

# Notes to the Financial Statements

Year ended December 31, 2020

## B. Our Performance (cont'd)

### B2. Turnover (cont'd)

#### Revenue from contracts with customers (cont'd)

##### a. Disaggregation of revenue from contracts with customers (cont'd)

(\$ million)	Reportable segments			Total
	Energy	Urban <sup>1</sup>	Others / Corporate	
<b>2019</b>				
<b>Primary geographical markets</b>				
Singapore	3,493	–	291	3,784
China	219	277	1	497
India	1,614	–	*	1,614
Rest of Asia	194	1	23	218
Middle East	68	–	–	68
UK	496	–	*	496
Rest of Europe	–	–	*	*
Other Countries	54	–	1	55
<b>Total</b>	<b>6,138</b>	<b>278</b>	<b>316</b>	<b>6,732</b>
<b>Major product / service lines</b>				
Energy products and related services (including electricity, gas and steam)	5,436	–	–	5,436
Water products and related services	207	–	–	207
Construction and engineering related activities	190	–	272	462
Others	305	278	44	627
<b>Total</b>	<b>6,138</b>	<b>278</b>	<b>316</b>	<b>6,732</b>
<b>Timing of revenue recognition</b>				
Over time	6,130	–	271	6,401
At a point in time	8	278	45	331
<b>Total</b>	<b>6,138</b>	<b>278</b>	<b>316</b>	<b>6,732</b>

<sup>1</sup> Revenue for the Urban business was mostly from the sale of Nanjing Riverside Grandeur residential property in China.

##### b. Transaction price allocated to remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at reporting date. This is estimated based on the expected progress of the projects or expected energy output.

(\$ million)	Timing of recognition			Total
	Within the next 12 months	Between 1 to 5 years	More than 5 years	
<b>2020</b>				
<b>Segment</b>				
Energy	1,122	2,542	1,173	4,837
Urban	–	–	–	–
Others	319	773	–	1,092
<b>Total</b>	<b>1,441</b>	<b>3,315</b>	<b>1,173</b>	<b>5,929</b>
<b>2019</b>				
<b>Segment</b>				
Energy	1,375	4,621	2,121	8,117
Urban	–	–	–	–
Others	338	712	40	1,090
<b>Total</b>	<b>1,713</b>	<b>5,333</b>	<b>2,161</b>	<b>9,207</b>

## B. Our Performance (cont'd)

### B2. Turnover (cont'd)

#### Revenue from contracts with customers (cont'd)

##### b. Transaction price allocated to remaining performance obligations (cont'd)

#### Accounting policies

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

Estimated amounts of considerations which are variable in nature are not included in the disclosure of transaction price allocated to the remaining performance obligations.

##### c. Assets and liabilities related to contracts with customers

The Group and the Company have recognised the following assets and liabilities related to contracts with customers:

(\$ million)	Group		Company	
	2020	2019	2020	2019
<b>Contract assets</b>	<b>15</b>	<b>1,501</b>	<b>–</b>	<b>–</b>
Current contract liabilities	141	172	3	3
Non-current contract liabilities	71	69	28	30
<b>Total contract liabilities</b>	<b>212</b>	<b>241</b>	<b>31</b>	<b>33</b>

#### Significant changes in contract assets

The contract assets mainly relate to the Group's conditional rights to consideration for work completed or utilities delivered but not yet billed at reporting date on the long-term contracts. In 2020, these contracts relate to our infrastructure construction. In 2019, these contracts relate to ship and rig building, conversion and repair; and infrastructure construction. The contract assets are transferred to trade receivables when the rights become unconditional.

#### Significant changes in the contract assets balances during the year are as follows:

(\$ million)	Group		Company	
	2020	2019	2020	2019
Transfer of contract assets recognised at the beginning of the year to trade receivables	(301)	(736)	–	10
Recognition of revenue, net of transfer to trade receivables during the year	461	1,207	–	(10)
Distribution of a subsidiary	(1,649)	–	–	–
Cumulative catch-up adjustments arising from:				
– Changes in measurement of progress	(1)	2	–	–
– Contract modifications	3	3	–	–

#### Significant changes in contract liabilities

The contract liabilities primarily relate to the advance consideration received from customers for which revenue is recognised over time and at a point in time. For revenue recognised over time, the balance at year end will be recognised over the remaining period stipulated in the contract.

# Notes to the Financial Statements

Year ended December 31, 2020

## B. Our Performance (cont'd)

### B2. Turnover (cont'd)

#### Revenue from contracts with customers (cont'd)

##### c. Assets and liabilities related to contracts with customers (cont'd)

Significant changes in the contract liabilities balances during the year are as follows:

(\$ million)	Group		Company	
	2020	2019	2020	2019
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	(137)	(478)	(3)	(3)
Increases due to cash received, excluding amounts recognised as revenue during the year	257	268	–	6
Disposal of subsidiary	–	(23)	–	–
Distribution of a subsidiary	(147)	–	–	–
Write-off of contract liabilities to other income	–	(2)	–	(2)
Currency translation changes	2	(4)	–	–
Cumulative catch-up adjustments arising from:				
– Changes in measurement of progress	2	(2)	–	–
– Contract modifications	(2)	(1)	–	–

#### Contract Costs

(\$ million)	December 31, 2020	December 31, 2019
<b>Group</b>		
<b>Current assets</b>		
Costs to secure contracts	1	1
Fulfilment cost	*	89
	1	90
<b>Non-current assets</b>		
Costs to secure contracts	1	2

##### i. Costs to secure contracts

Management expects the incremental costs of securing contracts to be recoverable. The Group has therefore capitalised them in the amount of less than S\$1 million (2019: S\$3 million) as at December 31, 2020.

##### ii. Fulfilment cost

Costs incurred relating to rig and shipbuilding and construction that are to be sold upon completion are capitalised as fulfilment cost for future performance obligations. These costs are expected to be recoverable and are amortised to profit or loss when the related revenue is recognised. In 2020, S\$167 million (2019: S\$560 million) was amortised to cost of sales and there was no impairment losses (2019: S\$nil). During 2019, engineering designs under development of S\$50 million was reclassified from contract costs to intangible assets (Note D3(a)).

## B. Our Performance (cont'd)

### B3. Taxation

This note explains how our Group tax charge arises. The deferred tax section of the note also provides information on our expected future tax charges and sets out the tax assets held across the Group together with our view on whether we expect to be able to make use of these in future.

#### Accounting policies

Tax expense comprises current and deferred tax. Tax expense is recognised in profit or loss except to the extent that it relates to business combinations, or to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or recoverable in respect of the taxable income or loss 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 accounting purposes and for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, 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 differences relating to investments in subsidiaries, joint ventures and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

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

#### Key estimates and judgements

The Group is subjected to taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for taxes. In determining the amount of current and deferred taxes, the Group takes into account current understanding and interpretation of existing tax laws and judgement as to whether the tax balances will be utilised and / or reversed in foreseeable future. The eventual taxes paid or received may vary, such differences will be charged to profit or loss in the period when determination is made.