



URBAN REDEVELOPMENT AUTHORITY
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2023

URBAN REDEVELOPMENT AUTHORITY
REPORT AND FINANCIAL STATEMENTS

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URBAN REDEVELOPMENT AUTHORITY

STATEMENT BY URBAN REDEVELOPMENT AUTHORITY

In our opinion,

- (a) the accompanying financial statements of Urban Redevelopment Authority (the "Authority"), set out on pages 6 to 35 are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018 ("PSG Act"), the Urban Redevelopment Authority Act 1989 ("URA Act") and Statutory Board Financial Reporting Standards ("SB-FRS") so as to present fairly, in all material respects, the financial position of the Authority as at 31 March 2023, and the financial performance, changes in equity and cash flows for the year then ended;
- (b) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Authority during the year are, in all material respects, in accordance with the provisions of the PSG Act, URA Act and the requirements of any other written law applicable to moneys of or managed by the Authority; and
- (c) proper accounting and other records have been kept, including records of all assets of the Authority, whether purchased, donated or otherwise.

On behalf of Urban Redevelopment Authority



.....
Peter Ho Hak Ean
Chairman



.....
Lim Eng Hwee
Chief Executive Officer

21 June 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF

URBAN REDEVELOPMENT AUTHORITY

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Urban Redevelopment Authority (the "Authority") which comprise the statement of financial position as at 31 March 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 35.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018 ("PSG Act"), the Urban Redevelopment Authority Act 1989 ("URA Act") and Statutory Board Financial Reporting Standards ("SB-FRS") so as to present fairly, in all material respects, the financial position of the Authority as at 31 March 2023 and the financial performance, changes in equity and cash flows of the Authority for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Statement by Urban Redevelopment Authority set out on page 1, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF

URBAN REDEVELOPMENT AUTHORITY

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the PSG Act, URA Act and SB-FRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

A statutory board is constituted based on its constitutional act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Authority or for the Authority to cease operations.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF

URBAN REDEVELOPMENT AUTHORITY

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

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

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Authority during the year are, in all material respects, in accordance with the provisions of the PSG Act, URA Act and the requirements of any other written law applicable to moneys of or managed by the Authority; and
- (b) proper accounting and other records have been kept, including records of all assets of the Authority whether purchased, donated or otherwise.

Basis for Opinion

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

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF

URBAN REDEVELOPMENT AUTHORITY

Auditor's Responsibilities for the Compliance Audit

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

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



Public Accountants and
Chartered Accountants
Singapore

21 June 2023

URBAN REDEVELOPMENT AUTHORITY

STATEMENT OF FINANCIAL POSITION
31 March 2023

	<u>Note</u>	<u>2023</u>	<u>2022</u>
		\$'000	\$'000
<u>ASSETS</u>			
Non-current asset			
Property, plant and equipment	4	192,475	196,170
Current assets			
Debtors, prepayments and accrued revenue	5	17,301	22,495
Financial assets:			
- At fair value through profit or loss	6	712,870	744,373
- At amortised cost	6	-	11,281
Cash and cash equivalents	7	197,731	183,572
Total current assets		<u>927,902</u>	<u>961,721</u>
Total assets		<u>1,120,377</u>	<u>1,157,891</u>
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Creditors and accrued operating expenses	8	48,590	57,531
Agency and other deposits	9	2,625	2,317
Provision for contribution to Consolidated Fund	10	-	-
Deferred income	11	6,340	5,794
Financial liabilities at fair value through profit or loss	6	359	598
Total current liabilities		<u>57,914</u>	<u>66,240</u>
Non-current liabilities			
Project advances	8	12,363	12,363
Deferred income	11	1,331	1,399
Provision for pensions and gratuities	12	1,100	1,159
Total non-current liabilities		<u>14,794</u>	<u>14,921</u>
Equity			
Capital account	13	27,692	27,692
Accumulated surplus		1,019,977	1,049,038
Total equity		<u>1,047,669</u>	<u>1,076,730</u>
Total liabilities and equity		<u>1,120,377</u>	<u>1,157,891</u>

See accompanying notes to financial statements.

URBAN REDEVELOPMENT AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2023

	Note	2022/2023 \$'000	2021/2022 \$'000
Operating income			
Income from planning and other services	14	111,282	92,028
Agency and consultancy fees	15	18,867	21,791
Income from development control	16	38,475	34,041
Parking fees and related charges	17	63,627	57,490
Rental income		17,277	16,960
Other operating income	19	10,235	27,996
		<u>259,763</u>	<u>250,306</u>
Less:			
Operating expenses			
Expenditure on manpower and staff benefits	20	140,719	132,667
Operating supplies and services	21	48,593	52,609
Temporary occupation licence fees	22	29,610	29,328
Depreciation	4	12,791	14,646
Property and car park maintenance		11,676	9,832
		<u>243,389</u>	<u>239,082</u>
Operating surplus		<u>16,374</u>	<u>11,224</u>
Non-operating deficit			
Net loss from bank deposits and investments	18	(27,704)	(11,776)
Other non-operating income		37	65
		<u>(27,667)</u>	<u>(11,711)</u>
Deficit before contribution to Consolidated Fund		(11,293)	(487)
Contribution to Consolidated Fund	10	<u>-</u>	<u>-</u>
Net deficit for the year, representing total comprehensive income for the year		<u>(11,293)</u>	<u>(487)</u>

See accompanying notes to financial statements.

URBAN REDEVELOPMENT AUTHORITY

STATEMENT OF CHANGES IN EQUITY
Year ended 31 March 2023

	Capital account	Accumulated surplus	Total
	\$'000	\$'000	\$'000
Balance at 1 April 2021	27,692	1,098,282	1,125,974
Net deficit for the year, representing total comprehensive income for the year	-	(487)	(487)
Funding for government projects (Note 23)	-	(13,385)	(13,385)
Dividend paid (Note 24)	-	(35,372)	(35,372)
Balance at 31 March 2022	27,692	1,049,038	1,076,730
Net deficit for the year, representing total comprehensive income for the year	-	(11,293)	(11,293)
Funding for government projects (Note 23)	-	(17,768)	(17,768)
Balance at 31 March 2023	<u>27,692</u>	<u>1,019,977</u>	<u>1,047,669</u>

See accompanying notes to financial statements.

URBAN REDEVELOPMENT AUTHORITY

STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	2022/2023	2021/2022
	\$'000	\$'000
Operating activities		
Deficit before contribution to Consolidated Fund	(11,293)	(487)
Adjustments for:		
Depreciation	12,791	14,646
Deferred income recognised	(5,792)	(5,528)
Net loss from bank deposits and investments	27,704	11,776
(Gain)/Loss on disposal of property, plant and equipment	(4)	52
Bad debts written off	160	-
Operating cash flows before movements in working capital	<u>23,566</u>	<u>20,459</u>
Debtors, prepayments and accrued revenue	794	(2,894)
Agency and other deposits	308	(533)
Creditors and accrued operating expenses	(7,897)	4,439
Payments for pensions and gratuities	(59)	(64)
Deferred income received	6,270	6,261
Cash generated from operations	<u>22,982</u>	<u>27,668</u>
Contribution to Consolidated Fund	-	(14,451)
Net cash from operating activities	<u>22,982</u>	<u>13,217</u>
Investing activities		
Purchase of property, plant and equipment	(9,995)	(5,745)
Proceeds on disposal of property, plant and equipment	5	2
Interest received	13,491	14,617
Dividend received	-	2
Net income from sale and purchase of financial assets at fair value through profit or loss	3,200	14,630
Net cash from investing activities	<u>6,701</u>	<u>23,506</u>
Financing activities		
Funding for government projects	(16,760)	(15,712)
Dividend paid	-	(35,372)
Net cash used in financing activities	<u>(16,760)</u>	<u>(51,084)</u>
Net increase/(decrease) in cash and cash equivalents	12,923	(14,361)
Cash and cash equivalents at beginning of year	<u>180,949</u>	<u>195,310</u>
Cash and cash equivalents at end of year (Note 7)	<u>193,872</u>	<u>180,949</u>

Note:

During the year, the Authority acquired property, plant and equipment amounting to \$9,097,000 (2021/2022 : \$6,981,000), of which \$2,426,000 (31 March 2022 : \$3,324,000) has not been paid at the end of the reporting period.

See accompanying notes to financial statements.

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

31 March 2023

1 GENERAL

The Urban Redevelopment Authority (the "Authority") is a statutory board established in Singapore under the Urban Redevelopment Authority Act 1989. The supervisory ministry is the Ministry of National Development. The Authority is domiciled in Singapore with its principal place of business at 45 Maxwell Road, The URA Centre, Singapore 069118.

The principal activities of the Authority are to:

- (a) plan and facilitate the physical development of Singapore;
- (b) sell and manage land for the government;
- (c) undertake development projects on behalf of the government and other organisations;
- (d) manage car parks; and
- (e) carry out such other functions as imposed upon the Authority by or under the Urban Redevelopment Authority Act 1989 or any other written law.

These financial statements are presented in Singapore dollars, which is the Authority's functional currency. All values presented are rounded to the nearest thousand ("'\$'000"), unless indicated otherwise.

These financial statements of the Authority for the year ended 31 March 2023 were authorised for issue by the Board on 21 June 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in accounting policies below, and are drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018 ("PSG Act"), the Urban Redevelopment Authority Act 1989 ("URA Act"), and Statutory Board Financial Reporting Standards ("SB-FRS"), including Interpretations of SB-FRS ("INT SB-FRS") and SB-FRS Guidance Notes.

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

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

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS 31 March 2023

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly: for bonds - based on quotes from dealers; for unit trusts - based on net asset values from fund managers; for forward foreign exchange contracts - based on WM Reuters fixing rates; for cross currency swaps - based on WM Reuters fixing rates and quotes from dealers; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.2 Adoption of new and revised standards

In the current financial year, the Authority has adopted all the new and revised SB-FRSs, INT SB-FRS and SB-FRS Guidance Notes that are effective from that date and relevant to its operations. The adoption of these Standards do not result in changes to the Authority's accounting policies and has no material effect on the amounts reported for the current or prior years.

2.3 Standards issued but not yet effective

Management anticipates that the adoption of the new/revised SB-FRS that are issued as at the date of authorisation of these financial statements but not yet effective until future periods will not have a material impact on the financial statements of the Authority in the period of their initial adoption.

2.4 Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the Authority becomes party to the contractual provisions of the instruments.

At initial recognition, the Authority measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Debtors are measured at the amount of consideration to which the Authority expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the debtors do not contain a significant financing component at initial recognition.

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS 31 March 2023

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Authority's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income ("FVOCI") and FVTPL. The Authority only has debt instruments at amortised cost and FVTPL.

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

(ii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument, changes in fair value are recognised in profit or loss.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of the derivatives are recognised in profit or loss.

Derecognition

The Authority derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition, any difference between the carrying amount and the sum of proceeds received is recognised in the profit or loss.

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
31 March 2023

Financial liabilities and equity instruments

Initial recognition and measurement

Financial liabilities

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

All financial liabilities are recognised initially at fair value, plus in the case of financial liabilities not at FVTPL, directly attributable transaction costs.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Authority after deducting all of its liabilities. Equity instruments are recorded in the capital account at the proceeds received, net of significant direct issue costs. Shares issued to the Minister for Finance are classified as equity.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Authority that are not designated as hedging instruments in hedge relationships.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss.

Derecognition

The Authority derecognises financial liabilities when, and only when, the Authority's obligations are discharged, cancelled or expired. The difference between the carrying amount and the consideration paid and payable is recognised in profit or loss.

2.5 Impairment of financial assets

The Authority recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Authority expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

31 March 2023

ECLs are recognised in two stages. For credit exposures for which there has not been significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For debtors, the Authority applies a simplified approach in calculating ECLs. Therefore, the Authority does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Authority has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Authority considers a financial asset in default when internal or external information indicates that the Authority is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.6 Derivative financial instruments

Forward foreign exchange contracts and cross currency swaps (collectively as "derivatives") are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately. The Authority does not adopt hedge accounting as the derivatives are mainly short-term and are held for trading (Note 6).

2.7 Leases

The Authority as lessee

The Authority assesses whether a contract is or contains a lease, at inception of the contract. The Authority recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Authority recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

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

Right-of-use assets which constitute leasehold land are depreciated over the lease term of 99 years if there is no reasonable certainty that the Authority will obtain ownership by the end of the lease term.

The right-of-use assets are presented within Note 4.

The Authority applies SB-FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the Note 2.10.

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
31 March 2023

The Authority as lessor

Leases for which the Authority is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Authority.

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives or lease term, generally as follows:

Buildings (including covered car parks)	-	25 to 50 years
Plant and machinery installed in buildings	-	10 to 20 years
Surface car parks	-	5 years
Information Technology ("IT") systems	-	3 to 5 years
Other assets	-	3 to 10 years

Other assets consist of Singapore City Gallery exhibits, motor vehicles, office furniture, fittings and fixtures, office equipment, machinery and other equipment.

No depreciation is provided on projects-in-progress.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits associated with the items, will flow to the Authority and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

On disposal or retirement of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS 31 March 2023

2.9 Infrastructural projects-in-progress

Infrastructural projects-in-progress are related to projects implemented by the Authority where the assets will be owned and maintained by other government entities.

The Authority does not have control over the completed projects and there will not be any economic benefits accruing to the Authority. Thus such project costs are not recognised as assets. Consequently the amounts incurred have been recognised as a distribution to the owners of the enterprise directly as a reduction against accumulated surplus.

2.10 Impairment of non-financial assets

At the end of each reporting period, the Authority reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Authority estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.11 Provisions

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that the Authority will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

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

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

31 March 2023

2.12 Income recognition

The Authority recognises income from the following major sources:

- Income from planning and other services
- Agency and consultancy fees
- Income from development control
- Parking fees and related charges
- Interest income
- Dividend income
- Rental income
- Other operating income

Income is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Income is recognised when the Authority satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of income recognised is the amount allocated to the satisfied performance obligation.

(i) Income from planning and other services

Income from planning and other services mainly relates to planning services rendered to the Ministry of National Development to carry out strategic physical development of Singapore in a sustainable manner. Income is recognised in the accounting period in which the services are rendered and transferred over time by the Authority.

(ii) Agency and consultancy fees

Agency and consultancy fees comprise mainly agency fees from selling and managing land for the government and from undertaking development projects on behalf of the government.

For agency fee from selling land, a significant portion of the agency revenue is recognised upon the date of award of the land to reflect the bulk of the work which has been rendered. The remaining agency fees received are deferred and recognised over time to reflect the satisfaction of performance obligations over time.

For agency fee from managing land and from undertaking development projects, income is recognised in the accounting period in which the services are rendered by the Authority.

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
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(iii) Income from development control

Income from development control mainly relates to the services rendered in processing and reviewing applications for building projects. The Authority considers its performance obligations as satisfied upon the issuance of a formal decision. Accordingly, if the decision is not issued by financial year-end, a portion of the income from development control received at financial year end is deferred and recognised in the subsequent financial year when the formal decision is issued. Income is recognised in the accounting period in which the services are rendered and transferred at a point in time by the Authority.

(iv) Parking fees and related charges

Parking fees and related charges include short-term parking charges and income from the sale of car park coupons.

For income from the sale of car park coupons, the performance obligation is satisfied at a point in time, upon usage of car park coupons by end-users. A portion of the sales proceeds is hence deferred at the end of each reporting period to reflect the amount of unused car park coupons by end-users.

Season parking fees are accounted for over time, on a time proportion basis. Licence fees from operators to operate and manage car parks are recognised over time in the accounting period on a straight line basis over the licence period. Other parking fees and related charges are accounted for at a point in time when transacted.

(v) Interest income

Interest income is recognised over time, on a time proportion basis using the effective interest method.

(vi) Dividend income

Dividend income is recognised at a point in time when the right to receive payment is established.

(vii) Rental income

Rental income from operating leases on property, plant and equipment and heavy vehicle parks is recognised on a straight line basis over the lease terms.

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
31 March 2023

(viii) Other operating income

Other operating income comprises mainly government grants which are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Authority with no future related costs are recognised in profit or loss in the period in which they become receivable.

2.13 Employee compensation and superannuation benefits

Defined contribution plans

The Authority pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory basis. The Authority has no further payment obligations once the contributions have been paid. The Authority's contributions are recognised in profit or loss when they are due.

Employee leave entitlement

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

Pensions

Provision for pensions and gratuities is made for the payment of pension benefits to pensionable officers under the provisions of the Pensions Act 1956 (Note 12).

2.14 Foreign currency transactions

In preparing the financial statements, transactions in currencies other than the Authority's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. As at each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period.

2.15 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash on hand and deposits with financial institutions, cash and bank balances held by fund managers and cash held by Accountant-General's Department, which are subject to an insignificant risk of changes in value.

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

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3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Authority's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Management is of the opinion that there are no critical judgements and key sources of estimation uncertainty at the end of the reporting period that have a significant effect on the amounts recognised in the financial statements.

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
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4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land*	Buildings	Plant and machinery	Surface car parks	IT systems	Other assets	Projects-in- progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:								
At 1 April 2021	153,151	116,839	33,220	48,230	35,747	32,031	4,936	424,154
Additions	-	-	505	-	2,420	480	3,576	6,981
Transfers	-	-	-	-	111	443	(554)	-
Disposals/write-off	-	-	(728)	(3,307)	(170)	(509)	-	(4,714)
At 31 March 2022	153,151	116,839	32,997	44,923	38,108	32,445	7,958	426,421
Additions	-	-	248	-	710	255	7,884	9,097
Transfers	-	-	1,484	3,018	4,152	-	(8,654)	-
Disposals/write-off	-	-	-	(2,286)	(4,136)	(210)	-	(6,632)
At 31 March 2023	153,151	116,839	34,729	45,655	38,834	32,490	7,188	428,886
Accumulated depreciation:								
At 1 April 2021	36,435	63,581	26,112	45,138	24,855	24,144	-	220,265
Depreciation	1,627	2,673	1,145	1,260	4,496	3,445	-	14,646
Disposals/write-off	-	-	(728)	(3,267)	(167)	(498)	-	(4,660)
At 31 March 2022	38,062	66,254	26,529	43,131	29,184	27,091	-	230,251
Depreciation	1,627	2,666	1,325	1,244	4,011	1,918	-	12,791
Disposals/write-off	-	-	-	(2,286)	(4,136)	(209)	-	(6,631)
At 31 March 2023	39,689	68,920	27,854	42,089	29,059	28,800	-	236,411
Carrying amount:								
At 31 March 2023	113,462	47,919	6,875	3,566	9,775	3,690	7,188	192,475
At 31 March 2022	115,089	50,585	6,468	1,792	8,924	5,354	7,958	196,170

* These are right-of-use assets with upfront payments.

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

31 March 2023

Land parcels with reversionary interest from past sale of sites were not included in the above assets schedule as the unguaranteed residual values could not be established at the lease inception dates in the 1970s and 1980s. Hence, these are carried at zero cost. The Authority has a total of 46 land parcels of which 42 land parcels have 4 years or less of reversionary interest and 4 land parcels have longer periods of reversionary interest.

5 DEBTORS, PREPAYMENTS AND ACCRUED REVENUE

	31 March 2023	31 March 2022
	\$'000	\$'000
Operating debtors	964	3,296
Recoverables:		
- Agency projects	629	1,000
- Others	4,966	649
Accrued interest and dividend receivables	4,229	3,161
Prepayments	3,795	4,549
Other debtors	520	125
Amount due from brokers	112	155
Receivables for sale of investment	-	5,308
Staff loans	1	4
Accrued revenue	2,085	4,248
	<u>17,301</u>	<u>22,495</u>

The Authority's operating debtors are mostly government agencies, other statutory boards and its supervisory ministry, the Ministry of National Development (Note 26). A majority of the Authority's operating debtors and recoverables are neither past due (within the credit period of 30 days) nor impaired and are due from the Ministry of National Development. During the financial year, third party operating debtors of \$160,000 (31 March 2022 : \$Nil) was written off. Apart from this, the Authority does not have significant historical credit loss and the loss allowance measured using lifetime ECL is determined to be minimal.

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
31 March 2023

6 FINANCIAL ASSETS (LIABILITIES) AT FAIR VALUE THROUGH PROFIT OR LOSS AND AMORTISED COST

Financial assets (liabilities) include the following:

	31 March 2023 \$'000	31 March 2022 \$'000
<u>Financial assets at fair value through profit or loss</u>		
Quoted marketable securities:		
- Bonds ^(b)	416,461	425,647
Unit trusts	294,598	317,532
Forward foreign exchange contracts ^(c)	1,811	644
Cross currency swaps ^(d)	-	550
Total financial assets at FVTPL	<u>712,870</u>	<u>744,373</u>
<u>Financial assets at amortised cost</u>		
- Bonds ^{(b) (f)}	-	11,281
Total financial assets	<u>712,870</u>	<u>755,654</u>
<u>Financial liabilities at fair value through profit or loss</u>		
Forward foreign exchange contracts ^(c)	(359)	(490)
Cross currency swaps ^(d)	-	(108)
Total financial liabilities at FVTPL	<u>(359)</u>	<u>(598)</u>
Net financial assets	<u>712,511</u>	<u>755,056</u>

The Authority's financial assets and financial liabilities at fair value through profit or loss are measured at fair value as at each reporting date. The fair value measurement of financial assets and financial liabilities are categorised as Level 2. There are no significant unobservable inputs and there was no transfer between Level 1 and Level 2 of the fair value hierarchy during the current and previous financial years.

- (a) All investment in financial assets (liabilities) are managed by external fund managers, except for cross currency swaps and bonds held at amortised cost.
- (b) Bonds included in quoted marketable securities and at amortised cost had a weighted average effective interest rate of 4.5% per annum (31 March 2022 : 3.2% per annum). The bonds tenure ranged from 5 day to 38.1 years (31 March 2022 : 1 day to 48.3 years). Included in bonds are perpetual securities of \$17,254,000 (31 March 2022 : \$33,939,000) with no fixed redemption date. Singapore Government Securities and bonds issued by the Singapore statutory boards amounted to \$69,678,000 (31 March 2022 : \$86,770,000).

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
31 March 2023

- (c) Foreign exchange contracts are used to hedge foreign exchange risks arising from investments in quoted bonds. The notional principal amounts of outstanding forward foreign exchange contracts is \$208,831,000 (31 March 2022 : \$228,572,000), of which contracts involving United States dollars amounts to \$208,831,000 (31 March 2022 : \$228,572,000).

The settlement dates on forward foreign exchange contracts ranged between 11 days to 77 days (31 March 2022 : 7 days to 78 days). The Authority will settle the foreign exchange contracts on a gross basis.

- (d) In the previous financial year ended 31 March 2022, the Authority used cross currency swaps to hedge foreign exchange risks arising from investments in quoted foreign currency bonds. The notional principal amounts of outstanding cross currency swaps comprised contracts involving United States dollar and Euro amounted \$3,035,000 and \$5,482,000 respectively.

The settlement dates on cross currency swaps were less than 0.25 years and they were settled on a gross basis.

There are no cross currency swaps used in the current financial year ended 31 March 2023.

- (e) Investment in financial assets at fair value through profit or loss denominated in foreign currencies amounted to \$342,101,000 (31 March 2022 : \$382,202,000). The foreign currency exposure arises primarily from the Authority's investment in unit trusts and quoted bonds and is fully denominated in United States dollar.

- (f) In the previous financial year ended 31 March 2022, the Authority had a bond portfolio amounting to \$11,281,000, which was measured at amortised cost. The fair value of the bond portfolio amounted to \$11,426,000. The portfolio comprised mainly foreign and domestic corporate bonds. The bond portfolio matured on 31 August 2022.

7 CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprised the following:

	31 March 2023	31 March 2022
	\$'000	\$'000
Cash and bank balances	17	2,999
Cash with Accountant-General's Department	175,138	163,444
Cash and bank balances held by fund managers	22,576	17,129
Cash and cash equivalents per Statement of Financial Position	197,731	183,572
Cash held on behalf of government agencies and contractor	(3,859)	(2,623)
Cash and cash equivalents per Statement of Cash Flows	<u>193,872</u>	<u>180,949</u>

- (a) Included in cash and bank balances, as well as cash with Accountant-General's Department ("AGD") was an amount of \$3,859,000 (31 March 2022 : \$2,623,000) relating to collections on behalf of the Ministry of National Development and other government agencies and contractor, and classified as part of "Creditors and accrued operating expenses" (Note 8) and "Agency and other deposits" (Note 9).

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
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- (c) Cash with the AGD comprises \$97,956,000 (31 March 2022 : \$74,618,000) that are managed by AGD under the Centralised Liquidity Management ("CLM") and \$77,182,000 (31 March 2022 : \$88,826,000) managed under the Statutory Board Approved Funds ("SBAF"). Under the CLM, cash is managed centrally to achieve greater efficiency and earns interest ranging from 0.49% to 2.85% (2021/2022 : 0.28% to 0.41%). Under the SBAF, funds approved for infrastructural projects are placed with AGD and will not be subject to dividend payment (Note 24).
- (d) Cash and cash equivalents denominated in United States dollars amounted to \$7,775,000 (31 March 2022 : \$6,495,000). The cash in foreign currencies were held by fund managers in relation to the Authority's investment in quoted bonds.

8 CREDITORS AND ACCRUED OPERATING EXPENSES

	31 March 2023	31 March 2022
	\$'000	\$'000
Collections on behalf of the Ministry of National Development and government agencies:		
- Development charges and parking fees	575	669
- Others	1,382	885
Operating creditors	2,798	13,428
Advances received	564	489
Accrued operating expenses and other creditors	31,823	28,332
Payables for infrastructural projects-in-progress	2,662	1,654
Payables for purchase of investments	6,360	8,750
Payables for property, plant and equipment	2,426	3,324
Creditors and accrued operating expenses	<u>48,590</u>	<u>57,531</u>
Less: Advances received	(564)	(489)
Less: Provision for unconsumed leave	(7,144)	(9,126)
Add: Agency and other deposits	2,625	2,317
Financial liabilities at amortised cost	<u>43,507</u>	<u>50,233</u>

In addition to project advances of \$12,363,000 (31 March 2022 : \$12,363,000) disclosed as a non-current liability on the Statement of Financial Position, an amount of \$1,540,000 (31 March 2022 : \$834,000) included in "Operating creditors" and "Accrued operating expenses and other creditors", totalling \$13,903,000 (31 March 2022 : \$13,197,000) relates to agency projects.

Other than collections on behalf of the Ministry of National Development and government agencies, the average credit period is 30 days (31 March 2022 : 30 days).

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
31 March 2023

9 AGENCY AND OTHER DEPOSITS

Agency and other deposits pertain mainly to deposits received from government agencies for undertaking development projects on their behalf.

10 CONTRIBUTION TO CONSOLIDATED FUND

The contribution to the Consolidated Fund is made in accordance with Section (3)(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act 1989. Contribution for the financial year is determined based on 17% (2021/2022 : 17%) of the surplus for the financial year. There is no surplus for the financial years ended 31 March 2023 and 31 March 2022, hence the contribution to Consolidated Fund is \$Nil.

11 DEFERRED INCOME

This includes mainly development application processing fees received for which decisions have not been committed and the portion of agency fees received on sale of sites which are deferred for services to be performed in future financial years.

	31 March 2023 \$'000	31 March 2022 \$'000
Presented as:		
Current	6,340	5,794
Non-current	1,331	1,399
	<u>7,671</u>	<u>7,193</u>

Movements in deferred income account were as follows:

	31 March 2023 \$'000	31 March 2022 \$'000
At beginning of financial year	7,193	6,460
Income deferred during the financial year	6,270	6,261
Transfer to profit or loss	(5,792)	(5,528)
At end of financial year	<u>7,671</u>	<u>7,193</u>

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

31 March 2023

12 PROVISION FOR PENSIONS AND GRATUITIES

Movements in provision for pensions and gratuities were as follows:

	31 March 2023 \$'000	31 March 2022 \$'000
At beginning of financial year	1,159	1,223
Provision utilised during the financial year	(59)	(64)
At end of financial year	<u>1,100</u>	<u>1,159</u>

The Authority is only liable for the pension costs for the period of service completed by the pensionable officers. The total pension costs are shared between the Authority and the government.

The officers are entitled to select one of the following pension options upon retirement:

- i. Full pension without any gratuity;
- ii. Reduced pension together with a gratuity; or
- iii. Fully commuted pension gratuity without pension.

The amounts due to pensionable officers are determined based on their last drawn salaries and the pensionable service period served with the Authority at the time of retirement. For retired pensioners who are receiving monthly pension, provision is based on payment of the actual monthly pension up to their life expectancy as per data provided by the Department of Statistics, Singapore.

13 CAPITAL ACCOUNT

The balance in this account represents:

- (a) \$26,496,000: the value of certain leasehold land of the former Urban Renewal Department under the Ministry of National Development and some adjacent state land vested in the Authority when it was established;
- (b) \$1,195,000: the net book value of movable assets transferred from the former Planning Department and the Research and Statistics Unit under the Ministry of National Development upon their amalgamation with the Authority on 1 September 1989; and
- (c) 1,000 shares of one dollar each issued to the Minister for Finance, a body corporate incorporated under the Minister for Finance (Incorporation) Act 1959 for equity injection of \$1,000 on 23 February 2009.

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
31 March 2023

14 INCOME FROM PLANNING AND OTHER SERVICES

	<u>2022/2023</u>	<u>2021/2022</u>
	\$'000	\$'000
Income from planning and other services:		
- Planning services rendered to the Ministry of National Development	79,774	67,841
- Place Management	6,959	7,400
- Promotion of architecture and urban design excellence	3,721	3,084
- Others	20,828	13,703
	<u>111,282</u>	<u>92,028</u>

15 AGENCY AND CONSULTANCY FEES

The Authority sells and manages land for the government, manages car parks and undertakes development projects on behalf of the government and earns agency and consultancy fees for the provision of these services.

16 INCOME FROM DEVELOPMENT CONTROL

The income from development control includes sale of approved plans, search fees, lodgement fees and development application processing fees collected under subsidiary legislation made under the Planning Act 1998 and administrative charges for planning clearance for projects submitted by government departments and ministries.

17 PARKING FEES AND RELATED CHARGES

Included in parking fees and related charges are short-term parking charges and income from the sale of car park coupons.

In addition, the Authority manages car parks, mostly for commercial parking use and receives income such as season parking for cars and heavy vehicles as well as licence fees and share of profit from operators to operate and manage the car parks.

The expenses incurred for managing car parks are reflected under property and car park maintenance and the other operating expense line items based on their nature.

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

31 March 2023

18 NET LOSS FROM BANK DEPOSITS AND INVESTMENTS

	<u>2022/2023</u>	<u>2021/2022</u>
	\$'000	\$'000
Interest income from bank deposits	1,275	191
<u>Investments</u>		
(Loss)/Gain from sale of investments	(9,618)	23,495
Interest income	13,296	14,160
Fair value loss arising from financial assets and financial liabilities held for trading	(26,597)	(48,348)
Interest expense from bonds measured at amortised cost	(12)	(36)
Foreign exchange (loss)/gain	(3,978)	910
Loss from investments	(26,909)	(9,819)
Fund management expenses	(2,070)	(2,148)
	<u>(28,979)</u>	<u>(11,967)</u>
Net loss from bank deposits and investments	<u>(27,704)</u>	<u>(11,776)</u>

19 OTHER OPERATING INCOME

Other operating income comprises mainly operating government grants received from the Ministry of National Development to defray the cost incurred by the Authority in carrying out its regulatory and enforcement actions.

20 EXPENDITURE ON MANPOWER AND STAFF BENEFITS

	<u>2022/2023</u>	<u>2021/2022</u>
	\$'000	\$'000
Salaries, allowances and bonus	122,956	112,419
Employer's contribution to Central Provident Fund	16,039	15,325
Hospital and medical expenses	413	631
Staff welfare expenses	538	549
Other staff costs	773	3,743
	<u>140,719</u>	<u>132,667</u>

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
31 March 2023

21 OPERATING SUPPLIES AND SERVICES

Key items included under operating supplies and services are expenditure on information technology, staging costs for exhibitions and events and cost incurred for enforcement services.

In addition to those disclosed elsewhere in the notes to the Statement of Comprehensive Income, the following items had been included in arriving at operating surplus:

	<u>2022/2023</u>	<u>2021/2022</u>
	\$'000	\$'000
Board members' allowances	236	236
Expenses relating to short term leases	2,800	2,424
Expenses relating to leases of low value assets	1,399	1,331

22 TEMPORARY OCCUPATION LICENCE FEES

The Authority pays temporary occupation license fees to other state-controlled entities for the use of land belonging to the State and other statutory boards for kerbside and off-street parking.

23 FUNDING FOR GOVERNMENT PROJECTS

The Authority provides funding for strategic and game-changing government infrastructure projects which are aligned with URA's mission and strategic objectives. The funding is recognised in the financial year when they become payable upon receipt of invoice. This amount was recorded directly as a reduction in the Authority's accumulated surplus in the financial year as this was a contribution to the government. The amount incurred of \$17,768,000 (2021/2022 : \$13,385,000) was mainly for projects such as Rail Corridor, Round Island Route Phase 1A and Proposed Construction of Pedestrian and Cycling Connections along the Kallang River.

24 DIVIDEND PAID

Dividend is recognised in the financial year in which it is approved by the Board. During the financial year, dividend of \$Nil (2021/2022 : \$35,372,000) was paid to the Minister for Finance, a body corporate incorporated under the Minister for Finance (Incorporation) Act 1959, in respect of the results for the financial year ended 31 March 2022 (2021/2022 : 31 March 2021).

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
31 March 2023

25 COMMITMENTS

(a) Capital commitments

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

	31 March 2023	31 March 2022
	<u>\$'000</u>	<u>\$'000</u>
Commitment for the acquisition of property, plant and equipment	16,681	14,321

(b) The Authority as lessor

Operating lease receivables represent mainly rental receivable by the Authority for leasing of its office spaces at The URA Centre, The URA Centre East Wing and heavy vehicle parks. Generally, the leases are negotiated for a term of 3 years and rentals are fixed over the lease terms.

The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Authority, as the properties leased out are mainly located in prime locations.

Maturity analysis of operating lease receivables:

	31 March 2023	31 March 2022
	<u>\$'000</u>	<u>\$'000</u>
Not later than one year	9,458	9,351
Between one and two years	7,679	2,422
Between two and three years	6,227	865
Between three and four years	-	720
	<u>23,364</u>	<u>13,358</u>

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
31 March 2023

26 SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, related parties refer to Ministries, Organ of States, other Statutory Boards and key management personnel. The transactions with government-related entities other than Ministries, Organ of States, and other Statutory Boards, are not disclosed unless there are circumstances to indicate that these transactions are of interest to the readers of the financial statements.

Other than as disclosed elsewhere in the financial statements, the Authority had the following significant transactions with its supervisory ministry, the Ministry of National Development, and other related parties during the year, at terms agreed between the related parties:

	<u>2022/2023</u>	<u>2021/2022</u>
	\$'000	\$'000
Income		
Ministry of National Development:		
- Income from planning and other services	108,611	90,501
- Agency and consultancy fees	12,859	13,617
- Other operating income	8,133	26,139
Housing & Development Board:		
- Income from development control	7,163	3,641
Ministry of Law:		
- Agency and consultancy fees	<u>6,075</u>	<u>5,754</u>

Expenditure

Singapore Land Authority:		
- Temporary occupation licence fees	<u>28,912</u>	<u>28,753</u>

Compensation of key management personnel

Key management personnel compensation is as follows:

	<u>2022/2023</u>	<u>2021/2022</u>
	\$'000	\$'000
Salaries and other short-term employee benefits	6,993	6,590
Employer's contribution to Central Provident Fund	<u>275</u>	<u>283</u>
	<u>7,268</u>	<u>6,873</u>

Key management personnel refers to employees designated as Group Directors and above who have the authority and responsibility for planning, directing and controlling the activities of the Authority.

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
31 March 2023

27 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

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

	31 March 2023	31 March 2022
	\$'000	\$'000
Financial assets		
Financial assets at amortised cost:		
- Debtors and accrued revenue excluding prepayments (Note 5)	13,506	17,946
- Cash and cash equivalents (Note 7)	197,731	183,572
- Bonds (Note 6)	-	11,281
	<u>211,237</u>	<u>212,799</u>
Financial assets measured at FVTPL (Note 6)	<u>712,870</u>	<u>744,373</u>
	31 March 2023	31 March 2022
	\$'000	\$'000
Financial liabilities		
Financial liabilities at amortised cost (Note 8)	<u>43,507</u>	<u>50,233</u>
Financial liabilities measured at FVTPL (Note 6)	<u>359</u>	<u>598</u>

(b) Financial risk management policies and objectives

The main risks arising from the Authority's activities are market risk (including foreign currency, interest rate and price risks), credit risk and liquidity risk.

There has been no change to the Authority's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

The Authority does not hold or issue derivative financial instruments for speculative purposes.

URBAN REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
31 March 2023

(i) Foreign currency risk management

The Authority has exposure to foreign currency exchange risk as a result of investments in mainly United States dollar denominated financial assets amounting to \$137,145,000 (31 March 2022 : \$157,061,000) as at the year end. Foreign currency contracts and cross currency swaps are used to hedge foreign exchange exposure as and when required.

Foreign currency sensitivity analysis

The following details the sensitivity to a 10% increase and decrease in United States dollar against the functional currency of the Authority. 10% represents management's assessment of the reasonably possible change in foreign exchange rates.

A 10% weakening/strengthening in the Singapore dollar against the United States dollar with all other variables being held constant is expected to increase/decrease the net surplus of the Authority by \$13,715,000 (2021/2022 : \$15,706,000).

Management is of the view that the above sensitivity analysis may not be representative of the inherent foreign exchange risk as year-end exposure may not reflect the actual exposure and circumstances during the financial year.

(ii) Interest rate risk management

As the Authority maintains most of its cash and cash equivalents with the Accountant-General's Department ("AGD") under the Centralised Liquidity Management ("CLM") and the Statutory Board Approved Fund ("SBAF") and does not have any interest bearing liabilities, its exposure to interest rate risk is insignificant. The interest rates for cash under the CLM are based on deposit rates determined by the financial institutions where the cash is deposited and are expected to move in tandem with market interest rate movements. There is no interest earned for cash under the SBAF.

(iii) Price risk management

The Authority is exposed to price risk arising from financial assets classified as fair value through profit or loss.

Further details of these investments can be found in Note 6 to the financial statements.

Price sensitivity analysis

In respect of financial assets at fair value through profit or loss, except bonds, if prices increase or decrease by 10% with all other variables being held constant, the Authority's net surplus for the year ended 31 March 2023 would increase/decrease by \$29,460,000 (2021/2022 : \$31,755,000).

In respect of bonds classified as held for trading, if the interest rate decreases/increases by 100 basis, and all other variables are held constant, the Authority's net surplus for the year ended 31 March 2023 would increase/decrease by \$16,318,000 (2021/2022 : \$19,221,000), determined based on a method using the weighted average duration of the bonds.

(iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Authority. In managing credit risk exposure, credit review and approval processes as well as monitoring mechanisms are applied.

The Authority's major classes of financial assets are cash and cash equivalents with AGD, debtors, unit trust and bonds placed with reputable financial institutions. Bonds held for investment are of at least investment grade as per globally understood definition. The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments as presented on the statement of financial position.

There is no significant concentration of credit risk except as disclosed in Note 5 where the major customers are government related entities. There is also consistent monitoring of the credit quality of the customers.

(v) Liquidity risk management

In managing the liquidity risk, the Authority ensures that it maintains sufficient cash and flexibility in funding to finance its operations.

Liquidity risk analysis

The Authority's non-derivative financial assets and financial liabilities are due on demand or within 1 year from the end of the reporting period.

(vi) Fair value of financial assets and financial liabilities

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

(c) Capital risk management policies and objectives

The capital structure of the Authority consists of capital account and accumulated surplus. The Authority manages its capital and accumulated surplus in accordance with the Capital Management Framework formulated by the Ministry of Finance, to ensure it will be able to continue as a going concern and is able to support or carry out strategic and game-changing projects aligned with the Authority's mission and strategic objectives. The framework sets out the basis of equity contribution by the government to the Authority and the principle of dividend distribution to the government. The Authority's overall strategy remains unchanged from the previous financial year.