
Increase in other receivables and prepayments		(9,511)	(920)
Increase/(decrease) in other payables		1,889	(2,559)
Cash flows from operations activities		(10,593)	(3,483)
Payment to GCF		(4,529)	(1,565)
Net cash flows used in operating activities		(15,122)	(5,048)
Cash flows from investing activities			
Net cash inflow on divestment of a subsidiary		–	23,000
Purchase of fixed assets		(1,825)	(4,077)
Proceeds from disposal of fixed assets		–	29
Reimbursement of payment made on behalf of Government		–	35,000
Interest income received from funds managed under Centralised Liquidity Management		1,570	820
Loan made to SPS		(82,084)	–
Loan repayment from SLNG Corp (net of loan paid to Government)		–	36,645
Interest income received from SLNG Corp (net of interest paid to Government)		–	3,991
Net cash flows (used in)/generated from investing activities		(82,339)	95,408
Cash flows from financing activities			
Payment of dividends to the Government		(22,104)	(632)
Grants received from the Government		9,133	7,413
Proceeds from issuance of share to the Government		–	109
Net cash flows (used in)/generated from financing activities		(12,971)	6,890
Net (decrease)/increase in cash and cash equivalents		(110,432)	97,250
Cash and cash equivalents at beginning of year		189,152	91,902
Cash and cash equivalents at end of year	10	78,720	189,152

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 2016

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements 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.

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 Authority 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 2015. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Authority.

Notes to the Financial Statements

For the financial year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Authority 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
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
Improvements to SB-FRSs (January 2014)	
(a) Amendments to SB-FRS 107 *Financial Instruments: Disclosure*	1 January 2016
(b) Amendments to SB-FRS 19 *Employee Benefits*	1 January 2016
Amendments to SB-FRS 1: Disclosure Initiative	1 January 2016
SB-FRS 115 Revenue from Contracts with Customers	1 January 2017
SB-FRS 1001 Accounting and Disclosure for Non-Exchange Revenue	1 January 2017
SB-FRS 109 Financial Instruments	1 January 2018

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

2.4 Foreign currency transactions

Transactions in foreign currencies are translated to Singapore dollars ("SGD" or "S$"), which is the Authority's functional currency, 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.consideration potential voting rights that are currently exercisable.

Notes to the Financial Statements

For the financial year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 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, direct labour and 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 Authority 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 $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.

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.

Notes to the Financial Statements

For the financial year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 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.

2.7 Impairment of non-financial assets

The carrying amounts of the Authority'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 Authority makes an estimate of the assets' recoverable amount.

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.

Notes to the Financial Statements
For the financial year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Impairment of non-financial assets (continued)

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 Authority 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.

2.8 Financial instruments

(a) Non-derivative financial assets

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

The Authority 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 Authority becomes a party to the contractual provisions of the instrument.

The Authority 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 Authority 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 Authority 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, receivables and cash 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 receivables and interest receivables.

Notes to the Financial Statements
For the financial year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial instruments (continued)

(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.

(c) Non-derivative financial liabilities

Non-derivative financial liabilities comprise loans 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 Authority initially recognises financial liabilities on the trade date at which the Authority becomes a party to the contractual provisions of the instrument. Subordinated liabilities are recognised on the date that they originated.

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

Financial assets and liabilities are offset and the net amount presented in the balance sheets when, and only when, the Authority 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.

2.9 Impairment of financial assets

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

Notes to the Financial Statements
For the financial year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of financial assets (continued)

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 Authority considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. 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.

2.10 Provisions

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed.

2.11 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 profit or loss 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.

Notes to the Financial Statements
For the financial year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 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 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 Authority or of a parent of the Authority.

(b) An entity is related to 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;
- (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).

Notes to the Financial Statements

For the financial year ended 31 March 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured 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) System operation charges are recognised as income on an accrual basis; and

(c) Interest income is recognised on an accrual basis.

2.14 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.

2.15 Employee benefits

(a) <u>Defined contribution scheme</u>

The Authority 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) <u>Employee leave entitlement</u>

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.

Notes to the Financial Statements

For the financial year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Authority'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 on-going basis. Revision concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Authority'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 Authority's fixed assets as 31 March 2016 was $9,825,000 (2015: $12,984,000). 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 2016

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

	Note	2015/16 S$'000	2014/15 S$'000
Operating revenue			
Regulatory fees			
- Public licence fees		35,547	35,310
- Other licence fees		3,799	3,820
Systems operation charges		22,151	21,388
		61,497	60,518
Operating expenses			
Manpower	4a	(40,494)	(38,807)
Administration	4b	(6,675)	(6,949)
Depreciation of fixed assets		(4,957)	(4,265)
Maintenance		(4,387)	(4,174)
Others		(13,577)	(11,186)
		(70,090)	(65,381)
Operating deficit		(8,593)	(4,863)
Government grant		8,632	7,872
Surplus after government grant		39	3,009
Non-operating revenue	5	3,542	23,624
Surplus before contribution to GCF		3,581	26,633

(a) Manpower expenses include the following:

	2015/16 S$'000	2014/15 S$'000
Salaries and salary-related expenses	33,619	32,383
CPF contributions	3,698	3,355

(b) Administration expenses include the following:

	2015/16 S$'000	2014/15 S$'000
Operating lease expenses	3,696	3,702

Notes to the Financial Statements

For the financial year ended 31 March 2016

5. NON-OPERATING REVENUE

	2015/16 S$'000	2014/15 S$'000
Interest earned	2,878	2,552
(Loss)/gain on disposal of fixed assets	(1)	28
Penalty charges/fines	143	476
Gain from divestment of subsidiary	-	20,450
Others	522	118
	3,542	23,624

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% (FY2014/15: 17%) of the surplus of the Authority for the financial year.

Notes to the Financial Statements

For the financial year ended 31 March 2016

7. FIXED ASSETS

	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 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 and at 1 April 2015	27,870	1,333	83	5,392	475	447	35,600
Additions	131	55	–	34	31	1,548	1,799
Disposals	(227)	(20)	–	(56)	(25)	–	(328)
Reclassifications	824	–	–	–	–	(824)	–
At 31 March 2016	28,598	1,368	83	5,370	481	1,171	37,071
Accumulated depreciation							
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 and at 1 April 2015	16,726	1,040	41	4,416	393	–	22,616
Depreciation charge for the financial year	4,035	166	14	711	31	–	4,957
Disposals	(227)	(20)	–	(55)	(25)	–	(327)
At 31 March 2016	20,534	1,186	55	5,072	399	–	27,246
Net book value							
At 31 March 2015	11,144	293	42	976	82	447	12,984
At 31 March 2016	8,064	182	28	298	82	1,171	9,825

Notes to the Financial Statements

For the financial year ended 31 March 2016

8. INTANGIBLE ASSETS

	Development of the electricity market S$'000	Development of the gas market S$'000	District cooling project S$'000	Total S$'000
Cost				
At 1 April 2014, 31 March 2015, 1 April 2015 and 31 March 2016	19,355	8,864	480	28,699
Accumulated amortisation				
At 1 April 2014, 31 March 2015, 1 April 2015 and 31 March 2016	19,355	8,864	480	28,699
Net book value				
At 31 March 2015 and 31 March 2016	–	–	–	–

Notes to the Financial Statements
For the financial year ended 31 March 2016

9. OTHER RECEIVABLES AND PREPAYMENTS

	Note	2015/16 S$'000	2014/15 S$'000
Non-current assets:			
Other receivables	9a	7,499	–
		7,499	–
Current assets:			
Accrued interest income		1,667	941
Grant receivable from government		–	501
Other receivables		1,070	721
Deposits		1,483	847
Current portion of loans and receivables		4,220	3,010
Prepayments		1,877	849
		6,097	3,859

(a) Other receivables relate to expenses incurred on a development project. This amount is recoverable from the future operator or reimbursed by the Government.

(b) The ageing of other receivables as at the reporting period is:

	2015/16 S$'000	2014/15 S$'000
No credit terms	8,982	847
Not past due	2,737	2,163
	11,719	3,010

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 Authority.

Notes to the Financial Statements
For the financial year ended 31 March 2016

10. CASH AND CASH EQUIVALENTS

	Note	2015/16 S$'000	2014/15 S$'000
Cash with AGD	10a	78,720	189,152
Cash and cash equivalents per balance sheet		78,720	189,152

(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 1.06% to 1.46% per annum (FY2014/15: 0.74% to 0.99% per annum).

11. OTHER PAYABLES

	2015/16 S$'000	2014/15 S$'000
Other creditors and accruals	7,921	6,576
Accrued capital expenditure	632	658
Accrual for employee benefits	4,103	3,558
	12,656	10,792

Notes to the Financial Statements
For the financial year ended 31 March 2016

12. SPECIFIC FUNDS

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

	2015/16			2014/15		
	ERDF S$'000	ETF S$'000	Total S$'000	ERDF S$'000	ETF S$'000	Total S$'000
As at 1 April	17,406	20,000	37,406	17,958	–	17,958
Disbursements during the year	–	(116)	(116)	(552)	–	(552)
Transfer (to)/from accumulated surplus	(17,406)	–	(17,406)	–	20,000	20,000
As at 31 March	–	19,884	19,884	17,406	20,000	37,406

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. ERDF was closed on 26 June 15 and the remaining funds transferred back to accumulated surplus.

The Energy Training Fund ("ETF") was set up in 2015 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.

13. 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 $1,000 by the Government on 23 February 2009.

The Authority issued 108,682 share of $1 each in the previous financial year for additional equity financing by the Government. There is no issuance of share in the current financial year.

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.

Notes to the Financial Statements
For the financial year ended 31 March 2016

14. 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 2016 for the Authority amounted to $1,129,000 (FY2014/15: $297,000).

The Authority has entered into loan agreements with Singapore LNG Corporation Pte Ltd ("SLNG Corp"). The outstanding undrawn loan commitment amounted to $734,862,000 (FY2014/15: $609,862,000) of which $706,000,000 (FY2014/15: $581,000,000), the Authority has signed back-to-back agreements with the Government of The Republic of Singapore ("the Government").

The Authority has entered into loan agreements with SP Services Limited ("SPS"). The outstanding undrawn loan commitment amounted to $24,916,203.

15. 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:

	2015/16 S$'000	2014/15 S$'000
Payable:		
Within 1 year	2,185	3,851
After 1 year but within 5 years	2,081	1,132
	4,266	4,983

Notes to the Financial Statements

For the financial year ended 31 March 2016

16. RELATED PARTY TRANSACTIONS

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

Key management personnel compensation

	2015/16 S$'000	2014/15 S$'000
Directors' fees / Authority members' allowance	135	132
Salaries, bonuses and allowances	2,131	1,686
CPF contributions	53	40
	2,319	1,858

17 LOAN RECEIVABLE AND LOAN PAYABLE

As at 31 March 2016, the Authority has three outstanding back-to-back loan agreements signed between April 2014 to April 2015 with SLNG Corp and the Government. Of these, one loan facility of $300 million is for general working capital while another two totaling $406 million are for the LNG terminal. These loan facilities 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.

During the current year, SLNG Corp fully repaid an earlier back-to-back loan facility of $293 million granted to them in December 2012 to fund all costs associated with bringing the Singapore LNG terminal into commercial operations.

Separately, the Authority granted a direct loan facility of $40 million to SLNG Corp in February 2013 to fund the costs associated with the Phase 3 expansion of the LNG terminal. The loan is unsecured and carries a fixed interest rate that approximated prevailing market rates at the time of issue. As at 31 March 2016, total amount drawn under this loan was $11 million.

During the year, the Authority also granted to SPS a loan facility of $107 million to fund the settlement of payments, collections and associated costs relating to the Forward Sales Contract Scheme. The loan is unsecured and carries a fixed interest rate that approximated prevailing market rates at the time of issue. As at 31 March 2016, total amount drawn under this loan was $82 million.

Notes to the Financial Statements

For the financial year ended 31 March 2016

17. LOAN RECEIVABLE AND LOAN PAYABLE (CONTINUED)

(a) Loan receivable from SLNG Corp

	2015/16 S$'000	2014/15 S$'000
As at 1 April	73,795	1,233,444
Loan drawdown during the year	–	25,208
Loan repayment during the year	(62,658)	(1,184,857)
As at 31 March	11,137	73,795
Current	–	41,600
Non-current	11,137	32,195

(b) Loan receivable from SPS

	2015/16 S$'000	2014/15 S$'000
As at 1 April	–	–
Loan drawdown during the year	82,084	–
Loan repayment during the year	–	–
As at 31 March	82,084	–
Current	82,084	–

(c) Loan payable to the Government

	2015/16 S$'000	2014/15 S$'000
As at 1 April	62,658	1,185,662
Loan drawdown during the year	–	23,059
Loan repayment during the year	(62,658)	(1,146,063)
As at 31 March	–	62,658
Current	–	41,600
Non-current	–	21,058

Notes to the Financial Statements
For the financial year ended 31 March 2016

18. INTEREST RECEIVABLE AND INTEREST PAYABLE

(a) Interest receivable from SLNG Corp

	2015/16 S$'000	2014/15 S$'000
As at 1 April	395	104,085
Interest charged during the year	1,115	30,465
Interest repayment during the year	(869)	(134,155)
As at 31 March	641	395
Non-current	641	395

(b) Interest receivable from SPS

	2015/16 S$'000	2014/15 S$'000
As at 1 April	–	–
Interest charged during the year	336	–
As at 31 March	336	–
Current	336	–

(c) Interest payable to the Government

	2015/16 S$'000	2014/15 S$'000
As at 1 April	–	100,935
Interest charged during the year	869	29,228
Interest repayment during the year	(869)	(130,163)
As at 31 March	–	–

Notes to the Financial Statements
For the financial year ended 31 March 2016

19. 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.

(a) Interest rate risk

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

	2015/16 S$'000	2014/15 S$'000
Variable rate instruments		
Cash with AGD	78,720	189,152

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 2016

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk

At 31 March 2016, loan and interest receivables due from SLNG Corporation and SPS amounted to $12 million (FY2015/16: $74 million) and $82 million, respectively. 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.

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.

(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.

Notes to the Financial Statements

For the financial year ended 31 March 2016

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) 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
2015/16				
Other receivables	4,220	7,499	–	11,719
Cash and cash equivalents	78,720	–	–	78,720
Interest receivable from SPS	336	–	–	336
Loan receivable from SPS	82,084	–	–	82,084
Interest receivable from SLNG Corp	–	–	641	641
Loan receivable from SLNG Corp	–	–	11,137	11,137
Other payables	(10,595)	–	–	(10,595)
Lease obligations	(2,185)	(2,081)	–	(4,266)
Total net undiscounted financial assets/(liabilities)	152,580	5,418	11,788	169,776
2014/15				
Other receivables	3,089	–	–	3,089
Cash and cash equivalents	189,152	–	–	189,152
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)
Other payables	(8,948)	–	–	(8,948)
Lease obligations	(3,851)	(1,132)	–	(4,983)
Total net undiscounted financial assets/(liabilities)	179,442	1,556	10,378	191,376

Notes to the Financial Statements

For the financial year ended 31 March 2016

20. 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).

(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 9), Cash and cash equivalents (Note 10), Other payables (Note 11), Loan receivable from SPS (Note 17b)

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 2016

20. 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:

	Carrying amount	**Fair value (Level 2)**
	S$'000	S$'000
2015/16		
Fixed rate loan due from SLNG Corp, including accrued interests	11,778	10,992
Fixed rate loan to Government, including accrued interests	–	–
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

Discount rates used for determining fair value

A rate of 2.83% per annum has been used to discount the estimated cash flows on the fixed rate loans to SLNG Corp and is determined based on the 7-year swap offer rate at the end of the reporting period plus an adequate credit spread. (FY2014/15: The discount rate of 2.24% and 2.83% per annum were used and were 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).

21. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Authority for the financial year ended 31 March 2015 were authorised for issue in accordance with a resolution of the Authority on 20 June 2016.

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