

SP PowerAssets Limited
Registration Number: 200302108D

Annual Report
Year ended 31 March 2015



**Building a better
working world**

Directors' report

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 March 2015.

Directors

The directors in office at the date of this report are as follows:

Mr Wong Kim Yin
 Mr Lim Howe Run
 Ms Lim Chor Hoon
 Mr Chuah Kee Heng
 Ms Lena Chia Yue Joo (Appointed on 1 April 2015)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year	Holdings at end of the year
Mr Wong Kim Yin		
Singapore Telecommunications Limited shares	190	190
Mapletree Industrial Trust units	30,000	30,000
Ms Lim Lay Hong <i>(Stepped down from the Board on 1 April 2015)</i>		
Singapore Telecommunications Limited shares	2,430	2,430
Mr Lim Howe Run		
Singapore Telecommunications Limited shares	2,970	2,970
Singapore Airlines Limited shares	1,000	1,000
Ms Lim Chor Hoon		
Singapore Telecommunications Limited shares	1,360	1,360

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year	Holdings at end of the year
Mr Chuah Kee Heng		
Neptune Orient Lines Limited shares	78,000	78,000
Mapletree Industrial Trust units	38,619	38,619
Mapletree Commercial Trust units	47,000	47,000
Mapletree Logistics Trust units	23,000	23,000
SMRT Corporation Ltd shares	8,000	8,000
Singapore Airlines Limited shares	1,000	1,000
Singapore Telecommunications Limited shares	12,000	12,000

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except that the directors have employment relationships with or are directors of the immediate holding company or related corporations and have received remuneration in those capacities.

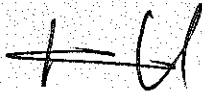
Share options

During the financial year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

On behalf of the Board of Directors



MR WONG KIM YIN
Chairman



MR LIM HOWE RUN
Director

15 May 2015

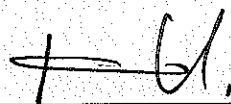
Statement by Directors

In our opinion:

- (a) the financial statements set out on pages 7 to 45 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2015 and the results, changes in equity and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors



MR WONG KIM YIN
Chairman



MR LIM HOWE RUN
Director

15 May 2015

Independent Auditor's Report **For the financial year ended 31 March 2015**

Independent Auditor's Report to the Member of SP PowerAssets Limited

Report on the Financial Statements

We have audited the accompanying financial statements of SP PowerAssets Limited (the "Company") set out on pages 7 to 45, which comprise the balance sheet as at 31 March 2015, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

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 judgment, 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 entity's preparation of financial statements that give a true and fair view 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 entity'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.



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SP PowerAssets Limited
Independent auditor's report
Year ended 31 March 2015

Opinion

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2015 and the results, changes in equity and cash flows of the Company for the year ended on that date.

Other Matters

The financial statements of the Company for the year ended 31 March 2014 were audited by another auditor who expressed an unmodified opinion on those statements on 22 May 2014.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

15 May 2015

Balance sheet
As at 31 March 2015

	Note	2015 \$ million	2014 \$ million
Non-current assets			
Property, plant and equipment	4	8,327.7	7,975.4
Intangible assets	5	2,231.4	2,218.0
Financial derivative assets		159.5	75.2
		<u>10,718.6</u>	<u>10,268.6</u>
Current assets			
Inventories	6	41.8	41.0
Trade and other receivables	7	208.8	218.7
Cash and cash equivalents	8	68.8	34.5
		<u>319.4</u>	<u>294.2</u>
Total assets		<u>11,038.0</u>	<u>10,562.8</u>
Equity			
Share capital	9	2,512.4	2,512.4
Reserves	10	1,628.7	1,263.9
Total equity		<u>4,141.1</u>	<u>3,776.3</u>
Non-current liabilities			
Debt obligations	11	3,174.5	3,715.3
Deferred income	12	195.4	232.2
Deferred tax liabilities	13	1,029.9	981.2
Financial derivative liabilities		62.2	108.2
		<u>4,462.0</u>	<u>5,036.9</u>
Current liabilities			
Trade and other payables	14	1,785.8	1,509.8
Debt obligations	11	582.4	162.1
Current tax payable		66.7	77.7
		<u>2,434.9</u>	<u>1,749.6</u>
Total liabilities		<u>6,896.9</u>	<u>6,786.5</u>
Total equity and liabilities		<u>11,038.0</u>	<u>10,562.8</u>

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

Income statement
Year ended 31 March 2015

	Note	2015 \$ million	2014 \$ million
Revenue	15	1,483.5	1,193.8
Other income	16	80.6	67.3
Expenses			
- Depreciation of property, plant and equipment	4	(438.7)	(396.1)
- Amortisation of intangible assets	5	(8.6)	(6.1)
- Maintenance		(70.9)	(73.1)
- Management fees		(130.0)	(129.8)
- Property taxes		(33.1)	(44.1)
- Agency fee		(19.5)	(18.6)
- Support services		(16.9)	(13.8)
- Other operating expenses		(36.3)	(42.2)
Operating profit		810.1	537.3
Finance income	17	0.5	2.9
Finance costs	18	(91.9)	(83.1)
Profit before taxation		718.7	457.1
Tax expense	19	(126.0)	(78.5)
Profit for the year	20	592.7	378.6

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

Statement of comprehensive income
Year ended 31 March 2015

	2015 \$ million	2014 \$ million
Profit for the year	592.7	378.6
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Effective portion of changes in fair value of cash flow hedges, net of tax	29.5	18.4
Net change in fair value of cash flow hedges reclassified to profit or loss, net of tax	5.0	1.1
Net change in fair value of cash flow hedges on recognition of the hedged items on balance sheet, net of tax	1.9	6.2
Other comprehensive income for the year, net of tax	36.4	25.7
Total comprehensive income for the year	629.1	404.3

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

Statement of changes in equity
Year ended 31 March 2015

	Share capital \$ million	Hedging reserve \$ million	Accumulated profits \$ million	Total equity \$ million
At 1 April 2013	2,512.4	(15.3)	874.9	3,372.0
Total comprehensive income for the year				
Profit for the year	—	—	378.6	378.6
Other comprehensive income				
Effective portion of changes in fair value of cash flow hedges, net of tax	—	18.4	—	18.4
Net change in fair value of cash flow hedges reclassified to profit or loss, net of tax	—	1.1	—	1.1
Net change in fair value of cash flow hedges on recognition of the hedged item on balance sheet, net of tax	—	6.2	—	6.2
Total other comprehensive income	—	25.7	—	25.7
Total comprehensive income for the year	—	25.7	378.6	404.3
At 31 March 2014	2,512.4	10.4	1,253.5	3,776.3
At 1 April 2014	2,512.4	10.4	1,253.5	3,776.3
Total comprehensive income for the year				
Profit for the year	—	—	592.7	592.7
Other comprehensive income				
Effective portion of changes in fair value of cash flow hedges, net of tax	—	29.5	—	29.5
Net change in fair value of cash flow hedges reclassified to profit or loss, net of tax	—	5.0	—	5.0
Net change in fair value of cash flow hedges on recognition of the hedged item on balance sheet, net of tax	—	1.9	—	1.9
Total other comprehensive income	—	36.4	—	36.4
Total comprehensive income for the year	—	36.4	592.7	629.1
Transaction with owner, recognised directly in equity				
Contributions by and distribution to owner				
Final tax-exempt dividend paid of \$0.1052 per share for the year ended 31 March 2014	—	—	(264.3)	(264.3)
At 31 March 2015	2,512.4	46.8	1,581.9	4,141.1

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

Statement of cash flows
Year ended 31 March 2015

	2015	2014
	\$ million	\$ million
Cash flows from operating activities		
Profit before tax	718.7	457.1
Adjustments for:		
Depreciation and amortisation	447.3	402.2
Loss on disposal of property, plant and equipment	1.3	5.1
Billings in advance	(27.7)	27.7
Accretion of deferred income	(9.1)	(9.0)
Inventories written down	2.1	2.1
Provision for stock obsolescence	0.7	—
Finance income	(0.5)	(2.9)
Finance costs	91.9	83.1
	<u>1,224.7</u>	<u>965.4</u>
Changes in working capital:		
Inventories	(3.6)	0.6
Trade and other receivables	11.9	62.1
Trade and other payables	(167.5)	79.6
Cash generated from operations	<u>1,065.5</u>	<u>1,107.7</u>
Interest received	0.5	1.2
Income tax paid	(95.8)	(72.3)
Net cash from operating activities	<u>970.2</u>	<u>1,036.6</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(845.6)	(814.3)
Purchase of intangible assets	(22.0)	(16.8)
Proceeds from disposal of property, plant and equipment	12.1	3.1
Net cash used in investing activities	<u>(855.5)</u>	<u>(828.0)</u>
Cash flows from financing activities		
Interest paid	(128.5)	(178.7)
Repayment of bank loans	—	(617.0)
Proceeds from bank loans	—	617.0
Redemption of borrowings	(194.4)	(1,740.0)
Repayment of loan note issued to immediate holding company	—	(359.0)
Repayment from immediate holding company (non-trade)	—	614.5
Proceeds from immediate holding company (non-trade)	506.8	659.1
Proceeds from termination of swaps	—	33.0
Dividends paid to owner of the Company	(264.3)	—
Net cash used in financing activities	<u>(80.4)</u>	<u>(971.1)</u>
Net increase/(decrease) in cash and cash equivalents	<u>34.3</u>	<u>(762.5)</u>
Cash and cash equivalents at beginning of the year	<u>34.5</u>	<u>797.0</u>
Cash and cash equivalents at end of the year	<u>68.8</u>	<u>34.5</u>

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 15 May 2015.

1 Domicile and activities

SP PowerAssets Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at 10 Pasir Panjang Road, #03-01, Mapletree Business City, Singapore 117438.

The principal activities of the Company are those relating to the provision of services in connection with the transmission and distribution of electricity.

The immediate and ultimate holding companies are Singapore Power Limited and Temasek Holdings (Private) Limited respectively. Both companies are incorporated in the Republic of Singapore.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

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

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest 0.1 million, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is discussed below:

Impairment of goodwill and indefinite-lived intangible assets

Impairment reviews in respect of goodwill and intangible assets are performed at least annually. More regular reviews are performed if changes in circumstances or the occurrence of events indicate potential impairment. The Company uses the present value of future cash flows to determine the recoverable amounts of the cash generating units. In calculating the recoverable amounts, significant management judgement is required in forecasting cash flows of the cash generating units, in estimating the terminal growth values and in selecting an appropriate discount rate. Details of key assumptions made are set out in note 5.

Revenue recognition

Revenue from use of system charges is recognised when electricity is delivered to consumers. This is estimated based on the amounts billed and the revenue allowed by Energy Market Authority (EMA), using the approved tariffs and the volume of electricity delivered.

Estimating fair values of financial assets and financial liabilities

The fair value of financial assets and financial liabilities are estimated for recognition, measurement and disclosure purposes. Note 23 sets out the basis of valuation of financial assets and liabilities.

2.5 Changes in accounting policies

Adoption of new and revised FRSs and Interpretations to FRS

The Company has adopted all the new and revised FRSs and Interpretations to FRS (INT FRS) that became mandatory for the financial year beginning on 1 April 2014. The adoption of these new FRSs and INT FRS has no significant impact to the Company's financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently for all periods presented in these financial statements.

3.1 Property, plant and equipment

Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing cost. Capitalisation of borrowing costs will cease when the asset is ready for its intended use, which is defined by the commencement of revenue earning. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other operating expenses in profit or loss.

Subsequent costs

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

Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land and construction-in-progress are not depreciated.

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

Leasehold land	Remaining term of the lease ranging from 20 to 99 years
Leasehold buildings	30 years
Transformers and switchgear	30 years
Other plant and machinery	
- Works and other equipment	3 to 10 years
- Standby electricity generator and other machinery	15 to 25 years
Mains	30 years
Other fixed assets (principally meters and motor vehicles)	3 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.2 Intangible assets

Goodwill

Goodwill arising from acquisition represents the excess of the cost of acquisition over the fair value of identifiable net assets acquired.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses and is tested for impairment on an annual basis as described in note 3.5.

Other intangible assets

Deferred expenditure is stated at cost less accumulated amortisation and accumulated impairment losses. This relates mainly to contributions paid by the Company in accordance with regulatory requirements towards capital expenditure costs incurred by electricity generation companies. Deferred expenditure is amortised on a straight-line basis over the period in which the Company derives benefits from the capital contribution payments, which is generally the useful life of the relevant equipment ranging from 7 to 19 years.

Computer software development in-progress is initially measured at cost. Following initial recognition, computer software development in-progress is measured at cost less accumulated impaired losses.

3.3 Financial instruments

Non-derivative financial assets

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company 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 Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The rights of offset must not be contingent on a future event and must be enforceable in the event of bankruptcy or insolvency of all the counterparties to the contract.

Loans and receivables

Loans and receivables 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 cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

Non-derivatives financial liabilities

The Company initially recognises debt securities and bank borrowings on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

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

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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.

These financial liabilities comprise trade and other payables, loan note issued to immediate holding company and debt obligations.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Derivative financial instruments, including hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivative are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as the hedging instrument, the Company formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be “highly effective” in offsetting the changes in fair value or cash flows of the respective hedged items attributable to the hedged risk and whether the actual results of each hedge are within a range of 80%-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit and loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount accumulated in equity is reclassified to profit and loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in profit or loss. The hedged item is adjusted to reflect changes in its fair value in respect of the risk being hedged; the gain or loss attributable to the hedged risk is recognised in profit or loss with an adjustment to the carrying amount of the hedged item.

Derivatives that do not qualify for hedge accounting

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

3.4 Leased assets

Where the Company has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease.

3.5 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event had occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Loans and receivables

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined based on the weighted average method, and includes expenditure in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Cost may also include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories. Allowance for obsolete, deteriorated or damaged stocks is made when considered appropriate.

3.7 Provisions

A provision is recognised if, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.8 Deferred income

Deferred income comprises (i) contributions made by certain customers towards the cost of capital projects received prior to 1 July 2009 and (ii) billings in advance.

Customers' contributions

Deferred income is recognised on a straight-line basis and taken to profit or loss over the periods necessary to match the depreciation of the assets purchased with the customers' contributions.

Billings in advance

Deferred income is recognised in profit or loss over the periods necessary to adjust allowed revenue (in accordance with the price regulation framework approved by EMA) to revenue earned based on services rendered. At the end of each regulatory period, any outstanding balance is taken to profit or loss as revenue.

3.9 Revenue recognition

Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

Use of system charges

Revenue from use of system charges is recognised when electricity is delivered to consumers.

Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to the proportion of contract costs incurred or work performed to date to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

3.10 Price regulation and licence

The Company's operations in Singapore are regulated under the Electricity Licence for Transmission Licensee issued by the Energy Market Authority of Singapore (EMA).

Revenue to be earned from the transmission of electricity is regulated based on certain formulae and parameters set out in the licence, relevant acts and codes.

Actual revenue billed may vary from that allowed, resulting in an adjustment that may increase or decrease tariffs in succeeding periods to recover or refund amounts under or over charged. Amounts to be recovered or refunded are brought to account as adjustments to revenue in the period in which the Company becomes entitled to the recovery or liable for the refund.

The Company's capital expenditure and tax expense may vary from its regulatory plan and is subject to a review by the EMA. The results of the variances in capital expenditure and tax expense may be translated into price adjustments, if any, in the following reset period.

3.11 Lease payment

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.12 Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, fair value gains or losses on financial assets and liabilities at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), gains or losses on hedging instruments that are recognised in profit or loss and amortisation of transaction costs capitalised.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.13 Tax expense

Tax expense comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in the other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary difference on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.14 Segment reporting

The Company determines and presents operating segments based on the information that is provided internally to the chief operating decision maker.

The Company has only one operating segment – electricity transmission and distribution, and hence no separate disclosures are made in the financial statements.

3.15 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations that are effective for annual periods beginning after 1 April 2014 have not been applied in preparing these financial statements. None of these is expected to have a significant impact on the Company's financial statements in the next financial year.

4 Property, plant and equipment

	Freehold land \$ million	Leasehold land \$ million	Leasehold buildings \$ million	Switchgear \$ million	Transformers \$ million	Other plant and machinery \$ million	Mains \$ million	Other fixed assets \$ million	Construction- in-progress \$ million	Total \$ million
Cost										
At 1 April 2013	0.3	356.3	942.2	2,498.3	1,112.7	183.3	4,820.4	92.9	761.7	10,768.1
Additions	—	—	—	0.1	1.5	2.7	—	19.1	800.2	823.6
Disposals	—	(0.2)	—	(8.7)	(8.8)	(5.3)	—	(0.7)	—	(23.7)
Reclassification	—	62.0	162.3	174.3	112.2	16.4	103.9	0.3	(631.4)	—
At 31 March 2014	0.3	418.1	1,104.5	2,664.0	1,217.6	197.1	4,924.3	111.6	930.5	11,568.0
Additions	—	—	—	0.6	—	3.6	—	25.9	779.7	809.8
Disposals	—	(0.2)	—	(7.8)	(8.9)	(3.1)	(87.3)	(1.4)	—	(108.7)
Transfers to intangibles (Note 5)	—	—	—	—	—	—	—	—	(5.4)	(5.4)
Reclassification	—	(0.1)	43.8	130.2	119.9	23.8	197.4	5.5	(520.5)	—
At 31 March 2015	0.3	417.8	1,148.3	2,787.0	1,328.6	221.4	5,034.4	141.6	1,184.3	12,263.7
Accumulated depreciation										
At 1 April 2013	—	73.6	322.1	806.0	312.7	140.3	1,494.7	62.6	—	3,212.0
Depreciation	—	9.9	42.7	104.9	46.3	15.1	169.9	7.3	—	396.1
Disposals	—	—	—	(5.3)	(4.2)	(5.3)	—	(0.7)	—	(15.5)
At 31 March 2014	—	83.5	364.8	905.6	354.8	150.1	1,664.6	69.2	—	3,592.6
Depreciation	—	10.8	41.7	125.6	48.9	17.8	182.9	11.0	—	438.7
Disposals	—	—	—	(3.7)	(4.5)	(3.1)	(82.9)	(1.1)	—	(95.3)
Reclassification	—	—	—	(1.8)	—	—	1.8	—	—	—
At 31 March 2015	—	94.3	406.5	1,025.7	399.2	164.8	1,766.4	79.1	—	3,936.0
Carrying amounts										
At 31 March 2014	0.3	334.6	739.7	1,758.4	862.8	47.0	3,259.7	42.4	930.5	7,975.4
At 31 March 2015	0.3	323.5	741.8	1,761.3	929.4	56.6	3,268.0	62.5	1,184.3	8,327.7

5 Intangible assets

	Goodwill on acquisition \$ million	Deferred expenditure \$ million	Computer software \$ million	Computer software development in-progress \$ million	Total \$ million
Cost					
At 1 April 2013	2,166.8	101.2	—	9.0	2,277.0
Additions	—	0.2	—	16.6	16.8
Reclassification	—	—	4.4	(4.4)	—
At 31 March 2014	2,166.8	101.4	4.4	21.2	2,293.8
Additions	—	0.1	—	16.5	16.6
Transfers (Note 4)	—	5.4	—	—	5.4
Reclassification	—	—	11.6	(11.6)	—
At 31 March 2015	2,166.8	106.9	16.0	26.1	2,315.8
Accumulated amortisation					
At 1 April 2013	—	69.7	—	—	69.7
Amortisation	—	5.3	0.8	—	6.1
At 31 March 2014	—	75.0	0.8	—	75.8
Amortisation	—	5.3	3.3	—	8.6
At 31 March 2015	—	80.3	4.1	—	84.4
Carrying amounts					
At 31 March 2014	2,166.8	26.4	3.6	21.2	2,218.0
At 31 March 2015	2,166.8	26.6	11.9	26.1	2,231.4

Impairment test for goodwill

The Company as a whole is considered a CGU.

The recoverable amount of the CGU is based on their fair value less costs to sell. The recoverable amount of the CGU is determined to be higher than its carrying amount hence no impairment is necessary.

Fair value less costs to sell is determined by discounting future cash flows generated from the continuing use of the CGU and is based on the following key assumptions:

1. Cash flows are projected based on a 5-year business plan.
2. Cash flows are discounted using a pre-tax discount rate of 6.05% (2014: 6.63%) per annum that reflects current market assessments of the time value of money and risks specific to the CGU.

6 Inventories

	2015 \$ million	2014 \$ million
Cables	33.4	32.3
Transformers	1.1	1.1
Switchgear	6.4	6.1
Spare parts and accessories	1.8	1.7
	<u>42.7</u>	<u>41.2</u>
Allowance for obsolescence	(0.9)	(0.2)
	<u>41.8</u>	<u>41.0</u>

In the financial year ended 31 March 2015, inventories recognised as an expense in the income statement amounted to \$6.1 million (2014: \$6.4 million). The write-down of inventories to net realisable value by the Company amounted to \$2.8 million (2014: \$2.2 million). The reversal of write-down by the Company amounted to Nil (2014: \$0.1 million).

7 Trade and other receivables

	2015 \$ million	2014 \$ million
Trade receivables	103.6	106.7
Impairment loss	(0.7)	(0.2)
	<u>102.9</u>	<u>106.5</u>
Amounts due from related companies (trade)	75.0	70.3
Amounts due from immediate holding company (trade)	0.1	0.5
	<u>178.0</u>	<u>177.3</u>
Loans and receivables	15.9	29.8
Advances and deposits	9.6	10.2
Prepayments	5.3	1.4
Financial derivative assets	<u>208.8</u>	<u>218.7</u>

There is no allowance for impairment arising from outstanding balances due from immediate holding company and related companies.

Trade receivables

Trade receivables are mainly interest-bearing and the average credit terms are between 10 to 30 calendar days (2014: 10 to 30 calendar days). An allowance has been made for estimated unrecoverable amounts, determined by reference to past default experience of individual debtors and collective portfolio.

Collateral in the form of bank guarantees and deposits are obtained from counterparties where appropriate. There were no amounts called upon during the year.

The maximum exposure to credit risk for trade receivables at reporting date by types of customer is as follows:

	2015 \$ million	2014 \$ million
Contestable transmission/ distribution customers	93.1	89.0
Project-based customers	9.4	16.5
Others	0.4	1.0
	<u>102.9</u>	<u>106.5</u>

There is no significant concentration of credit risk of trade receivables.

The maximum exposure to credit risk for trade receivables by geographic region, relates mainly to Singapore at the reporting date.

The Company has policies in place to monitor its credit risk. Contractual deposits are collected and sufficient collaterals are obtained to mitigate the risk of financial loss from defaults. The Company's customers are spread across diverse industries and ongoing credit evaluation is performed on the financial condition of receivables to ensure minimal exposure to bad debts.

The ageing of trade receivables at the reporting date is as follows:

	2015 \$ million	2014 \$ million
Not past due	101.8	101.8
Past due 0-30 days	—	0.3
Past due 31-90 days	—	1.2
Past due 91-180 days	—	0.1
Past due more than 180 days	—	0.5
Not impaired	<u>101.8</u>	<u>103.9</u>
Impaired	1.8	2.8
	<u>103.6</u>	<u>106.7</u>

The movement in allowance for impairment during the year is as follows:

	2015	2014
	\$ million	\$ million
At 1 April	0.2	0.2
Impairment loss recognised	0.6	0.1
Impairment loss written back	(0.1)	(0.1)
At 31 March	<u>0.7</u>	<u>0.2</u>

Other items in loans and receivables are not past due and no impairment provision is made for these balances.

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the balance sheet; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the balance sheet.

Financial instruments such as trade receivables and trade payables are not disclosed in the tables below unless they are offset in the balance sheet.

The Company's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) Master Netting Agreements. In general, under such agreements, the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the balance sheet. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Company or the counterparties. In addition the Company and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Types of financial assets	Gross amounts of recognised financial assets \$ million	Gross amounts of recognised financial liabilities offset in the balance sheet \$ million	Net amounts of financial assets presented in the balance sheet \$ million	Related amounts not offset in the balance sheet – financial instruments \$ million	Net amounts \$ million
2015					
Financial derivative assets	164.8	—	164.8	(27.4)	137.4

2014					
Financial derivative assets	76.6	—	76.6	(9.2)	67.4

Types of financial liabilities	Gross amounts of recognised financial liabilities \$ million	Gross amounts of recognised financial assets offset in the balance sheet \$ million	Net amounts of financial liabilities presented in the balance sheet \$ million	Related amounts not offset in the balance sheet – financial instruments \$ million	Net amounts \$ million
2015					
Financial derivative liabilities	74.4	—	74.4	(27.4)	47.0

2014					
Financial derivative liabilities	142.2	—	142.2	(9.2)	133.0

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the balance sheet that are disclosed in the above tables are measured in the balance sheet on the following basis:

- financial derivative assets and liabilities – fair value; and
- trade receivables and trade payables – amortised cost.

The tables below reconcile the 'Net amounts of financial assets and financial liabilities presented in the balance sheet', as set out above, to the line items presented in the balance sheet.

Types of financial assets	Net amounts of financial assets presented in the balance sheet \$ million	Line item in the balance sheet	Carrying amounts \$ million	Financial assets not in scope of offsetting disclosures \$ million	Note
2015					
Derivative assets	159.5	Financial derivative assets	159.5	—	
Derivative assets	5.3	Trade and other receivables	208.8	203.5	7
2014					
Derivative assets	75.2	Financial derivative assets	75.2	—	
Derivative assets	1.4	Trade and other receivables	218.7	217.3	7

Types of financial liabilities	Net amounts of financial liabilities presented in the balance sheet \$ million	Line item in the balance sheet	Carrying amounts \$ million	Financial liabilities not in scope of offsetting disclosures \$ million	Note
2015					
Derivative liabilities	62.2	Financial derivative liabilities	62.2	—	
Derivative liabilities	12.2	Trade and other payables	1,785.8	1,773.6	14
2014					
Derivative liabilities	108.2	Financial derivative liabilities	108.2	—	
Derivative liabilities	34.0	Trade and other payables	1,509.8	1,475.8	14

8 Cash and cash equivalents

	2015 \$ million	2014 \$ million
Cash at bank and in hand	18.8	34.5
Fixed deposits	50.0	—
	<u>68.8</u>	<u>34.5</u>

The interest rates per annum relating to fixed deposits at the reporting date for the Company ranged from 0.95% to 2.27%.

As at reporting date, cash and cash equivalents are denominated in the functional currency of the Company.

9 Share capital

	2015 No. Of shares million	2014 No. Of shares million
Ordinary shares		
Issued and fully-paid, with no par value		
At 1 April and 31 March	<u>2,512.4</u>	<u>2,512.4</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

10 Reserves

	2015 \$ million	2014 \$ million
Hedging reserve	46.8	10.4
Accumulated profits	1,581.9	1,253.5
	<u>1,628.7</u>	<u>1,263.9</u>

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to hedged transactions that have not occurred.

11 Debt obligations

Principal amount	Date of maturity	2015 \$ million	2014 \$ million
Fixed rate notes			
HKD 1 billion ⁽¹⁾	April 2014	–	162.1
SGD 200 million	April 2015	200.5	206.6
SGD 320 million	August 2015	324.2	334.1
JPY 5 billion ⁽²⁾	October 2015	57.7	62.8
SGD 500 million	October 2018	542.8	554.9
HKD 500 million ⁽³⁾	May 2019	95.8	89.2
SGD 75 million	May 2019	78.7	79.7
SGD 500 million	May 2020	498.5	498.2
SGD 280 million	August 2020	312.6	312.8
SGD 100 million	August 2022	105.8	104.2
USD 500 million ⁽⁴⁾	September 2022	683.1	625.3
JPY 15 billion ⁽⁵⁾	April 2024	195.1	204.9
SGD 75 million	May 2024	81.5	78.4
JPY 7 billion ⁽⁶⁾	October 2026	87.1	89.2
SGD 100 million	May 2029	107.5	100.5
SGD 250 million	September 2032	248.9	248.9
		<u>3,619.8</u>	<u>3,751.8</u>
Floating rate notes			
USD 100 million ⁽⁷⁾	July 2017	137.1	125.6
		<u>3,756.9</u>	<u>3,877.4</u>

- (1) HKD 1 billion swapped to SGD 194.4 million
(2) JPY 5 billion swapped to SGD 67.3 million
(3) HKD 500 million swapped to SGD 95.5 million
(4) USD 500 million swapped to SGD 623.8 million
(5) JPY 15 billion swapped to SGD 230.0 million
(6) JPY 7 billion swapped to SGD 114.7 million
(7) USD 100 million swapped to SGD 139.5 million

The debt obligations are on bullet repayment terms.

	2015 \$ million	2014 \$ million
Current	582.4	162.1
Non-current	3,174.5	3,715.3
	<u>3,756.9</u>	<u>3,877.4</u>

Interest rates on debt obligations denominated in the Singapore dollar range from 3.06% to 5.07% (2014: 3.06% to 5.07%) per annum. Interest rates on foreign currency debt obligations range from 0.92% to 4.01% (2014: 0.92% to 4.01%) per annum.

12 Deferred income

	2015 \$ million	2014 \$ million
Customers' contributions	265.9	265.9
Accumulated accretion	(70.5)	(61.4)
	195.4	204.5
Billings in advance	–	27.7
	195.4	232.2
Movements in accumulated accretion are as follows:		
At 1 April	61.4	52.4
Accretion for the year	9.1	9.0
At 31 March	70.5	61.4

13 Deferred taxation

Movements in deferred tax assets and liabilities during the year are as follows:

	At 1 April 2013 \$ million	Recognised in profit or loss (Note 19) \$ million	Recognised in equity (Note 19) \$ million	At 31 March 2014 \$ million	Recognised in profit or loss (Note 19) \$ million	Recognised in equity (Note 19) \$ million	At 31 March 2015 \$ million
Deferred tax liabilities							
Property, plant and equipment	(1,026.2)	(26.3)	–	(1,052.5)	(41.9)	–	(1,094.4)
Financial derivative assets	–	–	(2.2)	(2.2)	–	(7.5)	(9.7)
	(1,026.2)	(26.3)	(2.2)	(1,054.7)	(41.9)	(7.5)	(1,104.1)
Set off of tax	52.7			73.5			74.2
Net deferred tax liabilities	(973.5)			(981.2)			(1,029.9)
Deferred tax assets							
Deferred income	36.3	21.1	–	57.4	4.2	–	61.6
Financial derivative liabilities	3.1	–	(3.1)	–	–	–	–
Others	13.3	2.8	–	16.1	(3.5)	–	12.6
	52.7	23.9	(3.1)	73.5	0.7	–	74.2
Set off of tax	(52.7)			(73.5)			(74.2)
Net deferred tax assets	–			–			–

14 Trade and other payables

	2015	2014
	\$ million	\$ million
Trade payables	4.5	4.4
Interest payable	31.4	31.9
Advance receipts	159.5	148.7
Accrued operating expenditure	69.2	118.9
Accrued capital expenditure	133.8	175.0
Other payables	167.4	309.4
Financial derivative liabilities	12.2	34.0
Amounts due to immediate holding company:		
- trade	0.5	3.2
- non-trade	1,165.9	659.1
Amounts due to related companies (trade)	41.4	25.2
	<u>1,785.8</u>	<u>1,509.8</u>

Payables denominated in currencies other than the Company's functional currency comprise \$1.3 million (2014: \$2.8 million) of other payables and accruals denominated in the United States dollar (USD), \$1.6 million (2014: \$6.6 million) in the Japanese yen (JPY) and \$0.5 million (2014: \$0.2 million) in the Euro (EUR).

The non-trade amounts due to immediate holding company are unsecured and bear interest at rates ranging from 0.80% to 1.97% (2014: 0.49% to 0.89%) per annum.

15 Revenue

Revenue comprises use of system charges and is adjusted in accordance to the price regulation framework.

16 Other income

	2015	2014
	\$ million	\$ million
Rental income	4.4	7.3
Leasing income	3.7	3.8
Disbursement recoverable jobs	43.5	32.3
Loss on disposal of property, plant and equipment	(1.3)	(5.1)
Sale of scrap	13.7	15.2
Accretion of deferred income	9.1	9.0
Others	7.5	4.8
	<u>80.6</u>	<u>67.3</u>

17 Finance income

	2015 \$ million	2014 \$ million
Interest income receivable/received from:		
- immediate holding company	—	1.8
- banks	0.5	1.1
	<u>0.5</u>	<u>2.9</u>

18 Finance costs

	2015 \$ million	2014 \$ million
Interest expense payable/paid to:		
- immediate holding company	10.8	3.2
- banks	3.0	3.7
Interest expense on bank loans and debt obligations	87.3	106.0
Net change in fair value of cash flow hedges reclassified from equity	6.0	1.3
Loss/(Gain) arising from financial assets/liabilities in a fair value hedge:		
- hedged items	30.4	(66.2)
- hedging instruments	(29.7)	66.6
Net change in fair value of financial assets/liabilities at fair value through profit or loss	14.0	11.4
Amortisation of capitalised transaction costs	2.6	2.6
Ineffective portion of changes in fair value of cash flow hedges	(7.5)	(14.1)
Amortisation of fair value adjustments on fair value hedges	(25.0)	(31.4)
	<u>91.9</u>	<u>83.1</u>

19 Tax expense

	2015 \$ million	2014 \$ million
Current tax expense		
Current year	47.4	74.9
Under provision in respect of prior years	37.4	1.2
	<u>84.8</u>	<u>76.1</u>
Deferred tax expense		
Origination and reversal of temporary differences	75.9	2.4
Over provision in respect of prior years	(34.7)	—
	<u>41.2</u>	<u>2.4</u>
Total tax expense	<u>126.0</u>	<u>78.5</u>

Tax recognised in other comprehensive income	2015			2014		
	Before tax	Tax expense/(credit)	Net of tax	Before tax	Tax expense/(credit)	Net of tax
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Effective portion of changes in fair value of cash flow hedges	35.6	(6.1)	29.5	22.2	(3.8)	18.4
Net change in fair value of cash flow hedges reclassified to profit or loss	6.0	(1.0)	5.0	1.3	(0.2)	1.1
Net change in fair value of cash flow hedges on recognition of the hedged items on balance sheet	2.3	(0.4)	1.9	7.5	(1.3)	6.2
	43.9	(7.5)	36.4	31.0	(5.3)	25.7

	2015 \$ million	2014 \$ million
Reconciliation of effective tax rate		
Profit before tax	718.7	457.1
Tax calculated using Singapore tax rate of 17% (2014: 17%)	122.2	77.7
Tax exempt income	(4.8)	(8.5)
Non-deductible expenses	6.6	8.1
Tax incentives	(0.7)	—
Under/(Over) provision in respect of prior years		
- current tax expense	37.4	1.2
- deferred tax expense	(34.7)	—
	126.0	78.5

20 Profit for the year

The following item has been included in arriving at profit for the year:

	2015 \$ million	2014 \$ million
Operating lease expenses	(2.1)	(2.1)
Exchange (loss)/gain, net	(0.1)	0.1

21 Related parties

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

The immediate and ultimate holding companies are Singapore Power Limited and Temasek Holdings (Private) Limited (Temasek) respectively. These companies are incorporated in the Republic of Singapore. Temasek is an investment company headquartered in Singapore with a diversified investment portfolio. Accordingly, all the subsidiaries of Temasek are related corporations and are subject to common control. The Company engages in a wide variety of transactions with related corporations in the normal course of business on terms similar to those available to other customers. Such transactions include but are not limited to sales and purchases of power, provision of consultancy and engineering services, leasing of cables and ducts, agency services and financial and banking services. The related party transactions are carried out on terms negotiated between the parties which are intended to reflect competitive terms.

All electricity supplied to companies in the Temasek group are related party transactions. The Temasek group has extensive interests in a large number of companies and it is not practical to compile data on the value of electricity sales, or the component relating to transmission and distribution of electricity to the Temasek group. As the Company's rates for electricity transmission and distribution are based on tariffs approved by the Energy Market Authority, the Company has concluded that it is not meaningful to present information relating to such income.

Other than as disclosed elsewhere in the financial statements, transactions with related parties are as follows:

	2015 \$ million	2014 \$ million
<i>Related companies</i>		
- management fee expenses	(188.3)	(168.8)
- maintenance expenses	(18.8)	(21.0)
- support service expenses	(16.9)	(13.8)
- agency fee expenses	(19.5)	(18.6)

22 Financial risk management

The Company's activities expose it to foreign currency, interest rate, credit and liquidity risks which arise in the normal course of business. Generally the Company's overall objective is to manage and minimise exposure to such risks. The Company adopts the risk management policies and guidelines established by its immediate holding company, Singapore Power Limited, and has established processes for monitoring compliances with such policies.

The Company uses forward foreign exchange contracts, interest rate swaps and cross currency interest rate swaps to manage its exposure to foreign currency and interest rate risks respectively.

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The material financial risks associated with the Company's activities are each described below, together with details of the Company's policies for managing the risks.

Foreign currency risk

The Company is exposed to foreign currency risks from borrowing activities, purchase, supply and installation contracts, and trade creditors which are denominated in a currency other than Singapore dollars.

The objective of the Company's risk management policies is to mitigate foreign exchange risk by utilising various hedging instruments. The Company therefore considers avoidable currency risk exposure to be minimal for the Company.

The Company enters into cross-currency interest rate swaps to manage exposures arising from foreign currency borrowings including the US dollar (USD), Japanese Yen (JPY) and Hong Kong Dollar (HKD). Under cross currency interest rate swaps, the Company agrees to exchange specified foreign currency principal and interest amounts at an agreed future date at a pre-determined exchange rate. Such contracts enable the Company to mitigate the risk of adverse movements in foreign exchange rates. Except where a foreign currency borrowing is taken with the intention of providing a natural hedge by matching the underlying cash flows, all foreign currency borrowings are swapped back to Singapore dollars. For foreign currency swaps that do not meet the requirements of hedge accounting, changes in fair value are recorded in profit or loss.

The Company uses forward foreign currency contracts to substantially hedge foreign currency risk attributable to purchase transactions. The maturities of the forward foreign exchange contracts are intended to match the forecasted progress payments of the supply and installation contracts. Whenever necessary, the forward foreign exchange contracts are either rolled over at maturity or translated into foreign currency deposits, whichever is more cost efficient.

As at 31 March 2015, the Company has outstanding forward foreign exchange contracts with notional amounts of approximately \$108.5 million (2014: \$102.8 million). The net fair value of forward foreign exchange contracts as at 31 March 2015 is \$0.1 million (2014: \$0.7 million) comprising assets of \$2.1 million (2014: \$1.5 million) and liabilities of \$2.2 million (2014: \$2.2 million).

At the reporting date, if the functional currency of the Company had moved against each of the currencies as illustrated in the table below, with all other variables held constant, profit before tax and equity would have been affected as below:

	Net profit before tax \$ million	Equity (hedging reserve) \$ million
Judgements of reasonably possible movements		
2015		
USD		
Increase of 8.02 per cent by S\$ functional currency	—	(1.7)
Decrease of 8.02 per cent by S\$ functional currency	—	1.7
EUR		
Increase of 15.24 per cent by S\$ functional currency	—	(1.3)
Decrease of 15.24 per cent by S\$ functional currency	—	1.3
JPY		
Increase of 18.47 per cent by S\$ functional currency	—	(10.3)
Decrease of 18.47 per cent by S\$ functional currency	—	10.3

	Net profit before tax \$ million	Equity (hedging reserve) \$ million
Judgements of reasonably possible movements		
2014		
USD		
Increase of 9.48 per cent by S\$ functional currency	—	(1.6)
Decrease of 9.48 per cent by S\$ functional currency	—	1.6
EUR		
Increase of 12.88 per cent by S\$ functional currency	—	(2.2)
Decrease of 12.88 per cent by S\$ functional currency	—	2.2
JPY		
Increase of 21.13 per cent by S\$ functional currency	—	(6.8)
Decrease of 21.13 per cent by S\$ functional currency	—	6.8

The judgements of reasonably possible movements were determined using statistical analysis of the 90th percentile of the best and worst expected outcomes having regard to actual historical exchange rate data over the previous five years. Management considers that past movements are a reasonable basis for determining possible movements in foreign currency exchange rates.

Interest rate risk

The Company manages its interest rate exposure by maintaining a significant portion of its debt at fixed interest rates. This is done by the (i) issuance of fixed rate debt; (ii) use of interest rate swaps to convert floating rate debt to fixed rate debt; or (iii) use of cross currency interest rate swaps to convert fixed or floating rate non-functional currency denominated debt to fixed rate functional currency denominated debt.

The use of derivative financial instruments relates directly to the underlying existing and anticipated indebtedness.

At the reporting date, if interest rate had moved as illustrated in the table below, with all other variables held constant, profit before tax and equity would have been affected as follows:

	Net profit before tax \$ million	Equity (hedging reserve) \$ million
Judgements of reasonably possible movements		
2015		
Increase with all other variables held constant	(0.3)	43.7
Decrease with all other variables held constant	(4.3)	(41.2)
2014		
Increase with all other variables held constant	0.7	4.6
Decrease with all other variables held constant	—	0.2

The judgements of reasonably possible movements were determined using statistical analysis of the 90th percentile of the best and worst expected outcomes having regard to actual historical interest rate data over the previous five years based on the six month Singapore swap offer rate, three month Hong Kong interbank offer rate, three month USD London interbank offer rate (LIBOR) and six month JPY LIBOR. Management considers that past movements are a reasonable basis for determining possible movements in interest rates. As at 31 March 2015, the movements in interest rates used in the table above are as follows:

- Singapore interest rates – 57 basis points (2014: 63 basis points)
- United States interest rates – 28 basis points (2014: 145 basis points)
- Japan interest rates – 10 basis points (2014: 24 basis points)
- Hong Kong interest rates – 22 basis points (2014: 131 basis points)

As at 31 March 2015, the Company has interest rate and cross currency swaps with notional amount of \$6,816 million (2014: \$5,856 million). The Company classifies these swaps as cash flow and fair value hedges except for swaps with notional amount of \$1,950 million (2014: \$1,040 million) that do not meet the requirements of hedge accounting in which case, changes in the fair value are recorded in profit or loss. The net fair value of swaps as at 31 March 2015 is \$90.5 million (2014: \$64.9 million) comprising assets of \$162.7 million (2014: \$75.1 million) and liabilities of \$72.2 million (2014: \$140.0 million).

The Company's excess funds are principally invested in bank deposits of varying maturities to match its cash flow needs, or deposited with the immediate holding company.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from the Company's financial assets, comprising cash and cash equivalents, trade and other receivables and financial derivative assets.

Surplus funds are invested in interest bearing deposits with financial institutions with good credit ratings assigned by international credit rating agencies. Counterparty risks are managed by limiting exposure to any individual counterparty. The Company's portfolio of financial instruments is entered into with a number of creditworthy counterparties, thereby mitigating concentration of credit risk. The Company held cash and cash equivalents of \$68.8 million (2014: \$34.5 million) which represents its maximum exposure on these assets.

Counterparty risks on derivatives are generally restricted to any gain or loss when marked to market, and not on the notional amount transacted. As a prudent measure, the Company enters into derivatives only with financial institutions with good credit ratings assigned by international credit rating agencies. Therefore the possibility of a material loss arising from the non-performance by a counterparty is considered remote.

There is no significant concentration of credit risk of trade receivables. The credit quality of trade and other receivables that are not past due or impaired at the reporting date is of acceptable risk. In addition to customers' deposits, the Company holds guarantees from creditworthy financial institutions to secure the obligations of certain customers.

At reporting date, the Company has significant receivables arising from amounts due from related corporations. Management considers the probability of default remote.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company adopts prudent liquidity risk management by maintaining sufficient cash and liquid financial assets, and ensures the availability of funding through an adequate level of bank credit lines and the establishment of medium term note programmes.

The following are the expected contractual undiscounted cash flows of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount \$ million	Contractual cash flows \$ million	Within 1 year \$ million	1 – 2 years \$ million	2 – 5 years \$ million	More than 5 years \$ million
2015						
Non-derivative financial liabilities						
Trade and other payables*	(1,614.1)	(1,614.1)	(1,614.1)	–	–	–
Borrowings	(3,756.9)	(4,429.5)	(695.5)	(107.9)	(1,096.1)	(2,530.0)
Derivatives						
Derivative assets						
Interest rate swaps/cross currency interest rate swaps	162.7	176.4	11.3	17.1	61.6	86.4
Forward exchange contracts						
- Inflow		80.2	50.3	29.7	0.2	–
- Outflow		(78.1)	(49.2)	(28.7)	(0.2)	–
	2.1	2.1	1.1	1.0	–	–
Derivative liabilities						
Interest rate swaps/cross currency interest rate swaps	(72.2)	(159.8)	(9.9)	(3.0)	(18.7)	(128.2)
Forward exchange contracts						
- Inflow		28.1	27.1	1.0	–	–
- Outflow		(30.3)	(29.3)	(1.0)	–	–
	(2.2)	(2.2)	(2.2)	–	–	–
	(5,280.6)	(6,027.1)	(2,309.3)	(92.8)	(1,053.2)	(2,571.8)

* excluding advance receipts

	Carrying amount \$ million	Contractual cash flows \$ million	Within 1 year \$ million	1 – 2 years \$ million	2 – 5 years \$ million	More than 5 years \$ million
2014						
Non-derivative financial liabilities						
Trade and other payables*	(1,327.1)	(1,327.1)	(1,327.1)	—	—	—
Borrowings	(3,877.4)	(4,635.5)	(290.0)	(697.7)	(941.6)	(2,706.2)
Derivatives						
Derivative assets						
Interest rate swaps/cross currency interest rate swaps	75.1	100.8	13.9	6.2	67.2	13.5
Forward exchange contracts						
- Inflow		34.1	28.6	5.1	0.4	—
- Outflow		(32.6)	(27.2)	(5.0)	(0.4)	—
	1.5	1.5	1.4	0.1	—	—
Derivative liabilities						
Interest rate swaps/cross currency interest rate swaps	(140.0)	(238.0)	(32.8)	(5.0)	(30.0)	(170.2)
Forward exchange contracts						
- Inflow		68.0	56.5	11.5	—	—
- Outflow		(70.2)	(58.2)	(12.0)	—	—
	(2.2)	(2.2)	(1.7)	(0.5)	—	—
	<u>(5,270.1)</u>	<u>(6,100.5)</u>	<u>(1,636.3)</u>	<u>(696.9)</u>	<u>(904.4)</u>	<u>(2,862.9)</u>

* excluding advance receipts

For swap hedging instruments that are cash flow hedges, the tables above indicate the periods that they are expected to impact the income statement.

Capital management

The Company's capital structure comprises share capital, accumulated profits and borrowings. The Company is committed to an optimal capital structure while maintaining financial flexibility. In order to achieve an optimal capital structure, the Company may adjust the dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or reduce its borrowings.

The Company monitors capital based on gross and net gearing ratios and capital includes debt and equity items as disclosed in the table below. Gearing ratio is calculated as net debts over shareholders' equity and net debts.

	2015 \$ million	2014 \$ million
Debt obligations	3,756.9	3,877.4
Amount due to immediate holding company (non-trade)	1,165.9	659.1
Total debts	4,922.8	4,536.5
Less: Cash and cash equivalents	(68.8)	(34.5)
Net debts	4,854.0	4,502.0
 Total equity	 4,141.1	 3,776.3
Total capital	9,063.9	8,312.8
Net capital	8,995.1	8,278.3

There were no changes in the Company's approach to capital management during the financial year. The Company is not subjected to any externally imposed capital requirements.

23 Fair values

Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Debt obligations and derivative financial instruments

Fair values are measured using market observable data as at reporting date. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the Company and counterparty when appropriate.

Loan note issued to immediate holding company

Fair values, which are determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are, because of the short period to maturity, assumed to approximate their fair values. All other financial assets and liabilities are discounted to determine their fair values.

Fair values versus carrying amounts

The Company's assets and liabilities that are carried at fair value relate to derivative instruments which are measured using market observable data and as such are deemed level two within the fair value hierarchy disclosure required under FRS 113 *Fair Value Measurement*.

The fair value and net fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. Appropriate transaction costs are included in the determination of net fair value.

The carrying amounts of the financial instruments carried at amortised cost are not materially different from their fair values except as follows:

		2015		2014	
	Note	Carrying amount \$ million	Fair value \$ million	Carrying amount \$ million	Fair value \$ million
Financial liabilities					
Debt obligations:					
- non-current portion	11	3,174.5	3,212.4	3,715.3	3,686.7
- current portion	11	582.4	581.1	162.1	161.9
Total		<u>3,756.9</u>	<u>3,793.5</u>	<u>3,877.4</u>	<u>3,848.6</u>
Unrecognised loss/(gain)			36.6		(28.8)

The table below sets out the comparison by category of carrying amounts of all the Company's financial instruments that are recognised in the financial statements:

	Loans and receivables \$ million	Fair value through profit or loss \$ million	Derivatives – hedging instruments \$ million	Financial liabilities within scope of FRS 39 \$ million	Total carrying amount \$ million
2015					
Assets					
Financial derivative assets	–	12.2	147.3	–	159.5
Trade and other receivables*	178.0	4.0	1.3	–	183.3
Cash and cash equivalents	68.8	–	–	–	68.8
	<u>246.8</u>	<u>16.2</u>	<u>148.6</u>	<u>–</u>	<u>411.6</u>
Liabilities					
Debt obligations	–	–	–	3,756.9	3,756.9
Financial derivative liabilities	–	–	62.2	–	62.2
Trade and other payables**	–	0.3	11.9	1,614.1	1,626.3
	<u>–</u>	<u>0.3</u>	<u>74.1</u>	<u>5,371.0</u>	<u>5,445.4</u>
2014					
Assets					
Financial derivative assets	–	21.0	54.2	–	75.2
Trade and other receivables*	177.3	–	1.4	–	178.7
Cash and cash equivalents	34.5	–	–	–	34.5
	<u>211.8</u>	<u>21.0</u>	<u>55.6</u>	<u>–</u>	<u>288.4</u>
Liabilities					
Debt obligations	–	–	–	3,877.4	3,877.4
Financial derivative liabilities	–	4.0	104.2	–	108.2
Trade and other payables**	–	–	34.0	1,327.1	1,361.1
	<u>–</u>	<u>4.0</u>	<u>138.2</u>	<u>5,204.5</u>	<u>5,346.7</u>

* *excluding prepayments, advances and deposits*

** *excluding advance receipts*

24 Commitments

Capital commitments

At the reporting date, capital expenditure contracted but not provided for in the financial statements amounted to \$1,869.8 million (2014: \$1,860.9 million).

Operating lease commitments

At the reporting date, the Company has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2015 \$ million	2014 \$ million
Within one year	2.6	2.3
After one year but within five years	7.5	7.7
After five years	2.1	4.2
	12.2	14.2

The Company leases office spaces under operating leases. The leases contain options to renew the lease for another 3 to 5 years at the end of the initial lease periods. These leases do not include any contingent rental nor any escalation clauses over the lease rental periods.

Operating lease receivables

At the reporting date, the Company has commitments for future minimum lease receivables under non-cancellable operating leases as follows:

	2015 \$ million	2014 \$ million
Within one year	0.1	0.1
After one year but within five years	—	0.1
	0.1	0.2

25 Regulatory reset

On 20 March 2015, the Company received the regulatory price determination from Energy Market Authority for the early commencement of the next regulatory period from 1 April 2015 to 31 March 2020.

26 Comparative figures

The financial statements for the year ended 31 March 2014 were audited by another firm of Chartered Accountants.

