Strengthening Our CORE

SP POWERASSETS FINANCIAL SUMMARY 2018/19

Registration Number: 200302108D | SP PowerAssets Limited

Directors' statement

We are pleased to submit this annual report to the member of SP PowerAssets Limited (the "Company") together with the audited financial statements for the financial year ended 31 March 2019.

Opinion of the Directors

In our opinion,

(a) the financial statements set out on pages 8 to 60 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)"); 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.

Directors

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

Mr Wong Kim Yin	
Mr Stanley Huang Tian Guan	
Mr Lim Howe Run	
Mrs Jeanne Cheng	
Ms Lim Chor Hoon	
Mr Wong Chit Sieng	(Appointed on 1 April 2018)
Mr Ong Teng Koon	(Appointed on 1 April 2018)
Mr Goh Chee Kiong	(Appointed on 1 April 2018)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of 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 / date of appointment	Holdings at end of the year
Mr Wong Kim Yin		
Singapore Telecommunications Limited	190	190
Mapletree Industrial Trust - units	30,506	30,506

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year / date of appointment	Holdings at end of the year
Mr Stanley Huang Tian Guan		
Mapletree North Asia Commercial Trust (f.k.a. Mapletree Greater China Commercial Trust) - units	100,000	–
Mapletree Industrial Trust - units	165,200	165,200
Mr Lim Howe Run		
Singapore Telecommunications Limited	2,970	2,970
Singapore Airlines Limited	1,000	1,000
Mrs Jeanne Cheng		
Singapore Telecommunications Limited	11,180	11,180
Singapore Technologies Engineering Ltd	10,000	10,000
Ms Lim Chor Hoon		
Singapore Telecommunications Limited	1,360	1,360
Mr Wong Chit Sieng		
Singapore Telecommunications Limited	3,027	3,027
Mapletree Treasury Services - 3.95% Fix-to-float Bond	S$250,000	S$250,000
Olam International Limited - 6% Bond due on 8 October 2018	S$250,000	–
Olam International Limited - 4.25% Bond due on 22 July 2019	S$250,000	S$250,000
Singapore Airlines Limited - 3.13% Bond due on 17 November 2026	S$250,000	S$250,000
Singapore Airlines Limited - 3.13% Bond due on 23 August 2027	S$250,000	S$250,000
ST Telemedia - 4.05% Bond due on 2 December 2025	S$250,000	S$250,000
Mr Goh Chee Kiong		
Singapore Telecommunications Limited	81,490	81,490

Except as disclosed in this statement, 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 date of appointment 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 or debentures of the Company or any other body corporate.

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 STANLEY HUANG TIAN GUAN
Director

28 May 2019

Independent Auditor's Report

For the financial year ended 31 March 2019

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of SP PowerAssets Limited (the "Company") set out on pages 8 to 60, which comprise the balance sheet as at 31 March 2019, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and of the financial performance, changes in equity and cash flows of the Company 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 Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to the matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Goodwill impairment review

The Company has recorded an asset of $2,166.8 million which represents goodwill on the acquisition of the transmission business as discussed in Note 5. The goodwill balance is reviewed annually for impairment based on fair value which is determined by discounting expected future cash flows as discussed in Note 5. The assessment of fair value requires significant management judgement in establishing future cash flows, the terminal value and the discount rate.

Our audit procedures included assessing the key assumptions used in arriving at the fair value, including the terminal value, forecast future cash flows, and the discount rate. In performing our audit procedures, we assessed the reasonableness of cash flow projections by assessing the reliability of management's budgeting process and the Company's own historical data and performance. In relation to other key inputs, such as the terminal value and discount rate, we compared these inputs to externally available industry, economic and financial data.

Other Information

Management is responsible for other information. The other information comprises the directors' statement.

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

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

Responsibilities of Management and Directors 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 Act and SFRS(I), 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company'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 scepticism throughout the audit. We also:

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company to cease to continue as a going concern.

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

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

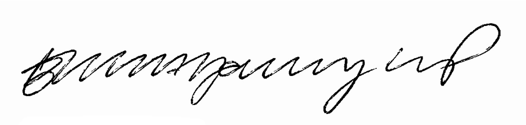
We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

The engagement partner on the audit resulting in this independent auditor's report is Vincent Toong Weng Sum.



Ernst & Young LLP

Public Accountants and
Chartered Accountants

Singapore
28 May 2019

Balance sheet

As at 31 March 2019

	Note	2019 $ million	2018 $ million Restated*	2017^ $ million Restated*
Non-current assets				
Property, plant and equipment	4	9,800.1	9,358.4	8,857.6
Intangible assets	5	2,191.9	2,204.3	2,215.9
Derivative assets	6	78.4	46.3	106.2
		12,070.4	11,609.0	11,179.7
Current assets				
Inventories	7	40.9	36.8	41.1
Trade and other receivables	8	246.7	242.9	230.6
Derivative assets	6	1.3	1.6	2.3
Cash and cash equivalents	9	1.2	2.1	1.0
		290.1	283.4	275.0
Total assets		12,360.5	11,892.4	11,454.7
Regulatory deferral accounts ("RDA") related deferred tax assets	10	25.2	42.7	42.6
Total assets and RDA debit balances		12,385.7	11,935.1	11,497.3
Equity				
Share capital	11	2,512.4	2,512.4	2,512.4
Hedging reserve	12	0.7	(27.4)	(31.5)
Accumulated profits		2,206.7	2,027.0	1,881.0
Total equity		4,719.8	4,512.0	4,361.9
Non-current liabilities				
Debt obligations	13	4,023.0	4,060.8	3,985.3
Derivative liabilities	6	100.2	228.8	84.8
Deferred tax liabilities	14	1,225.0	1,166.6	1,132.3
Deferred income	15	174.9	183.7	177.4
Deferred construction cost compensation	16	256.2	259.3	–
		5,779.3	5,899.2	5,379.8
Current liabilities				
Debt obligations	13	161.5	507.1	139.7
Derivative liabilities	6	11.1	2.8	2.0
Current tax payable		37.1	66.7	69.7
Trade and other payables	17	1,528.7	695.9	1,293.5
		1,738.4	1,272.5	1,504.9
Total liabilities		7,517.7	7,171.7	6,884.7
Total equity and liabilities		12,237.5	11,683.7	11,246.6
RDA credit balances	10	148.2	251.4	250.7
Total equity, liabilities and RDA credit balances		12,385.7	11,935.1	11,497.3

* See Note 2.5, Note 2.6, and Note 2.7
^ As at 1 April 2017

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

Income statement
Year ended 31 March 2019

	Note	2019 $ million	2018 $ million Restated*
Revenue	18	1,476.4	1,443.0
Other income	19	88.3	109.3
Expenses			
- Depreciation of property, plant and equipment	4	(509.9)	(494.2)
- Amortisation of intangible assets	5	(13.3)	(13.5)
- Maintenance		(90.2)	(88.7)
- Management fees		(150.2)	(146.4)
- Property taxes		(42.4)	(42.1)
- Agency fee		(23.7)	(22.6)
- Support services		(29.5)	(26.5)
- Other operating expenses		(51.4)	(40.3)
Operating profit		654.1	678.0
Finance income	20	1.9	1.0
Finance costs	21	(158.0)	(130.0)
Profit before taxation		498.0	549.0
Tax expense	22	(88.2)	(97.1)
Profit for the year	23	409.8	451.9
Net movement in RDA balances related to profit or loss and the related deferred tax movement	10	85.7	(0.6)
Profit for the year and net movement in RDA balances		495.5	451.3

* See Note 2.5, Note 2.6, and Note 2.7

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

Statement of comprehensive income

Year ended 31 March 2019

	2019 $ million	2018 $ million Restated*
Profit for the year and net movement in RDA balances	495.5	451.3
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	16.3	(2.8)
Net change in fair value of:		
- Cash flow hedges reclassified to profit or loss, net of tax	11.1	7.5
- Cash flow hedges on recognition of the hedged items on balance sheet, net of tax	0.7	(0.6)
Other comprehensive income for the year, net of tax	28.1	4.1
Total comprehensive income for the year	523.6	455.4

* See Note 2.5, Note 2.6, and Note 2.7

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

Statement of changes in equity

Year ended 31 March 2019

	Note	Share capital $ million	Hedging reserve $ million	Accumulated profits $ million	Total equity $ million
At 1 April 2017 (FRS framework)		2,512.4	(31.5)	1,881.0	4,361.9
Cumulative effects of adopting SFRS(I)		–	–	–	–
At 1 April 2017 (SFRS(I) framework)		2,512.4	(31.5)	1,881.0	4,361.9
Total comprehensive income for the year					
Profit for the year and net movement in RDA balances		–	–	451.3	451.3
Other comprehensive income					
Effective portion of changes in fair value of cash flow hedges, net of tax		–	(2.8)	–	(2.8)
Net change in fair value of:					
- Cash flow hedges reclassified to profit or loss, net of tax		–	7.5	–	7.5
- Cash flow hedges on recognition of the hedged items on balance sheet, net of tax		–	(0.6)	–	(0.6)
Total other comprehensive income		–	4.1	–	4.1
Total comprehensive income for the year		–	4.1	451.3	455.4
Transaction with owner, recognised directly in equity					
Contributions by and distribution to owner					
Dividends declared	28	–	–	(305.3)	(305.3)
At 31 March 2018, as restated		2,512.4	(27.4)	2,027.0	4,512.0

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

Statement of changes in equity (cont'd)

Year ended 31 March 2019

	Note	Share capital $ million	Hedging reserve $ million	Accumulated profits $ million	Total equity $ million
At 1 April 2018 (FRS framework)		2,512.4	(27.4)	2,027.0	4,512.0
Cumulative effects of adopting SFRS(I)		–	–	–	–
At 1 April 2018 (SFRS(I) framework)		2,512.4	(27.4)	2,027.0	4,512.0
Total comprehensive income for the year					
Profit for the year and net movement in RDA balances		–	–	495.5	495.5
Other comprehensive income					
Effective portion of changes in fair value of cash flow hedges, net of tax		–	16.3	–	16.3
Net change in fair value of:					
- Cash flow hedges reclassified to profit or loss, net of tax		–	11.1	–	11.1
- Cash flow hedges on recognition of the hedged items on balance sheet, net of tax		–	0.7	–	0.7
Total other comprehensive income		–	28.1	–	28.1
Total comprehensive income for the year		–	28.1	495.5	523.6
Transaction with owner, recognised directly in equity					
Contributions by and distribution to owner					
Dividends declared	28	–	–	(315.8)	(315.8)
At 31 March 2019		2,512.4	0.7	2,206.7	4,719.8

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

Statement of cash flows

Year ended 31 March 2019

	Note	2019 $ million	2018 $ million Restated*
Cash flows from operating activities			
Profit for the year and net movement in RDA balances		495.5	451.3
Adjustments for:			
Tax expense	22	88.2	97.1
Depreciation and amortisation	4, 5	523.2	507.7
(Gain)/Loss on disposal of property, plant and equipment	23	(0.9)	3.0
Deferred income	15	(8.8)	(8.8)
Inventories written down, net	7	8.2	2.5
Finance income	20	(1.9)	(1.0)
Finance costs	21	158.0	130.0
Exchange difference	23	0.4	0.4
Net movements in RDA balances related to profit or loss and the related deferred tax movement		(85.7)	0.6
		1,176.2	1,182.8
Changes in working capital:			
Inventories		(12.3)	1.8
Trade and other receivables		(4.8)	(10.1)
Trade and other payables		(1.0)	(55.9)
Cash generated from operations		1,158.1	1,118.6
Interest received		1.9	1.0
Income tax paid		(65.2)	(66.6)
Net cash generated from operating activities		1,094.8	1,053.0
Cash flows from investing activities			
Purchase of property, plant and equipment		(970.1)	(911.3)
Purchase of intangible assets		(1.9)	(1.9)
Proceeds from disposal of property, plant and equipment		9.8	4.9
Net cash used in investing activities		(962.2)	(908.3)
Cash flows from financing activities			
Interest paid		(157.4)	(134.9)
Commitment fees paid		(2.7)	(2.8)
Redemption of borrowings		(500.0)	(139.4)
Proceeds from issuance of bond		–	808.5
Brokerage fee for issuance of bond		–	(5.1)
Decrease in amounts due to immediate holding company (non-trade)	17	842.4	(364.6)
Dividends paid to owner of the Company	28	(315.8)	(305.3)
Net cash used in financing activities		(133.5)	(143.6)
Net (decrease)/increase in cash and cash equivalents		(0.9)	1.1
Cash and cash equivalents at beginning of the year		2.1	1.0
Cash and cash equivalents at end of the year	9	1.2	2.1

* See Note 2.5, Note 2.6, and Note 2.7

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 28 May 2019.

1. Domicile and activities

SP PowerAssets Limited (the "Company") is incorporated in the Republic of Singapore and has its registered office at 2 Kallang Sector, SP Group Building, Singapore 349277.

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 the Singapore Financial Reporting Standards (International) ("SFRS(I)").

For periods up to and including the year ended 31 March 2018, the Company prepared its financial statements in accordance with Singapore Financial Reporting Standards ("SFRS"). These financial statements for the year ended 31 March 2019 are the first that the Company have prepared in accordance with SFRS(I). Refer to Note 2.5 and Note 2.7 for information on how the Company adopted SFRS(I).

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 SFRS(I) 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.

Regulatory deferral accounts

Regulatory deferral account debit or credit balances represent timing differences between revenue recognised for financial reporting purposes (as set out in Note 3.14) and revenue earned for regulatory purposes. Revenue earned for regulatory purposes is estimated based on the revenue allowed by the Energy Market Authority ("EMA") (in accordance with the price regulation framework), taking into consideration the services rendered and volume of electricity delivered to consumers. Note 3.12 sets out the accounting policy for regulatory deferral accounts.

2.5 First-time adoption of Singapore Financial Reporting Standards (International)

These financial statements, for the year ended 31 March 2019, are the first the Company has prepared in accordance with SFRS(I), Singapore's equivalent of the International Financial Reporting Standards ("IFRSs").

Accordingly, the Company has prepared financial statements that comply with SFRS(I) applicable as at 31 March 2019, together with the comparative period data for the year ended 31 March 2018, as described in the summary of significant accounting policies. In preparing the financial statements, the Company's opening balance sheet was prepared as at 1 April 2017, the Company's date of transition to SFRS(I).

2.6 Changes in accounting policies

Adoption of new and revised FRSs and Interpretation to FRS

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Company has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 April 2018. Except for the impact arising from the adoption of SFRS(I) 14, SFRS(I) 15 and SFRS(I) 9 as described below, the adoptions of these standards did not have any material effect on the financial performance or position of the Company.

SFRS(I) 15 *Revenue from Contracts with Customers*
SFRS(I) 14 *Regulatory Deferral Accounts*

On 1 April 2018, the Company adopted SFRS(I) 15 *Revenue from Contracts with Customers* which is effective for annual periods beginning on or after 1 January 2018. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Company also adopted SFRS(I) 14 *Regulatory Deferral Accounts*, which requires regulatory deferral account balances to be presented as separate line items on the balance sheet and to present movements in those account balances as separate line items in the income statement and statement of comprehensive income

The Company is in the business of electricity transmission and distribution. The key impact of the changes in accounting policies are detailed as follows:

a) Use of system charges

Upon the adoption of SFRS(I) 15, the Company will recognise revenue for financial reporting purposes based on tariff billings to customers. The difference between revenue recognised for financial reporting purposes and revenue earned for regulatory purposes will be accounted for as a regulatory deferral account debit or credit balance, in accordance with SFRS(I) 14, with a corresponding entry made as a separate line item in the income statement.

b) Transitional provisions

The Company has applied the changes in accounting policies from the adoption of SFRS(I) 15 and SFRS(I) 14 retrospectively to each reporting year presented, using the full retrospective approach. Under the full retrospective approach, the Company adjusts the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each prior period presented as if the Company has always applied the new accounting policy.

SFRS(I) 9 *Financial Instruments*

On 1 April 2018, the Company adopted SFRS(I) 9 Financial Instruments which is effective for annual periods beginning on or after 1 January 2018. The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Company has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. There was no impact on the opening retained earnings upon adoption of SFRS(I) 9. The comparative information was prepared in accordance with the requirements of FRS 39 *Financial Instruments*.

a) Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL"). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 April 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 April 2018.

The Company's debt instruments have contractual cash flows that are solely payments of principal and interest. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9.

The Company has assessed which business model apply to the financial assets held by the Company at 1 April 2018 and has classified its financial instruments into the appropriate categories in accordance with SFRS(I) 9. The effects as at 1 April 2018, before tax impact are as follows:

Financial assets:

Measurement category	Original classification under FRS 39	New classification under SFRS(I) 9	Original carrying amount under FRS 39 $ million	New carrying amount under SFRS(I) 9 $ million
Trade and other receivables #	Loans and receivables	Amortised cost	220.4	220.4
Cash and cash equivalents	Loans and receivables	Amortised cost	2.1	2.1

Excluding prepayments

b) Impairment

SFRS(I) 9 requires the Company to record expected credit losses on all of its financial assets measured at amortised cost. The Company previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired. Upon adoption of SFRS(I) 9, the Company has assessed that there is no significant impact arising from the impairment requirements under SFRS(I) 9.

2.7 Explanation of transition to SFRS(I) and adoption of new standards

Summary of quantitative impact

The following reconciliations summarise the impact arising from the first-time adoption of SFRS(I), including the application of the new accounting standards on the balance sheet as at 1 April 2017, 31 March 2018 and 1 April 2018 and the income statement and statement of cash flows for the year ended 31 March 2018.

	As at 31 March 2018		
	FRS framework $ million	SFRS(I) 14 & 15 $ million	SFRS(I) framework $ million
Non-current assets			
Property, plant and equipment	9,358.4	–	9,358.4
Intangible assets	2,204.3	–	2,204.3
Derivative assets	46.3	–	46.3
	11,609.0	–	11,609.0
Current assets			
Inventories	36.8	–	36.8
Trade and other receivables	242.9	–	242.9
Derivative assets	1.6	–	1.6
Cash and cash equivalents	2.1	–	2.1
	283.4	–	283.4
Total assets	11,892.4	–	11,892.4
Regulatory deferral accounts ("RDA") related deferred tax assets	–	42.7	42.7
Total assets and RDA debit balances	11,892.4	42.7	11,935.1
Equity			
Share capital	2,512.4	–	2,512.4
Reserves	(27.4)	–	(27.4)
Accumulated profits	2,027.0	–	2,027.0
Total equity	4,512.0	–	4,512.0
Non-current liabilities			
Debt obligations	4,060.8	–	4,060.8
Derivative liabilities	228.8	–	228.8
Deferred tax liabilities	1,123.9	42.7	1,166.6
Deferred income	435.1	(251.4)	183.7
Deferred construction cost compensation	259.3	–	259.3
	6,107.9	(208.7)	5,899.2
Current liabilities			
Debt obligations	507.1	–	507.1
Derivative liabilities	2.8	–	2.8
Current tax payable	66.7	–	66.7
Trade and other payables	695.9	–	695.9
	1,272.5	–	1,272.5
Total liabilities	7,380.4	(208.7)	7,171.7
Total equity and liabilities	11,892.4	(208.7)	11,683.7
RDA credit balances	–	251.4	251.4
Total equity, liabilities and RDA credit balances	11,892.4	42.7	11,935.1

	As at 1 April 2017		
	FRS framework $ million	SFRS(I) 14 & 15 $ million	SFRS(I) framework $ million
Non-current assets			
Property, plant and equipment	8,857.6	–	8,857.6
Intangible assets	2,215.9	–	2,215.9
Derivative assets	106.2	–	106.2
	11,179.7	–	11,179.7
Current assets			
Inventories	41.1	–	41.1
Trade and other receivables	230.6	–	230.6
Derivative assets	2.3	–	2.3
Cash and cash equivalents	1.0	–	1.0
	275.0	–	275.0
Total assets	11,454.7	–	11,454.7
Regulatory deferral accounts ("RDA") related deferred tax assets	–	42.6	42.6
Total assets and RDA debit balances	11,454.7	42.6	11,497.3
Equity			
Share capital	2,512.4	–	2,512.4
Reserves	(31.5)	–	(31.5)
Accumulated profits	1,881.0	–	1,881.0
Total equity	4,361.9	–	4,361.9
Non-current liabilities			
Debt obligations	3,985.3	–	3,985.3
Derivative liabilities	84.8	–	84.8
Deferred tax liabilities	1,089.7	42.6	1,132.3
Deferred income	428.1	(250.7)	177.4
	5,587.9	(208.1)	5,379.8
Current liabilities			
Debt obligations	139.7	–	139.7
Derivative liabilities	2.0	–	2.0
Current tax payable	69.7	–	69.7
Trade and other payables	1,293.5	–	1,293.5
	1,504.9	–	1,504.9
Total liabilities	7,092.8	(208.1)	6,884.7
Total equity and liabilities	11,454.7	(208.1)	11,246.6
RDA credit balances	–	250.7	250.7
Total equity, liabilities and RDA credit balances	11,454.7	42.6	11,497.3

	Year ended 31 March 2018		
	FRS framework $ million	SFRS(I) 14 & 15 $ million	SFRS(I) framework $ million
Revenue	1442.3	0.7	1443.0
Other income	109.3	–	109.3
Expenses			
- Depreciation of property, plant and equipment	(494.2)	–	(494.2)
- Amortisation of intangible assets	(13.5)	–	(13.5)
- Maintenance	(88.7)	–	(88.7)
- Management fees	(146.4)	–	(146.4)
- Property taxes	(42.1)	–	(42.1)
- Agency fee	(22.6)	–	(22.6)
- Support services	(26.5)	–	(26.5)
- Other operating expenses	(40.3)	–	(40.3)
Operating profit	677.3	0.7	678.0
Finance income	1.0	–	1.0
Finance costs	(130.0)	–	(130.0)
Profit before taxation	548.3	0.7	549.0
Tax expense	(97.0)	(0.1)	(97.1)
Profit for the year	451.3	0.6	451.9
Net movement in RDA balances related to profit or loss and the related deferred tax movement	–	(0.6)	(0.6)
Profit for the year and net movement in RDA balances	–	–	451.3

	Year ended 31 March 2018 FRS framework $ million	SFRS(I) 14 & 15 $ million	SFRS(I) framework $ million
Cash flows from operating activities			
Profit for the year and net movement in RDA balances	451.3	–	451.3
Adjustments for:			
Tax expense	97.0	0.1	97.1
Depreciation and amortisation	507.7	–	507.7
Loss on disposal of property, plant and equipment	3.0	–	3.0
Deferred income	(8.1)	(0.7)	(8.8)
Inventories written down, net	2.5	–	2.5
Finance income	(1.0)	–	(1.0)
Finance costs	130.0	–	130.0
Exchange difference	0.4	–	0.4
Net movement in RDA balances related to profit or loss and the related deferred tax movement	–	0.6	0.6
	1,182.8	–	1,182.8
Changes in working capital:			
Inventories	1.8	–	1.8
Trade and other receivables	(10.1)	–	(10.1)
Trade and other payables	(55.9)	–	(55.9)
Cash generated from operations	1,118.6	–	1,118.6
Interest received	1.0	–	1.0
Income tax paid	(66.6)	–	(66.6)
Net cash generated from operating activities	1,053.0	–	1,053.0
Cash flows from investing activities			
Purchase of property, plant and equipment	(911.3)	–	(911.3)
Purchase of intangible assets	(1.9)	–	(1.9)
Proceeds from disposal of property, plant and equipment	4.9	–	4.9
Net cash used in investing activities	(908.3)	–	(908.3)
Cash flows from financing activities			
Interest paid	(134.9)	–	(134.9)
Commitment fees paid	(2.8)	–	(2.8)
Redemption of borrowings	(139.4)	–	(139.4)
Proceeds from issuance of bond	808.5	–	808.5
Brokerage fee for issuance of bond	(5.1)	–	(5.1)
Decrease in amounts due to immediate holding company (non-trade)	(364.6)	–	(364.6)
Dividends paid to owner of the Company	(305.3)	–	(305.3)
Net cash used in financing activities	(143.6)	–	(143.6)
Net increase in cash and cash equivalents	1.1	–	1.1
Cash and cash equivalents at beginning of the year	1.0	–	1.0
Cash and cash equivalents at end of the year	2.1	–	2.1

3. Significant accounting policies

The accounting policies set out below have been applied consistently for all periods presented in these financial statements, and have been consistently applied by the Company, and in preparing the opening SFRS(I) balance sheet at 1 April 2017 for the purpose of the transition to SFRS(I), unless otherwise indicated.

3.1 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate prevailing on the date which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of qualifying cash flow hedges, which are recognised in other comprehensive income.

3.2 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. 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 or the lease term, if shorter
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.

3.3 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 relates mainly to contributions paid by the Company in accordance with regulatory requirements towards capital expenditure costs incurred by electricity generation companies, and is stated at cost less accumulated amortisation and accumulated impairment losses. 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 is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of 5 years.

Computer software development in-progress is stated at cost. No amortisation is provided until it is ready for use.

3.4 Financial instruments

Non-derivative financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments. At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Company 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 trade receivables do not contain a significant financing component at initial recognition.

Non-derivative financial assets – policy applicable from 1 April 2018

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset.

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.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Non-derivative financial assets – policy applicable before 1 April 2018

Subsequent measurement

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

Non-derivative financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company 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 fair value through profit or loss, directly attributable transaction costs. For financial liabilities at fair value through profit or loss, directly attributable transaction costs are recognised in profit or loss as incurred.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest 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 are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount presented on 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.

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 and hedge accounting – policy applicable from 1 April 2018

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly 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 generally recognised in profit or loss.

The Company designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Hedging relationships designated under FRS 39 Financial Instruments that were still existing as at 31 March 2018 are treated as continuing hedges and hedge documentations were aligned accordingly to the requirements of SFRS(I) 9 Financial Instruments.

The Company applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:

- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or

- fair value hedges when hedging the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment

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.

When a cash flow hedge is discontinued, the cumulative gain or loss previously recognised in other comprehensive income will remain in the cash flow hedge reserve until the future cash flows occur if the hedged future cash flows are still expected to occur or reclassified to profit or loss immediately if the hedged furture cash flows are no longer expected to occur.

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.

The policy applied in the comparative information presented for 2017, and 2018 is similar to that applied for 2019.

3.5 Impairment

Non-derivative financial assets – policy from 1 April 2018

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company 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.

ECLs are recognised in two stages. For credit exposures for which there has not been a 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 trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company 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.

The Company considers a financial asset potentially in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-derivative financial assets – policy before 1 April 2018

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 and deferred tax assets, 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. Such reversal of impairment is recognised in profit or loss.

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 *Accrued revenue*

Revenue accrual estimates are made to account for the unbilled amount at the reporting date.

3.8 *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.

3.9 *Government grants*

Capital grant 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 government grants. Operating grant is taken to profit or loss on a systematic basis in the same periods in which the expenses are incurred.

3.10 *Deferred construction cost compensation*

Deferred construction cost compensation received to defray costs relating to the construction of an asset are accounted for as a government grant. Note 3.9 sets out the government grant accounting policy.

3.11 Deferred income

Deferred income comprises (i) government grant for the purchase of depreciable assets, (ii) contributions made by certain customers towards the cost of capital projects received prior to 1 July 2009 and (iii) compensation received to defray operating expenses.

Government grants and customer 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 and government grant.

Compensation received to defray operating expenses

Deferred income is taken to profit or loss on a systematic basis in the same periods in which the expenses are incurred.

3.12 Regulatory deferral account ("RDA") debit or credit balances

Use of system charges

Regulatory deferral account debit or credit balances represent timing differences between revenue recognised for financial reporting purposes and revenue earned for regulatory purposes.

Movements in the regulatory deferral account debit or credit balances are recognised in profit or loss over the periods necessary to adjust revenue recognised for financial reporting purposes to revenue earned for regulatory purposes based on services rendered.

At the end of each regulatory period, adjustments for amounts to be recovered or refunded are taken to profit or loss as net movement in regulatory deferral account balances.

3.13 Price regulation and licence

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

Allowed 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.

Revenue recognised for financial reporting purposes may differ from revenue earned for regulatory purposes due to volume variances. This may result in adjustments that may increase or decrease tariffs in succeeding periods. Amounts to be recovered or refunded are brought to account as adjustments to net movement in regulatory deferral account debit or credit balances in the income statement in the period in which the Company becomes entitled to the recovery or liable for the refund.

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

The use of system charges are approved by the EMA for a 5-year regulatory period in accordance with the price regulation framework.

3.14 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties.

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

Use of system charges

Revenue for financial reporting purposes is recognised over time based on tariff billings to customers when the volume of electricity is delivered.

3.15 Operating leases

As lessee

Where the Company has the right to use 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. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made.

As lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term. Rental income under operating leases is recognised in profit or loss over the term of the lease.

3.16 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.

3.17 *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.

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.

The movement in a deferred tax asset or liability that arises from the temporary differences created as a result of recognising regulatory deferral account balances are presented in the income statement net of the movement in regulatory deferral account balances related to profit or loss.

3.18 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.

3.19 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 2018 have not been applied in preparing these financial statements.

These new standards include, among others SFRS(I) INT 23 *Uncertainty over Income Tax Treatments* and SFRS(I) 16 *Leases*, which will be adopted by the Company on 1 April 2019.

SFRS(I) INT 23 clarifies the accounting for uncertainties in income taxes. The Interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under SFRS(I) 1-12 *Income Taxes*. The Interpretation does not apply to taxes or levies outside the scope of SFRS(I) 1-12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. Under SFRS(I) INT 23, an entity is required to assume that a tax authority with the right to examine and challenge tax treatments will examine those treatments and have full knowledge of all related information. The uncertainty should be reflected using the measure that provides the better prediction of the resolution of the uncertainty either the most likely amount or the expected value. The most likely amount method might be appropriate if the possible outcomes are binary or are concentrated on one value while the expected value method might be appropriate if there is a range of possible outcomes that are neither binary nor concentrated on one value.

The Company is currently in the process of assessing the potential impact of adoption.

SFRS(I) 16 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases.

The Company has performed a preliminary impact assessment of the adoption of SFRS(I) 16 and expects that the adoption of SFRS(I) 16 will result in increase in total assets and total liabilities.

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 2017	0.3	430.8	1,253.3	2,962.5	1,489.2	269.4	5,618.8	178.3	1,394.2	13,596.8
Additions	–	–	–	0.1	0.1	1.2	–	17.0	984.5	1,002.9
Disposals	–	–	–	(24.6)	(18.1)	(2.4)	(26.3)	(10.4)	–	(81.8)
Reclassification	–	63.2	2.4	145.2	144.9	17.3	373.5	1.5	(748.0)	–
At 31 March 2018	0.3	494.0	1,255.7	3,083.2	1,616.1	285.5	5,966.0	186.4	1,630.7	14,517.9
Additions	–	–	–	0.1	–	1.4	–	30.0	928.0	959.5
Disposals	–	(0.1)	(0.2)	(19.6)	(11.4)	(2.5)	(104.7)	(17.6)	–	(156.1)
Transfers (Note 5)	–	–	–	–	–	–	–	–	1.0	1.0
Reclassification	–	2.2	363.1	80.7	55.7	123.0	166.2	15.5	(806.4)	–
At 31 March 2019	0.3	496.1	1,618.6	3,144.4	1,660.4	407.4	6,027.5	214.3	1,753.3	15,322.3
Accumulated depreciation										
At 1 April 2017	–	127.6	489.0	1,251.2	482.2	196.7	2,104.2	88.3	–	4,739.2
Depreciation	–	12.4	41.0	135.2	60.7	23.7	205.7	15.5	–	494.2
Disposals	–	–	–	(21.5)	(13.9)	(2.4)	(26.3)	(9.8)	–	(73.9)
Reclassification	–	–	–	(0.1)	–	–	–	0.1	–	–
At 31 March 2018	–	140.0	530.0	1,364.8	529.0	218.0	2,283.6	94.1	–	5,159.5
Depreciation	–	11.3	42.8	137.7	61.7	25.9	213.6	16.9	–	509.9
Disposals	–	(0.1)	(0.1)	(17.3)	(8.7)	(2.6)	(104.8)	(13.6)	–	(147.2)
At 31 March 2019	–	151.2	572.7	1,485.2	582.0	241.3	2,392.4	97.4	–	5,522.2
Carrying amounts										
At 1 April 2017	0.3	303.2	764.3	1,711.3	1,007.0	72.7	3,514.6	90.0	1,394.2	8,857.6
At 31 March 2018	0.3	354.0	725.7	1,718.4	1,087.1	67.5	3,682.4	92.3	1,630.7	9,358.4
At 31 March 2019	0.3	344.9	1,045.9	1,659.2	1,078.4	166.1	3,635.1	116.9	1,753.3	9,800.1

Expenses capitalised

The following expenses were capitalised in property, plant and equipment during the year:

	2019 $ million	2018 $ million	2017 $ million
Management fees (staff cost)	59.4	63.5	63.2

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 2017	2,166.8	107.6	45.8	0.5	2,320.7
Additions	–	–	–	1.9	1.9
Reclassification	–	–	0.3	(0.3)	–
At 31 March 2018	2,166.8	107.6	46.1	2.1	2,322.6
Additions	–	1.3	–	0.6	1.9
Transfers (Note 4)	–	–	–	(1.0)	(1.0)
Reclassification	–	–	0.1	(0.1)	–
At 31 March 2019	2,166.8	108.9	46.2	1.6	2,323.5
Accumulated amortisation					
At 1 April 2017	–	89.6	15.2	–	104.8
Amortisation	–	4.5	9.0	–	13.5
At 31 March 2018	–	94.1	24.2	–	118.3
Amortisation	–	4.8	8.5	–	13.3
At 31 March 2019	–	98.9	32.7	–	131.6
Carrying amounts					
At 1 April 2017	2,166.8	18.0	30.6	0.5	2,215.9
At 31 March 2018	2,166.8	13.5	21.9	2.1	2,204.3
At 31 March 2019	2,166.8	10.0	13.5	1.6	2,191.9

Impairment test for goodwill

The Company as a whole is considered a CGU.

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

Fair value 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 6.06% (2018: 5.76%, 2017: 5.76%) per annum that reflects current market assessments of the time value of money and risks specific to the CGU.

3. Terminal value is calculated based on a multiple of 1.2 times (2018: 1.2 times, 2017: 1.2 times) of the carrying amounts of property, plant and equipment.

Expenses capitalised

The following expenses were capitalised in intangible assets during the year:

	2019 $ million	2018 $ million	2017 $ million
Management fees (staff cost)	0.1	–	–

6 Derivative assets and liabilities

	2019			2018			2017		
	Outstanding notional amounts $ million	Assets $ million	Liabilities $ million	Outstanding notional amounts $ million	Assets $ million	Liabilities $ million	Outstanding notional amounts $ million	Assets $ million	Liabilities $ million
Current:									
Cross-currency interest rate swaps	95.5	–	(9.1)	–	–	–	139.5	0.3	–
Interest rate swaps	814.9	0.9	(1.4)	1,919.6	1.3	(0.1)	459.4	0.8	–
Foreign exchange forwards	328.6	0.4	(0.6)	109.4	0.3	(2.7)	132.6	1.2	(2.0)
		1.3	(11.1)		1.6	(2.8)		2.3	(2.0)
Non-current:									
Cross-currency interest rate swaps	2,772.9	57.4	(87.1)	2,868.3	22.1	(200.6)	2,059.9	78.3	(61.3)
Interest rate swaps	2,895.6	20.8	(13.1)	3,710.6	24.1	(27.8)	5,630.1	27.4	(22.5)
Foreign exchange forwards	6.3	0.2	–	7.0	0.1	(0.4)	72.2	0.5	(1.0)
		78.4	(100.2)		46.3	(228.8)		106.2	(84.8)

Offsetting financial assets and financial liabilities

The Company's derivative transactions are entered into under International Swaps and Derivatives Association ("ISDA") Master Agreements. The ISDA agreements 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. As such, these agreements do not meet the criteria for offsetting under SFRS(I) 1-32 Financial Instruments: Presentation.

The Company and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously but have the right to set off in the case of default and insolvency or bankruptcy.

The Company's financial assets and liabilities subject to an enforceable master netting arrangement that are not otherwise set-off are as follows:

Types of financial assets	Gross amounts of recognised financial assets $ million	Related amounts not offset in the balance sheet – financial instruments $ million	Net amounts $ million
2019			
Derivative assets	79.7	(45.3)	34.4
2018			
Derivative assets	47.9	(36.8)	11.1
2017			
Derivative assets	108.5	(33.2)	75.3

Types of financial liabilities	Gross amounts of recognised financial liabilities $ million	Related amounts not offset in the balance sheet – financial instruments $ million	Net amounts $ million
2019			
Derivative liabilities	111.3	(45.3)	66.0
2018			
Derivative liabilities	231.6	(36.8)	194.8
2017			
Derivative liabilities	86.8	(33.2)	53.6

Hedge Accounting

As at 31 March 2019, the Company held various types of derivative financial instruments and formally designated a portion of them in cash flow and fair value hedge relationships for accounting purposes, in accordance with the requirements of SFRS(I) 9. The following table summarises the derivative financial instruments in the balance sheet and the effects of hedge accounting on the Company's financial position and performance for 2019.

	..... Hedge instrument		.... Hedged item			Changes in fair value used for calculating .... hedge ineffectiveness				
	Outstanding notional amounts $ million	**Assets/ (liabilities) $ million**	**Carrying amount of Assets/ (liabilities) $ million**	**Financial statement line that includes the hedged item**	**Accumulated amount of fair value adjustments $ million**	**Hedging instrument $ million**	**Hedged item $ million**	**Hedge ineffectiveness recognised in profit or loss $ million**	**Hedge rates**	**Maturity (Year)**
2019										
Cash flow hedge										
Interest rate risk – Finance cost	6,380.1	(64.6)	–	–	–	67.8	(80.3)	(12.0)	0.4137% – 2.760%	Up to 2027
Foreign exchange risk – Refer to Note 25 under Foreign currency risk	155.4	–	–	–	–	1.6	(1.6)	–	CHF/SGD: 1.361 – 1.478 CNY/SGD: 0.187 – 0.215 EUR/SGD: 1.535 – 1.603 JPY/SGD: 0.011 – 0.013 USD/SGD: 1.262 – 1.426	Up to 2019 Up to 2022 Up to 2019 Up to 2019 Up to 2022
Fair value hedge										
Interest rate risk	375.0	11.4	(290.1)	Debt obligations	(15.8)	6.5	(6.6)	(0.1)	6 month SOR	Up to 2029
Foreign exchange risk	2,149.1	13.6	(2,025.4)	Debt obligations	(8.2)	49.8	(52.9)	(3.1)	Refer to footnotes of Note 13	Up to 2027

7 Inventories

	2019 $ million	2018 $ million	2017 $ million
Cables	29.1	24.7	32.0
Transformers	3.7	2.8	1.7
Switchgear	5.6	6.8	4.6
Spare parts and accessories	2.5	2.5	2.8
	40.9	36.8	41.1

In the financial year ended 31 March 2019, inventories recognised as an expense in the income statement amounted to $3.4 million (2018: $5.0 million, 2017: 6.4 million). The write-down of inventories to net realisable value amounted to $8.8 million (2018: $2.6 million, 2017: 4.1 million). The reversal of inventory write-down amounted to $0.6 million (2018: $0.1 million, 2017: nil).

8 Trade and other receivables

	2019 $ million	2018 $ million	2017 $ million
Trade receivables:			
- Third parties	94.7	53.3	24.5
- Related companies	43.2	59.2	78.8
- Immediate holding company	–	0.1	–
	137.9	112.6	103.3
Impairment loss	(1.5)	(0.3)	(1.2)
	136.4	112.3	102.1
Accrued revenue	104.5	107.5	106.9
Deposits	0.6	0.6	0.2
	241.5	220.4	209.2
Prepayments	5.2	22.5	21.4
	246.7	242.9	230.6

Trade receivables

Trade receivables are mainly interest bearing and the credit terms range between 8 to 30 calendar days (2018: between 8 to 30 calendar days, 2017: between 8 to 30 calendar days).

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 the reporting date by types of customer is as follows:

	2019 $ million	2018 $ million	2017 $ million
Contestable transmission/ distribution customers	112.1	78.1	75.6
Non-contestable transmission/ distribution customers	11.7	23.6	12.6
Project-based customers	9.2	6.4	12.5
Others	3.4	4.2	1.4
	136.4	112.3	102.1

The Company provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the evaluation of collectability and ageing analysis of trade receivables and on the estimation of the management. A considerable amount of estimation is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer.

The Company categorises trade receivables for potential write-off on the overdue trade receivables of customers that have failed to make contractual payments for more than 180 days. Where trade receivables have been impaired or written off, the Company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

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

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

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:

	2019 $ million	2018 $ million	2017 $ million
Not past due	123.2	108.6	99.2
Past due 0-30 days	5.3	0.9	0.6
Past due 31-90 days	6.8	2.2	0.9
Past due 91-180 days	0.5	0.2	1.2
Past due more than 180 days	2.1	0.7	1.4
	137.9	112.6	103.3

The movement in impairment loss in respect of trade receivables at the reporting date is as follows:

	2018 $ million	2017 $ million
At 1 April	1.2	1.1
Impairment loss utilised	(1.0)	–
Impairment loss recognised	0.1	0.1
At 31 March	0.3	1.2

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	2019 $ million
At 1 April	0.3
Impairment loss recognised	1.2
At 31 March	1.5

Trade and other receivables are denominated predominantly in the functional currency of the Company.

9 Cash and cash equivalents

	2019 $ million	2018 $ million	2017 $ million
Cash at bank and in hand	1.2	2.1	1.0

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

10 Regulatory deferral accounts

	2019 $ million	2018 $ million Restated
Net movement in RDA balances related to profit or loss	103.2	(0.7)
RDA related deferred tax movement	(17.5)	0.1
Net movement in RDA balances related to profit or loss and the related deferred tax movement	85.7	(0.6)

RDA debit balances	At 1 April 2018 $ million Restated	Balances arising in the period $ million	(Recovery)/ reversal $ million	At 31 March 2019 $ million
RDA related deferred tax assets	42.7	(11.6)	(5.9)	25.2
RDA credit balances				
Deferral of revenue based on service rendered	(252.1)	17.2	37.4	(197.5)
Amount to be refunded	(17.3)	–	17.3	–
Under recovery of volume variance	18.0	51.2	(19.9)	49.3
	(251.4)	68.4	34.8	(148.2)

RDA debit balances	At 1 April 2017 $ million Restated	Balances arising in the period $ million Restated	(Recovery)/ reversal $ million Restated	At 31 March 2018 $ million Restated
RDA related deferred tax assets	42.6	(1.1)	1.2	42.7
RDA credit balances				
Deferral of revenue based on service rendered	(232.6)	(11.5)	(8.0)	(252.1)
Amount to be refunded	(18.1)	–	0.8	(17.3)
Under recovery of volume variance	–	18.0	–	18.0
	(250.7)	6.5	(7.2)	(251.4)

The recovery/reversal period of RDA debit and credit balances are directed by the Regulator.

The Company is currently the sole electricity transmission and distribution company in Singapore. The EMA may not terminate the Company's Transmission Licence except by giving 25 years' notice, or otherwise revoking the Transmission Licence in accordance with the Electricity Act (including where the EMA is satisfied that the Company has gone into compulsory liquidation or voluntary liquidation other than for the purpose of amalgamation or reconstruction, or the public interest or security of Singapore requires). The Company therefore considers the exposure on recovery of regulatory deferral debit balances over the next 1 year to be minimal.

11 Share capital

Ordinary shares	2019 No. of shares million	2018 No. of shares million	2017 No. of shares million
Issued and fully-paid, with no par value			
At 1 April and 31 March	2,512.4	2,512.4	2,512.4

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

12 Hedging reserve

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.

13 Debt obligations

Principal amount	Date of maturity	2019 $ million	2018 $ million	2017 $ million
Fixed rate notes				
SGD 500 million	October 2018	–	507.1	519.1
HKD 500 million [1]	May 2019	86.4	84.0	92.7
SGD 75 million	May 2019	75.2	77.0	78.2
SGD 500 million	May 2020	499.6	499.3	499.0
SGD 280 million	August 2020	282.5	284.5	293.1
SGD 100 million	August 2022	102.7	101.8	103.0
USD 500 million [2]	September 2022	676.0	653.8	696.3
JPY 15 billion [3]	April 2024	191.2	194.9	204.9
SGD 75 million	May 2024	79.9	78.6	79.2
USD 700 million [4]	November 2025	946.4	898.6	971.7
JPY 7 billion [5]	October 2026	90.5	91.3	94.8
USD 600 million [6]	September 2027	797.4	743.9	–
SGD 100 million	May 2029	107.6	104.0	104.3
SGD 250 million	September 2032	249.1	249.1	249.0
		4,184.5	4,567.9	3,985.3
Floating rate notes				
USD 100 million [7]	July 2017	–	–	139.7
		4,184.5	4,567.9	4,125.0

[1] HKD 500 million swapped to SGD 95.5 million
[2] USD 500 million swapped to SGD 623.8 million
[3] JPY 15 billion swapped to SGD 230.0 million
[4] USD 700 million swapped to SGD 996.0 million
[5] JPY 7 billion swapped to SGD 114.7 million
[6] USD 600 million swapped to SGD 808.5 million
[7] USD 100 million swapped to SGD 139.5 million

The debt obligations are on bullet repayment terms.

Interest rates on debt obligations denominated in Singapore dollars range from 3.06% to 5.07% (2018: 3.06% to 5.07%, 2017: 3.06% to 5.07%) per annum. Interest rates on foreign currency debt obligations range from 1.95% to 4.01% (2018: 1.95% to 4.01%, 2017: 1.70% to 4.01%) per annum.

A reconciliation of liabilities arising from financing activities is as follows:

	2018	Cash flows	Non-cash changes			2019
			Foreign exchange movement	Changes in fair value	Reclassification	
	$ million	$ million	$ million	$ million	$ million	$ million
Notes						
Current	507.1	(500.0)	2.8	(9.4)	161.0	161.5
Non-current	4,060.8	–	77.1	46.1	(161.0)	4,023.0
	4,567.9	(500.0)	79.9	36.7	–	4,184.5

	2017	Cash flows	Non-cash changes			2018
			Foreign exchange movement	Changes in fair value	Reclassification	
	$ million	$ million	$ million	$ million	$ million	$ million
Notes						
Current	139.7	(139.4)	(0.3)	(12.0)	519.1	507.1
Non-current	3,985.3	803.4*	(135.0)	(73.8)	(519.1)	4,060.8
	4,125.0	664.0	(135.3)	(85.8)	–	4,567.9

* Proceeds from issuance of bonds of $808.5 million offset by $5.1 million brokerage fee for issuance of bond.

14 Deferred taxation

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

	At 1 April 2017	Recognised in profit or loss (Note 22)	Recognised in other comprehensive income (Note 22)	At 31 March 2018	Recognised in profit or loss (Note 22)	Recognised in other comprehensive income (Note 22)	At 31 March 2019
	$ million	$ million	$ million	$ million	$ million	$ million	$ million
	Restated	Restated	Restated	Restated			
Deferred tax liabilities							
Property, plant and equipment	(1,160.8)	(36.6)	–	(1,197.4)	(53.0)	–	(1,250.4)
Intangible assets	(8.3)	2.1	–	(6.2)	1.9	–	(4.3)
	(1,169.1)	(34.5)	–	(1,203.6)	(51.1)	–	(1,254.7)
Set off of tax	36.8			37.0			29.7
Net deferred tax liabilities	(1,132.3)			(1,166.6)			(1,225.0)
Deferred tax assets							
Deferred income	30.2	1.1	–	31.3	(1.5)	–	29.8
Derivative liabilities	6.4	–	(0.8)	5.6	–	(5.8)	(0.2)
Others	0.2	(0.1)	–	0.1	–	–	0.1
	36.8	1.0	(0.8)	37.0	(1.5)	(5.8)	29.7
Set off of tax	(36.8)			(37.0)			(29.7)
Net deferred tax assets	–			–			–

15 Deferred income

	2019	2018	2017
	$ million	$ million	$ million
		Restated	Restated
Customers' contributions	265.9	265.9	265.9
Government grant for depreciable assets	0.1	0.1	–
Compensation for operating expenses	15.0	15.0	–
	281.0	281.0	265.9
Accumulated accretion	(106.1)	(97.3)	(88.5)
	174.9	183.7	177.4

	2019	2018	2017
Movements in accumulated accretion are as follows:			
At 1 April	97.3	88.5	79.5
Accretion for the year	8.8	8.8	9.0
At 31 March	106.1	97.3	88.5

16 Deferred construction cost compensation

	2019 $ million	2018 $ million	2017 $ million
Deferred construction cost compensation	256.2	259.3	–

In the financial year ended 31 March 2019, $3.1 million of the compensation received was allocated and paid to a related company.

17 Trade and other payables

	2019 $ million	2018 $ million	2017 $ million
Trade payables:			
- Third parties	63.8	108.5	58.0
- Related companies	7.6	6.7	11.6
- Immediate holding company	14.2	14.2	1.0
Interest payables	30.0	32.7	33.1
Deposits received	8.3	11.0	11.8
Advance receipts	149.9	147.4	161.4
Accrued operating expenditure	77.4	86.7	127.0
Accrued capital expenditure	247.2	203.9	165.8
Amounts due to immediate holding company (non-trade)	930.3	84.8	723.8
	1,528.7	695.9	1,293.5

Payables denominated in currencies other than the Company's functional currency comprise $8.1 million (2018: $2.8 million, 2017: $3.7 million) of payables and accruals denominated in United States dollar ("USD"), $0.8 million (2018: $0.6 million, 2017: $1.6 million) in Japanese yen ("JPY") and nil (2018: $0.2 million, 2017: $2.0 million) in Swiss Franc ("CHF").

The non-trade amounts due to immediate holding company are unsecured and bear interest at rates ranging from 2.59% to 2.74% (2018: 2.12%, 2017: 1.79% to 1.88%) per annum. There is no non-cash movement relating to this amount.

18 Revenue

Revenue comprises use of system charges and the service is transferred over time.

Transaction price allocated to remaining performance obligations

The Company has applied the practical expedient not to disclose information about its remaining performance obligations as the Company has recognised revenue based on the amount that correspond directly with the value to the customer of the Company's performance completed to date.

19 Other income

	2019 $ million	2018 $ million
Rental income	3.1	3.6
Leasing income	2.7	3.6
Disbursement recoverable jobs	47.1	65.6
Sale of scrap	19.9	22.0
Accretion of deferred income	8.8	8.8
Gain on disposal of fixed assets	0.9	–
Others	5.8	5.7
	88.3	109.3

20 Finance income

	2019 $ million	2018 $ million
Interest income receivable/received from banks	1.9	1.0

21 Finance costs

	2019 $ million	2018 $ million
Interest expense payable/paid to immediate holding company	16.1	10.8
Interest expense on debt obligations	132.6	120.5
Net change in fair value of cash flow hedges reclassified from equity	1.4	(17.7)
Loss/(gain) arising from financial assets/liabilities in a fair value hedge:		
- hedged items	59.5	(41.4)
- hedging instruments	(56.3)	46.5
Net change in fair value of financial assets/liabilities at fair value through profit or loss	5.8	4.0
Amortisation of capitalised transaction costs	3.3	3.0
Ineffective portion of changes in fair value of cash flow hedges	12.0	26.7
Amortisation of fair value adjustments on fair value hedges	(19.1)	(25.2)
Commitment fees	2.7	2.8
	158.0	130.0

22 Tax expense

Tax recognised in profit or loss	**2019 $ million**	**2018 $ million Restated**
Current tax expense		
Current year	42.0	63.6
Over provision in respect of prior years	(6.4)	–
	35.6	63.6
Deferred tax expense		
Origination and reversal of temporary differences	48.4	33.5
Under provision in respect of prior years	4.2	–
	52.6	33.5
Total tax expense	88.2	97.1

Tax recognised in other comprehensive income	**2019**			**2018**		
	Before tax $ million	**Tax (expense)/ credit $ million**	**Net of tax $ million**	**Before tax $ million**	**Tax (expense)/ credit $ million**	**Net of tax $ million**
Effective portion of changes in fair value of cash flow hedges	19.7	(3.4)	16.3	(3.4)	0.6	(2.8)
Net change in fair value of:						
- Cash flow hedges reclassified to profit or loss	13.4	(2.3)	11.1	9.0	(1.5)	7.5
- Cash flow hedges on recognition of the hedged items on balance sheet	0.8	(0.1)	0.7	(0.7)	0.1	(0.6)
	33.9	(5.8)	28.1	4.9	(0.8)	4.1

Reconciliation of effective tax rate	**2019 $ million**	**2018 $ million Restated**
Profit before taxation	498.0	549.0
Tax calculated using Singapore tax rate of 17% (2018: 17%)	84.7	93.3
Non-deductible expenses	10.3	11.8
Non-taxable income	(4.6)	(8.0)
(Over)/ Under provision in respect of prior years		
- current tax expense	(6.4)	–
- deferred tax expense	4.2	–
	88.2	97.1

23 Profit for the year

The following items have been included in arriving at profit for the year:

	2019 $ million	2018 $ million
Operating lease expenses	(3.6)	(3.9)
Exchange loss, net	(0.4)	(0.4)
Gain/(Loss) on disposal of property, plant and equipment	0.9	(3.0)

24 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. As the Company's rates for electricity transmission and distribution are based on tariffs approved by the EMA, the Company has concluded that it is not meaningful to present information relating to such revenue.

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

	2019 $ million	2018 $ million
Related companies		
- management fee expenses	(209.6)	(209.9)
- maintenance expenses	(4.5)	(8.7)
- agency fee expenses	(23.7)	(22.6)
- service expenses	(4.1)	(4.3)
- leasing income	2.7	3.6
- service income	0.2	0.5
- trustee fee income	0.3	0.3
Immediate holding company		
- maintenance expenses	(17.8)	(17.3)
- support service expenses	(29.5)	(26.5)

25 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 currency 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 United States 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 exchange contracts to substantially hedge foreign currency risk attributable to purchase transactions. The maturities of the forward foreign currency 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 2019, the Company has outstanding forward foreign currency exchange contracts with notional amounts of approximately $334.9 million (2018: $116.4 million, 2017: $204.8 million). The net fair value of forward foreign currency exchange contracts as at 31 March 2019 is nil (2018: $2.7 million net liabilities, 2017: $1.3 million net liabilities) comprising assets of $0.6 million (2018: $0.4 million, 2017: $1.7 million) and liabilities of $0.6 million (2018: $3.1 million, 2017: $3.0 million). These amounts were recognised as derivative assets and derivative liabilities respectively.

Sensitivity analysis for foreign currency risk

As at 31 March 2019, 2018 and 2017, 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, equity would have been affected as below:

	Equity (hedging reserve) $ million
Judgements of reasonably possible movements – increase/(decrease)	
2019	
USD	
Increase of the SGD by 7 per cent against US Dollar	(4.2)
Decrease of the SGD by 7 per cent against US Dollar	4.2
JPY	
Increase of the SGD by 12 per cent against Japanese Yen	(3.1)
Decrease of the SGD by 12 per cent against Japanese Yen	3.1
2018	
USD	
Increase of the SGD by 7 per cent against US Dollar	(1.9)
Decrease of the SGD by 7 per cent against US Dollar	1.9
CHF	
Increase of the SGD by 7 per cent against Swiss Franc	(0.8)
Decrease of the SGD by 7 per cent against Swiss Franc	0.8
JPY	
Increase of the SGD by 18 per cent against Japanese Yen	(7.2)
Decrease of the SGD by 18 per cent against Japanese Yen	7.2
2017	
USD	
Increase of the SGD by 7 per cent against US Dollar	(3.3)
Decrease of the SGD by 7 per cent against US Dollar	3.3
CHF	
Increase of the SGD by 9 per cent against Swiss Franc	(0.8)
Decrease of the SGD by 9 per cent against Swiss Franc	0.8
JPY	
Increase of the SGD by 18 per cent against Japanese Yen	(11.4)
Decrease of the SGD by 18 per cent against Japanese Yen	11.4

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 estimating 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.

As at 31 March 2019, the Company has interest rate and cross-currency swaps with notional amount of $6,578.9 million (2018: $8,498.5 million, 2017: $8,288.9 million). The Company classifies these swaps as cash flow and fair value hedges except for swaps with notional amount of $1,260.0 million (2018: $2,782.9 million, 2017: $1,610.0 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 2019 is $31.6 million net liabilities (2018: $181.1 million net liabilities, 2017: $22.9 million net liabilities) comprising assets of $79.1 million (2018: $47.5 million, 2017: $106.8 million) and liabilities of $110.7 million (2018: $228.5 million, 2017: $83.8 million). These amounts were recognised as derivative assets and derivative liabilities respectively.

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.

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

	Profit before taxation $ million	Equity (hedging reserve) $ million
Judgements of reasonably possible movements – increase/(decrease)		
2019		
Increase with all other variables held constant	(2.9)	5.8
Decrease with all other variables held constant	2.5	(6.9)
2018		
Increase with all other variables held constant	8.5	17.5
Decrease with all other variables held constant	(8.3)	(18.0)
2017		
Increase with all other variables held constant	(2.5)	(37.4)
Decrease with all other variables held constant	2.4	39.5

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 2019, the movements in interest rates used in the table above are as follows:

- Singapore interest rates – 81 basis points (2018: 79 basis points, 2017: 79 basis points)
- United States interest rates – 62 basis points (2018: 48 basis points, 2017: 38 basis points)
- Japan interest rates – 8 basis points (2018: 8 basis points, 2017: 7 basis points)
- Hong Kong interest rates – 62 basis points (2018: 23 basis points, 2017: 21 basis points)

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 derivative assets.

The Company provides for lifetime ECL for all trade receivables using a provision matrix as disclosed in Note 8. For other receivables, the Company considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. As at 31 March 2019, other receivables have been assessed to be subject to immaterial ECL.

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 $1.2 million (2018: $2.1 million, 2017: $1.0 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. Intercompany borrowings are obtained when necessary to meet its working capital requirements.

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

For swap hedging instruments that are cash flow hedges, the tables below indicate the periods that they are expected to impact profit or loss.

	Carrying amount	Contractual cash flows	Within 1 year	1 – 2 years	2 – 5 years	More than 5 years
	$ million	$ million	$ million	$ million	$ million	$ million
2019						
Non-derivative financial liabilities						
Trade and other payables*	(1,378.8)	(1,378.8)	(1,378.8)	–	–	–
Debt obligations						
- current	(161.5)	(166.5)	(166.5)	–	–	–
- non-current	(4,023.0)	(4,755.5)	(129.3)	(894.7)	(1,040.2)	(2,691.3)
Derivatives						
Derivative assets						
Interest rate swaps/cross-currency interest rate swaps	79.1	112.2	17.1	15.1	74.5	5.5
Forward exchange contracts						
- Inflow		170.5	163.9	3.2	3.4	–
- Outflow		(169.9)	(163.5)	(3.2)	(3.2)	–
	0.6	0.6	0.4	–	0.2	–
Derivative liabilities						
Interest rate swaps/cross-currency interest rate swaps	(110.7)	(152.7)	(17.9)	(3.6)	6.4	(137.6)
Forward exchange contracts						
- Inflow		164.5	164.5	–	–	–
- Outflow		(165.1)	(165.1)	–	–	–
	(0.6)	(0.6)	(0.6)	–	–	–
	(5,594.9)	(6,341.3)	(1,675.6)	(883.2)	(959.1)	(2,823.4)

	Carrying amount $ million	Contractual cash flows $ million	Within 1 year $ million	1 – 2 years $ million	2 – 5 years $ million	More than 5 years $ million
2018						
Non-derivative financial liabilities						
Trade and other payables*	(548.5)	(548.5)	(548.5)	–	–	–
Debt obligations						
- current	(507.1)	(524.2)	(524.2)	–	–	–
- non-current	(4,060.8)	(4,932.6)	(133.5)	(289.7)	(1,822.6)	(2,686.8)
Derivatives						
Derivative assets						
Interest rate swaps/cross-currency interest rate swaps	47.5	64.2	15.6	10.9	36.2	1.5
Forward exchange contracts						
- Inflow		33.9	33.1	0.8	–	–
- Outflow		(33.5)	(32.7)	(0.8)	–	–
	0.4	0.4	0.4	–	–	–
Derivative liabilities						
Interest rate swaps/cross-currency interest rate swaps	(228.5)	(273.7)	1.1	(18.8)	(15.1)	(240.9)
Forward exchange contracts						
- Inflow		79.9	74.0	5.9	–	–
- Outflow		(83.0)	(76.7)	(6.3)	–	–
	(3.1)	(3.1)	(2.7)	(0.4)	–	–
	(5,300.1)	(6,217.5)	(1,191.8)	(298.0)	(1,801.5)	(2,926.2)
2017						
Non-derivative financial liabilities						
Trade and other payables*	(1,132.1)	(1,132.1)	(1,132.1)	–	–	–
Debt obligations						
- current	(139.7)	(140.8)	(140.8)	–	–	–
- non-current	(3,985.3)	(4,764.9)	(137.8)	(637.7)	(1,227.1)	(2,762.3)
Derivatives						
Derivative assets						
Interest rate swaps/cross-currency interest rate swaps	106.8	124.4	9.4	17.7	24.2	73.1
Forward exchange contracts						
- Inflow		103.3	62.1	40.2	1.0	–
- Outflow		(101.6)	(60.9)	(39.7)	(1.0)	–
	1.7	1.7	1.2	0.5	–	–
Derivative liabilities						
Interest rate swaps/cross-currency interest rate swaps	(83.8)	(142.0)	12.0	(2.4)	(21.1)	(130.5)
Forward exchange contracts						
- Inflow		100.1	69.6	24.7	5.8	–
- Outflow		(103.1)	(71.6)	(25.5)	(6.0)	–
	(3.0)	(3.0)	(2.0)	(0.8)	(0.2)	–
	(5,235.4)	(6,056.7)	(1,390.1)	(622.7)	(1,224.2)	(2,819.7)

* Excluding advance receipts.

Capital management

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.

	2019	2018	2017
	$ million	$ million	$ million
Debt obligations	4,184.5	4,567.9	4,125.0
Amount due to immediate holding company (non-trade)	930.3	84.8	723.8
Total debts	5,114.8	4,652.7	4,848.8
Less: Cash and cash equivalents	(1.2)	(2.1)	(1.0)
Net debts	5,113.6	4,650.6	4,847.8
Total equity	4,719.8	4,512.0	4,361.9
Total capital	9,834.6	9,164.7	9,210.7
Net capital	9,833.4	9,162.6	9,209.7

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.

26 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.

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 2 within the fair value hierarchy disclosure required under SFRS(I) 13 *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 cost or amortised cost are deemed as Level 1 and Level 2. The financial instruments carried at cost or amortised cost approximates their fair values except as follows:

	Note	2019 Carrying amount $ million	2019 Fair value $ million	2018 Carrying amount $ million	2018 Fair value $ million	2017 Carrying amount $ million	2017 Fair value $ million
Financial liabilities							
Fixed rate debt obligations	13	4,184.5	4,251.7	4,567.9	4,648.0	3,985.3	4,083.2
Unrecognised loss			67.2		80.1		97.9

The table below sets out the comparison by category of carrying amounts of all the Company's financial instruments, shown in the balance sheet:

	Amortised cost $ million	Fair value through profit or loss $ million	Derivatives used for hedging $ million	Other financial liabilities $ million	Total carrying amount $ million
2019					
Assets					
Derivative assets	–	10.3	69.4	–	79.7
Trade and other receivables*	241.5	–	–	–	241.5
Cash and cash equivalents	1.2	–	–	–	1.2
	242.7	10.3	69.4	–	322.4
Liabilities					
Debt obligations	–	–	–	4,184.5	4,184.5
Derivative liabilities	–	2.3	109.0	–	111.3
Trade and other payables**	–	–	–	1,378.8	1,378.8
	–	2.3	109.0	5,563.3	5,674.6

	Loans and receivables	Fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Total carrying amount
	$ million	$ million	$ million	$ million	$ million
2018					
Assets					
Derivative assets	–	20.5	27.4	–	47.9
Trade and other receivables*	220.4	–	–	–	220.4
Cash and cash equivalents	2.1	–	–	–	2.1
	222.5	20.5	27.4	–	270.4
Liabilities					
Debt obligations	–	–	–	4,567.9	4,567.9
Derivative liabilities	–	9.3	222.3	–	231.6
Trade and other payables**	–	–	–	548.5	548.5
	–	9.3	222.3	5,116.4	5,348.0
2017					
Assets					
Derivative assets	–	22.3	86.2	–	108.5
Trade and other receivables*	209.2	–	–	–	209.2
Cash and cash equivalents	1.0	–	–	–	1.0
	210.2	22.3	86.2	–	318.7
Liabilities					
Debt obligations	–	–	–	4,125.0	4,125.0
Derivative liabilities	–	3.3	83.5	–	86.8
Trade and other payables**	–	–	–	1,132.1	1,132.1
	–	3.3	83.5	5,257.1	5,343.9

* Excluding prepayments
** Excluding advance receipts

27 Commitments

Capital commitments

At the reporting date, capital expenditure contracted but not provided for in the financial statements amounted to $1,612.3 million (2018: $1,711.9 million, 2017: $1,241.3 million).

Lease payments

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

	2019 $ million	2018 $ million	2017 $ million
Within one year	0.7	0.7	0.7

Lease receivables

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

	2019 $ million	2018 $ million	2017 $ million
Within one year	1.0	2.5	2.2
After one year but within five years	0.1	0.2	1.1
	1.1	2.7	3.3

28 Dividends

	2019 $ million	2018 $ million
Declared and paid during the financial year		
Dividends on ordinary shares		
- Final exempt (one-tier) dividend for year ended 31 March 2018: 12.57 cents (year ended 31 March 2017: 12.15 cents) per share	315.8	305.3

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