

Urban Redevelopment Authority

Financial Statements
Year Ended 31 March 2026



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Urban Redevelopment Authority

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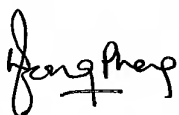
Urban Redevelopment Authority

Statement by Urban Redevelopment Authority

In our opinion:

- (a) the accompanying financial statements of Urban Redevelopment Authority (the "Authority"), set out on pages 6 to 33 are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018 ("PSG Act"), the Urban Redevelopment Authority Act 1989 ("URA Act") and Statutory Board Financial Reporting Standards ("SB-FRS") so as to present fairly, in all material respects, the financial position of the Authority as at 31 March 2026, and the financial performance, changes in equity and cash flows for the year then ended;
- (b) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Authority during the year are, in all material respects, in accordance with the provisions of the PSG Act, URA Act and the requirements of any other written law applicable to moneys of or managed by the Authority; and
- (c) proper accounting and other records have been kept, including records of all assets of the Authority, whether purchased, donated or otherwise.

On behalf of Urban Redevelopment Authority



.....
Ow Foong Pheng
Chairman



.....
Lim Eng Hwee
Chief Executive Officer

Singapore

30 June 2026

Urban Redevelopment Authority

Independent auditor's report For the financial year ended 31 March 2026

Independent auditor's report to the members of Urban Redevelopment Authority

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Urban Redevelopment Authority (the "Authority"), which comprise the statement of financial position as at 31 March 2026, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018 ("PSG Act"), the Urban Redevelopment Authority Act 1989 ("URA Act") and Statutory Board Financial Reporting Standards ("SB-FRS") so as to present fairly, in all material respects, the financial position of the Authority as at 31 March 2026 and the financial performance, changes in equity and cash flows of the Authority for the year ended on that date.

Basis for opinion

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

Other information

Management is responsible for the other information. The other information comprises the Statement by Urban Redevelopment Authority set out on page 1.

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.

Other matter

The financial statements of Urban Redevelopment Authority for the year ended 31 March 2025, were audited by another auditor who expressed an unmodified opinion on those statements on 12 June 2025.

Urban Redevelopment Authority

Independent auditor's report For the financial year ended 31 March 2026

Independent auditor's report to the members of Urban Redevelopment Authority

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- 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 Authority'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 Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

Urban Redevelopment Authority

Independent auditor's report For the financial year ended 31 March 2026

Independent auditor's report to the members of Urban Redevelopment Authority

Auditor's responsibilities for the audit of the financial statements (cont'd)

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

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

Report on other legal and regulatory requirements

Opinion

In our opinion:

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

Basis for opinion

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

Responsibilities of management for compliance with legal and regulatory requirements

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

Urban Redevelopment Authority

**Independent auditor's report
For the financial year ended 31 March 2026**

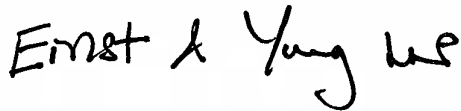
Independent auditor's report to the members of Urban Redevelopment Authority

Auditor's responsibilities for the compliance audit

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Yew Chung.

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
30 June 2026

Urban Redevelopment Authority

**Statement of financial position
As at 31 March 2026**

	Note	31 March 2026 \$'000	31 March 2025 \$'000
<u>ASSETS</u>			
Non-current asset			
Property, plant and equipment	4	191,042	183,794
Current assets			
Debtors, prepayments and accrued revenue	5	21,648	34,338
Financial assets at fair value through profit or loss	6	785,796	715,381
Cash and cash equivalents	7	188,415	271,798
Total current assets		995,859	1,021,517
Total assets		1,186,901	1,205,311
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Creditors and accrued operating expenses	8	76,301	87,255
Agency and other deposits	9	1,741	2,247
Provision for contribution to Consolidated Fund	10	10,095	8,004
Deferred income	11	6,103	5,631
Financial liabilities at fair value through profit or loss	6	679	–
Total current liabilities		94,919	103,137
Non-current liabilities			
Project advances	8	13,186	13,186
Deferred income	11	2,935	2,371
Provision for pensions and gratuities	12	865	990
Total non-current liabilities		16,986	16,547
Equity			
Capital account	13	27,692	27,692
Accumulated surplus		1,047,304	1,057,935
Total equity		1,074,996	1,085,627
Total liabilities and equity		1,186,901	1,205,311

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

Urban Redevelopment Authority

**Statement of comprehensive income
For the financial year ended 31 March 2026**

	Note	2025/2026 \$'000	2024/2025 \$'000
Operating income			
Income from planning and other services	14	130,754	118,683
Agency and consultancy fees	15	28,501	25,880
Income from development control	16	37,450	40,399
Parking fees and related charges	17	65,134	66,201
Rental income		15,863	16,998
Other operating income	19	9,563	10,227
		<hr/> 287,265	<hr/> 278,388
Operating expenses			
Expenditure on manpower and staff benefits	20	171,607	158,107
Operating supplies and services	21	66,505	59,733
Temporary occupation licence fees	22	28,760	29,825
Depreciation	4	13,642	13,584
Property and car park maintenance		16,266	13,910
		<hr/> 296,780	<hr/> 275,159
Operating (deficit)/surplus		<hr/> (9,515)	<hr/> 3,229
Non-operating surplus			
Net income from bank deposits and investments	18	68,890	43,797
Other non-operating income		11	39
		<hr/> 68,901	<hr/> 43,836
Surplus before contribution to Consolidated Fund		59,386	47,065
Contribution to Consolidated Fund	10	(10,095)	(8,004)
Net surplus for the year, representing total comprehensive income for the year		<hr/> 49,291	<hr/> 39,061

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

Urban Redevelopment Authority**Statement of changes in equity
For the financial year ended 31 March 2026**

	Capital account \$'000	Accumulated surplus \$'000	Total \$'000
At 1 April 2024	27,692	1,068,846	1,096,538
Net surplus for the year, representing total comprehensive income for the year	–	39,061	39,061
Funding for government projects (Note 23)	–	(1,513)	(1,513)
Dividend paid (Note 24)	–	(48,459)	(48,459)
At 31 March 2025 and 1 April 2025	27,692	1,057,935	1,085,627
Net surplus for the year, representing total comprehensive income for the year	–	49,291	49,291
Funding for government projects (Note 23)	–	(23,461)	(23,461)
Dividend paid (Note 24)	–	(36,461)	(36,461)
At 31 March 2026	27,692	1,047,304	1,074,996

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

Urban Redevelopment Authority

Statement of cash flows For the financial year ended 31 March 2026

	Note	2025/2026 \$'000	2024/2025 \$'000
Operating activities			
Surplus before contribution to Consolidated Fund		59,386	47,065
Adjustments for:			
Depreciation	4	13,642	13,584
Write-back of provision for pensions and gratuities	12	(69)	–
Deferred income recognised	11	(5,631)	(5,826)
Net income from bank deposits and investments	18	(68,890)	(43,797)
Loss on disposal of property, plant and equipment	4	1	198
Write-off of property, plant and equipment	4	502	–
Bad debts written off	5	127	–
Operating cash flows before movements in working capital		(932)	11,224
Debtors, prepayments and accrued revenue		9,847	(3,607)
Agency and other deposits		(506)	(33)
Creditors and accrued operating expenses		(4,680)	946
Payments for pensions and gratuities	12	(56)	(54)
Deferred income received	11	6,667	6,530
Cash flows from operations		10,340	15,006
Contribution to Consolidated Fund		(8,004)	(9,554)
Net cash flows generated from operating activities		2,336	5,452
Investing activities			
Purchase of property, plant and equipment		(17,514)	(11,309)
Interest received		15,012	14,519
Net payment from sale and purchase of financial assets at fair value through profit or loss		(13,728)	(8,653)
Net cash flows used in investing activities		(16,230)	(5,443)
Financing activities			
Funding for government projects		(20,977)	(1,111)
Dividend paid	24	(36,461)	(48,459)
Net cash flows used in financing activities		(57,438)	(49,570)
Net decrease in cash and cash equivalents		(71,332)	(49,561)
Cash and cash equivalents at beginning of year		232,372	281,933
Cash and cash equivalents at end of year	7	161,040	232,372

Note:

During the year, the Authority acquired property, plant and equipment amounting to \$21,393,000 (2024/2025: \$11,711,000), of which \$6,086,000 (31 March 2025: \$2,207,000) has not been paid at the end of the reporting period.

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

Urban Redevelopment Authority

Notes to the financial statements

For the financial year ended 31 March 2026

1. General information

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

The principal activities of the Authority are to:

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

These financial statements of the Authority for the year ended 31 March 2026 were authorised for issue by the Board on 30 June 2026.

2. Material accounting policy information

2.1 Basis of preparation

The financial statements have been drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018 (“PSG Act”), the Urban Redevelopment Authority Act 1989 (“URA Act”), and Statutory Board Financial Reporting Standards (“SB-FRS”), and have been prepared on the historical cost basis, except as disclosed in the material accounting policy information.

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

2.2 Adoption of new and revised standards

In the current financial year, the Authority has adopted all the new and revised standards which are relevant to the Authority and are effective for annual financial period beginning on 1 April 2025. The adoption of these new and revised standards did not have any material impact on the financial performance or position of the Authority.

2. Material accounting policy information (cont'd)

2.3 Standards issued but not yet effective

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

SB-FRS 118 Presentation and Disclosure in Financial Statements

The major requirements in SB-FRS 118 Presentation and Disclosure in Financial Statements relate to the presentation and disclosure of the statement of profit or loss. The standard requires all the income and expenses to be classified in one of five categories (namely operating, investing, financing, income taxes and discontinued operations). It further requires subtotals for operating profit or loss, profit or loss before financing and income taxes, and profit or loss to be presented.

In line with SB-FRS, the Authority plans to adopt the SB-FRS in the financial year beginning on 1 April 2027, with retrospective application. The Authority has preliminarily assessed that the amendments will have impact on the disclosures in the Authority's financial statements but not on the measurement or recognition of any items in the financial statements.

2.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Authority takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for leasing transactions that are within the scope of SB-FRS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in SB-FRS 36 Impairment of Assets.

2. Material accounting policy information (cont'd)

2.4 Fair value measurement (cont'd)

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

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

2.5 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Authority becomes a party to the contractual provisions of the instruments.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Financial assets are initially measured at fair value (except for trade receivables that do not have a significant financing component which are measured at transaction price), net of transaction costs that are directly attributable to the acquisition or issue of financial assets (other than those at fair value through profit or loss). Transaction costs directly attributable to the acquisition or issue of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Classification of financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value through profit or loss ("FVTPL") based on the Authority's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

(i) Amortised cost

Financial assets (comprising cash and cash equivalents, debtors and accrued revenue) are subsequently measured at amortised cost as they are held within a business model whose objective is to collect the contractual cash flows which are solely payments of principal and interest on the principal amount outstanding ("SPPI").

(ii) Fair value through profit or loss ("FVTPL")

Financial assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss (Note 6). The investments are held for trading with any gains or losses arising from changes in fair value (including dividends received) recognised in 'net income from bank deposits and investments' line item.

2. Material accounting policy information (cont'd)

2.5 Financial instruments (cont'd)

Financial assets (cont'd)

Impairment of financial assets

The Authority considers a financial asset in default when internal or external information indicates that the Authority is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Details about the Authority's credit risk management and impairment policies are disclosed in 27(b)(iv).

Derecognition

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

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities at amortised cost

Financial liabilities at amortised cost include creditors and accrued operating expenses and agency and other deposits. These are initially measured at fair value, net of transaction costs that are directly attributable to the acquisition or issue of the financial liabilities, and are subsequently measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Authority after deducting all of its liabilities.

Derecognition

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

2.6 Derivative financial instruments

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

2. Material accounting policy information (cont'd)

2.7 Leases

The Authority as lessee

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

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

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

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

The Authority as lessor

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

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

2.8 Property, plant and equipment

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

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

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

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

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

No depreciation is recorded on projects-in-progress as these assets are not yet available for use.

2. Material accounting policy information (cont'd)

2.8 Property, plant and equipment (cont'd)

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

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

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

2.9 Infrastructural projects-in-progress

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

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

2.10 Provisions

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

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

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

2. Material accounting policy information (cont'd)

2.11 Income recognition

The Authority recognises income from the following major sources:

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

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

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

(i) Income from planning and other services

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

Urban Redevelopment Authority

Notes to the financial statements For the financial year ended 31 March 2026

2. Material accounting policy information (cont'd)

2.11 Income recognition (cont'd)

(ii) Agency and consultancy fees

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

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

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

(iii) Income from development control

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

(iv) Parking fees and related charges

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

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

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

(v) Rental income

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

(vi) Interest income

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

(vii) Dividend income

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

Urban Redevelopment Authority

Notes to the financial statements For the financial year ended 31 March 2026

2. Material accounting policy information (cont'd)

2.11 Income recognition (cont'd)

(viii) Other operating income

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

2.12 Employee compensation and superannuation benefits

Defined contribution plans

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

Employee leave entitlement

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

Pensions

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

2.13 Foreign currency transactions and balances

In preparing the financial statements, transactions in foreign currencies are recorded on initial recognition at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

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

2.14 Cash and cash equivalents

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

2. Material accounting policy information (cont'd)

2.15 Capital

Proceeds from issuance of shares to Minister for Finance are recognised as capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against capital.

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Urban Redevelopment Authority

Notes to the financial statements
For the financial year ended 31 March 2026

4. Property, plant and equipment

	Leasehold land* \$'000	Buildings \$'000	Plant and machinery \$'000	Surface car parks \$'000	IT systems \$'000	Other assets \$'000	Projects-in- progress \$'000	Total \$'000
Cost:								
At 1 April 2024	153,151	116,839	34,729	46,868	38,066	32,258	4,572	426,483
Additions	—	—	—	—	1,740	38	9,933	11,711
Transfers	—	—	—	—	2,494	186	(2,680)	—
Disposals	—	—	—	(782)	(1,293)	(214)	—	(2,289)
Write-off	—	—	—	—	—	—	(198)	(198)
At 31 March 2025	153,151	116,839	34,729	46,086	41,007	32,268	11,627	435,707
Additions	—	—	—	—	3,468	93	17,832	21,393
Transfers	—	—	141	873	11,153	249	(12,416)	—
Disposals	—	—	(6,220)	—	(2,797)	(2,547)	—	(11,564)
Write-off	—	—	—	—	—	—	(502)	(502)
At 31 March 2026	153,151	116,839	28,650	46,959	52,831	30,063	16,541	445,034
Accumulated depreciation:								
At 1 April 2024	41,316	71,596	29,440	43,218	24,921	30,127	—	240,618
Depreciation	1,627	2,676	1,586	990	5,853	852	—	13,584
Disposals	—	—	—	(782)	(1,293)	(214)	—	(2,289)
At 31 March 2025	42,943	74,272	31,026	43,426	29,481	30,765	—	251,913
Depreciation	1,627	2,676	1,566	1,107	6,298	368	—	13,642
Disposals	—	—	(6,219)	—	(2,797)	(2,547)	—	(11,563)
At 31 March 2026	44,570	76,948	26,373	44,533	32,982	28,586	—	253,992
Carrying amount:								
At 31 March 2026	108,581	39,891	2,277	2,426	19,849	1,477	16,541	191,042
At 31 March 2025	110,208	42,567	3,703	2,660	11,526	1,503	11,627	183,794

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

Urban Redevelopment Authority

Notes to the financial statements For the financial year ended 31 March 2026

4. Property, plant and equipment (cont'd)

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

5. Debtors, prepayments and accrued revenue

	31 March 2026 \$'000	31 March 2025 \$'000
Prepayments	7,237	6,301
Accrued revenue	6,284	8,730
Accrued interest and dividend receivables	3,254	5,674
Recoverables:		
- Others	2,059	7,674
- Agency projects	1,260	653
Operating debtors	1,430	4,890
Other debtors	124	120
Receivables for sale of investment	–	296
	21,648	34,338

The Authority's operating debtors are mostly government agencies, other statutory boards and its supervisory ministry, the Ministry of National Development (Note 26). A majority of the Authority's operating debtors and recoverables are neither past due (within the credit period of 30 days) nor impaired and are due from the Ministry of National Development. During the financial year, operating debtors of \$127,000 (2024/2025: \$Nil) was written off.

The Authority applies the simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses ("ECL") for operating debtors and an amount equal to 12-month ECL for other receivables. The loss allowance is determined to be minimal.

Included within accrued revenue are contract assets mainly relating to rendering of agency and consultancy services of \$4,460,000 (31 March 2025: \$6,657,000).

Urban Redevelopment Authority

Notes to the financial statements For the financial year ended 31 March 2026

6. Financial assets (liabilities) at fair value through profit or loss

Financial assets (liabilities) include the following:

	31 March 2026 \$'000	31 March 2025 \$'000
<u>Financial assets at fair value through profit or loss</u>		
Unit trusts ^(a)	432,945	442,094
Quoted marketable securities:		
- Bonds ^(b)	293,577	271,981
- Exchange-traded fund ("ETF")	59,274	—
Forward foreign exchange contracts ^(c)	—	1,306
Total financial assets at FVTPL	785,796	715,381
<u>Financial liabilities at fair value through profit or loss</u>		
Forward foreign exchange contracts ^(c)	(679)	—
Total financial liabilities at FVTPL	(679)	—
Net financial assets	785,117	715,381

The Authority's investment in financial assets and financial liabilities at fair value through profit or loss are measured at fair value as at each reporting date and are managed by external fund managers. The fair value measurement of financial assets and financial liabilities are categorised as level 2, except for the ETF that is categorised as level 1. There are no significant unobservable inputs and there was no transfer between Level 1 and Level 2 of the fair value hierarchy during the current and previous financial years.

(a) Unit trusts comprise mainly equity and bond funds.

(b) Bonds have a weighted average effective interest rate of 3.4% (31 March 2025: 3.6%) per annum. The bonds tenure ranged from 62 days to 46.4 years (31 March 2025: 190 days to 47.4 years). Included in bonds are perpetual securities of \$47,856,000 (31 March 2025: \$40,245,000) with no fixed redemption date. Singapore Government Securities and bonds issued by the Singapore statutory boards amounted to \$126,147,000 (31 March 2025: \$113,130,000).

(c) Foreign exchange contracts are used to hedge foreign exchange risks arising from investments in quoted bonds. The notional principal amounts of outstanding forward foreign exchange contracts, all involving United States dollars, are \$82,439,000 (31 March 2025: \$75,744,000).

The settlement dates on forward foreign exchange contracts currently have a duration of 15 days (31 March 2025: 15 days). The Authority will settle the foreign exchange contracts on a gross basis.

Investment in financial assets at fair value through profit or loss denominated in foreign currencies amounted to \$475,077,000 (31 March 2025: \$427,808,000). The foreign currency exposure arises primarily from the Authority's investment in unit trusts and quoted bonds and is fully denominated in United States dollar.

Urban Redevelopment Authority

Notes to the financial statements For the financial year ended 31 March 2026

7. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprised the following:

	31 March 2026 \$'000	31 March 2025 \$'000
Cash with Accountant-General's Department	162,339	230,962
Cash and bank balances	24,265	36,030
Cash and bank balances held by fund managers	1,811	4,806
Cash and cash equivalents per statement of financial position	188,415	271,798
Cash held on behalf of government agencies	(27,375)	(39,426)
Cash and cash equivalents per statement of cash flows	161,040	232,372

- (a) Included in cash and bank balances, as well as cash with Accountant-General's Department ("AGD") was an amount of \$27,375,000 (31 March 2025: \$39,426,000) relating to collections on behalf of the Ministry of National Development and other government agencies, and classified as part of "Creditors and accrued operating expenses" (Note 8) and "Agency and other deposits" (Note 9).
- (b) Cash with the AGD comprises \$89,792,000 (31 March 2025: \$142,906,000) that are managed by AGD under the Centralised Liquidity Management scheme ("CLM") and \$72,547,000 (31 March 2025: \$88,056,000) managed under the Statutory Board Approved Funds ("SBAF"). Under the CLM, cash is managed centrally to achieve greater efficiency and bears interest at rates ranging from 1.47% to 2.80% (2024/2025: 2.75% to 3.18%). Under the SBAF, funds approved for infrastructural projects are placed with AGD and will not be subject to dividend payment.
- (c) Cash and cash equivalents denominated in foreign currencies amounted to \$449,000 (31 March 2025: \$1,545,000) and were denominated mainly in United States dollars. The cash in foreign currencies were held mainly by fund managers in relation to the Authority's investment in quoted bonds.

Urban Redevelopment Authority

Notes to the financial statements For the financial year ended 31 March 2026

8. Creditors and accrued operating expenses

	31 March 2026 \$'000	31 March 2025 \$'000
Accrued operating expenses and other creditors	38,294	41,003
Collections on behalf of the Ministry of National Development and government agencies:		
- Sale of sites tender deposits	24,250	36,016
- Others	1,617	1,670
Payables for property, plant and equipment	6,086	2,207
Payables for infrastructural projects-in-progress	3,964	1,480
Payables for purchase of investments	1,377	1,963
Advances received	526	691
Operating creditors	187	2,225
Creditors and accrued operating expenses	76,301	87,255
Add: Agency and other deposits	1,741	2,247
Less: Provision for unconsumed leave	(7,813)	(7,372)
Less: Advances received	(526)	(691)
Financial liabilities measured at amortised cost	69,703	81,439

Total liabilities relating to agency projects amounted to \$13,629,000 (31 March 2025: \$13,647,000) and comprise:

- Project advances of \$13,186,000 (31 March 2025: \$13,186,000) disclosed as a non-current liability on the statement of financial position; and
- An amount of \$443,000 (31 March 2025: \$461,000) included in "Operating creditors" and "Accrued operating expenses and other creditors".

Other than collections on behalf of the Ministry of National Development and government agencies, the average credit period is 30 days (31 March 2025: 30 days).

9. Agency and other deposits

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

10. Contribution to Consolidated Fund

The contribution to the Consolidated Fund is made in accordance with Section (3)(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act 1989. Contribution for the financial year is determined based on 17% (2024/2025: 17%) of the surplus for the financial year.

Urban Redevelopment Authority

Notes to the financial statements For the financial year ended 31 March 2026

11. Deferred income

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

	31 March 2026 \$'000	31 March 2025 \$'000
Presented as:		
Current	6,103	5,631
Non-current	2,935	2,371
	<u>9,038</u>	<u>8,002</u>

Movements in deferred income account are as follows:

	31 March 2026 \$'000	31 March 2025 \$'000
At beginning of financial year	8,002	7,298
Income deferred during the financial year	6,667	6,530
Transfer to profit or loss	(5,631)	(5,826)
At end of financial year	<u>9,038</u>	<u>8,002</u>

12. Provision for pensions and gratuities

Movements in provision for pensions and gratuities are as follows:

	31 March 2026 \$'000	31 March 2025 \$'000
At beginning of financial year	990	1,044
Write-back of provision	(69)	–
Payment during the financial year	(56)	(54)
At end of financial year	<u>865</u>	<u>990</u>

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

Urban Redevelopment Authority

Notes to the financial statements For the financial year ended 31 March 2026

13. Capital account

The balance in this account comprises:

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

14. Income from planning and other services

	2025/2026 \$'000	2024/2025 \$'000
Income from planning and other services:		
- Planning services rendered to the Ministry of National Development	89,686	78,821
- Place Management	6,859	6,744
- Promotion of architecture and urban design excellence	3,982	3,924
- Other reimbursement from the Ministry of National Development and other agencies	30,227	29,194
	<u>130,754</u>	<u>118,683</u>

15. Agency and consultancy fees

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

16. Income from development control

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

Urban Redevelopment Authority

Notes to the financial statements For the financial year ended 31 March 2026

17. Parking fees and related charges

Short-term parking charges and income from the sale of car park coupons are included under "Parking fees and related charges".

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

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

18. Net income from bank deposits and investments

	2025/2026 \$'000	2024/2025 \$'000
Interest income from bank deposits	2,745	6,817
<u>Investments</u>		
Gain from sale of investments	5,599	1,816
Interest income	9,847	8,808
Fair value gain arising from financial assets and financial liabilities held for trading	67,020	29,765
Foreign exchange loss	(14,540)	(1,774)
Gain from investments	67,926	38,615
Fund management expenses	(1,781)	(1,635)
	66,145	36,980
Net income from bank deposits and investments	68,890	43,797

19. Other operating income

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

20. Expenditure on manpower and staff benefits

	2025/2026 \$'000	2024/2025 \$'000
Salaries, allowances and bonus	149,325	137,620
Employer's contribution to Central Provident Fund	18,804	17,466
Hospital and medical expenses	707	565
Staff welfare expenses	588	563
Other staff costs	2,183	1,893
	171,607	158,107

Urban Redevelopment Authority

Notes to the financial statements

For the financial year ended 31 March 2026

21. Operating supplies and services

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

In addition to those disclosed elsewhere in the notes to the Statement of Comprehensive Income, the following items were included in arriving at operating (deficit)/surplus:

	2025/2026 \$'000	2024/2025 \$'000
Expenses relating to short term leases	3,390	3,442
Expenses relating to leases of low value assets	770	1,239
Board members' allowances	248	236

22. Temporary occupation licence fees

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

23. Funding for government projects

The Authority provides funding for strategic and game-changing government infrastructure projects which are aligned with URA's mission and strategic objectives. The funding is recognised in the financial year when they become payable upon receipt of invoice. This amount was recorded directly as a reduction in the Authority's accumulated surplus in the financial year as this was a contribution to the government. The amount incurred of \$23,461,000 (2024/2025: \$1,513,000) was mainly for the project, Proposed Construction of Pedestrian and Cycling Connections along the Kallang River.

24. Dividend paid

Dividend is recognised in the financial year in which it is approved by the Board. During the financial year, dividends of \$36,461,000 (2024/2025: \$48,459,000) was paid to the Minister for Finance, a body corporate incorporated under the Minister for Finance (Incorporation) Act 1959, in respect of the results for the financial year ended 31 March 2025.

Urban Redevelopment Authority

Notes to the financial statements For the financial year ended 31 March 2026

25. Commitments

(a) *Capital commitments*

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

	31 March 2026 \$'000	31 March 2025 \$'000
Commitments for acquisition of property, plant and equipment	83,958	18,478

(b) *The Authority as lessor*

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

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

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

Maturity analysis of operating lease receivables:

	31 March 2026 \$'000	31 March 2025 \$'000
Not later than one year	9,217	9,074
Between one and two years	11,472	139
Between two and three years	11,105	80
Between three and four years	1,938	—
	33,732	9,293

Urban Redevelopment Authority

Notes to the financial statements For the financial year ended 31 March 2026

26. Significant related party transactions

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

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

	2025/2026 \$'000	2024/2025 \$'000
Income		
Ministry of National Development:		
- Income from planning and other services	122,383	113,130
- Agency and consultancy fees	14,737	13,857
- Other operating income	6,729	6,525
Housing & Development Board:		
- Income from development control	5,839	7,597
Ministry of Law:		
- Agency and consultancy fees	13,282	10,173
Expenditure		
Singapore Land Authority:		
- Temporary occupation licence fees	27,997	29,177
Government Technology Agency:		
- Operating supplies and services	12,466	10,998

Compensation of key management personnel

Key management personnel compensation is as follows:

	2025/2026 \$'000	2024/2025 \$'000
Salaries and other short-term employee benefits	8,918	8,638
Employer's contribution to Central Provident Fund	327	315
	9,245	8,953

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

Urban Redevelopment Authority

Notes to the financial statements For the financial year ended 31 March 2026

27. Financial instruments, financial risks and capital risk management

(a) *Categories of financial instruments*

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

	31 March 2026 \$'000	31 March 2025 \$'000
Financial assets		
Financial assets carried at amortised cost:		
- Cash and cash equivalents (Note 7)	188,415	271,798
- Debtors, excluding prepayments and contract assets (Note 5)	9,951	21,380
	<u>198,366</u>	<u>293,178</u>
Financial assets measured at FVTPL (Note 6)	<u>785,796</u>	<u>715,381</u>
Financial liabilities		
Financial liabilities measured at amortised cost (Note 8)	<u>69,703</u>	<u>81,439</u>
Financial liabilities measured at FVTPL (Note 6)	<u>679</u>	<u>—</u>

(b) *Financial risk management policies and objectives*

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

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

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

(i) *Foreign currency risk management*

The Authority has exposure to foreign currency exchange risk as a result of financial assets (excluding hedged amounts) denominated in mainly United States dollar ("USD"). As at the reporting date, financial assets denominated in USD amounted to \$392,897,000 (31 March 2025: \$353,095,000). Foreign currency contracts are used to hedge foreign exchange exposure as and when required.

27. Financial instruments, financial risks and capital risk management (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(i) Foreign currency risk management (cont'd)

Foreign currency sensitivity analysis

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

A 10% weakening/strengthening in the Singapore dollar against the United States dollar with all other variables being held constant is expected to increase/decrease the net surplus of the Authority by \$39,290,000 (2024/2025: \$35,310,000).

(ii) Interest rate risk management

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

(iii) Price risk management

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

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

Price sensitivity analysis

In respect of financial assets carried at fair value through profit or loss, except for bonds, a 10% increase/decrease in the prices with all other variables being held constant would increase/decrease the Authority's net surplus for the year ended 31 March 2026 would increase/decrease by \$49,222,000 (31 March 2025: \$44,209,000).

In respect of bonds classified as held for trading, if the interest rate decreases/increases by 100 basis with all other variables being held constant would increase/decrease the Authority's net surplus by \$23,854,000 (31 March 2025: \$21,223,000), determined based on a method using the weighted average duration of the bonds.

27. Financial instruments, financial risks and capital risk management (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(iv) Credit risk management

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

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

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

(v) Liquidity risk management

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

Liquidity risk analysis

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

(c) *Fair value of financial assets and financial liabilities*

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values due to the relatively short-term maturity of these financial instruments.

(d) *Capital risk management policies and objectives*

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