

## Notes to the Financial Statements

Year ended December 31, 2020

### E. Working Capital

#### E1. Trade and other receivables

Trade and other receivables mainly consist of amounts owed to the Group by customers and amounts paid to the Group's suppliers in advance. Trade receivables are shown net of an allowance for bad or doubtful debts.

##### Accounting policies

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, where they are recognised at fair value. The carrying value of trade receivables is reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the impairment policies and the calculation of the loss allowance are provided in Note F4.

The Group classified its **other financial assets at amortised cost** only if (i) the asset is held within a business model whose objective is to collect the contractual cash flows and (ii) the contractual term give rise to cash flows that are solely payments of principal and interest. Such assets are subsequently measured at amortised costs using the effective interest method. The amortised costs is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

In the service concession arrangement the Group recognises a financial asset arising from its construction services when it has an unconditional contractual right to receive fixed and determinable amounts of payments irrespective of the output produced. The consideration receivable is measured initially at fair value and subsequently measured at amortised cost using the effective interest method.

(\$ million)	Note	December 31, 2020			December 31, 2019		
		Non-current	Current	Total	Non-current	Current	Total
<b>Group</b>							
Trade receivables		*	871	871	1,055	1,188	2,243
Service concession receivables	(a)	934	40	974	1,017	38	1,055
Amounts due from related parties	G6	1	59	60	30	56	86
Staff loans		–	*	*	–	*	*
Deposits		5	28	33	6	21	27
Sundry receivables	(b)	–	81	81	–	101	101
Unbilled receivables	(c)	–	395	395	–	415	415
Loan receivables		–	9	9	–	14	14
Recoverables		*	8	8	–	38	38
Interest receivables		–	6	6	–	10	10
Grant receivables		–	8	8	–	–	–
		940	1,505	2,445	2,108	1,881	3,989
Loss allowance	F4	(12)	(45)	(57)	(10)	(191)	(201)
Financial assets at amortised costs	F4,(d)	928	1,460	2,388	2,098	1,690	3,788
Prepayments	(e)	46	45	91	45	99	144
Other receivables	(f)	–	–	–	–	16	16
Employee defined benefit asset		*	2	2	10	–	10
Advances to suppliers		–	61	61	–	227	227
Tax recoverable		21	3	24	17	16	33
		995	1,571	2,566	2,170	2,048	4,218

### E. Working Capital (cont'd)

#### E1. Trade and other receivables (cont'd)

(\$ million)	Note	December 31, 2020			December 31, 2019		
		Non-current	Current	Total	Non-current	Current	Total
<b>Company</b>							
Trade receivables		–	15	15	–	15	15
Amounts due from related parties	G6	–	15	15	345	13	358
Deposits		–	2	2	–	2	2
Unbilled receivables	(c)	–	48	48	–	49	49
Grant receivables		–	4	4	–	–	–
		–	84	84	345	79	424
Loss allowance	(g)	–	*	*	–	*	*
Financial assets at amortised costs	F4	–	84	84	345	79	424
Prepayments	(f)	3	6	9	4	4	8
Advance to suppliers		–	1	1	*	*	*
		3	91	94	349	83	432

##### a. Service concession receivables

Through its subsidiaries, the Group have service concession agreements with the local government and governing agency. The agreements in Singapore are for supply of treated water while the agreements in Myanmar and Bangladesh are for supply of electricity. The power plants in Myanmar and Bangladesh have commenced commercial operations in phases from October 2018 and in 2019. In 2019, the Group recorded construction revenue and profits of S\$58 million and S\$29 million respectively.

The guaranteed sum receivables from the grantors for the construction of the underlying assets are discounted at interest rates ranging from 3.6% to 8.5% (2019: 3.6% to 8.5%).

As at December 31, 2018, management was finalising the land lease agreement with the relevant authority for the power plant constructed in Myanmar. As at December 31, 2019, the agreement has been finalised.

##### b. Sundry receivables

Sundry receivables represent mainly GST receivables and miscellaneous receivables.

##### c. Unbilled receivables

Unbilled receivables represent revenue accrued for sale of utilities commodities and services. Included in the Company's unbilled receivables are amounts of S\$28 million (2019: S\$22 million) due from related companies.

##### d. Trade and other receivables

Trade and other receivables of S\$1,337 million (2019: S\$1,228 million) have been pledged to secure loan facilities. Included in the pledged amount is S\$404 million (2019: S\$428 million) that relates to the underlying assets of the service concession arrangements.

As at December 31, 2020, an amount of S\$110 million was recognised as a result of a favourable outcome for a change in law claim of SEIL (Project I).

# Notes to the Financial Statements

Year ended December 31, 2020

## E. Working Capital (cont'd)

### E1. Trade and other receivables (cont'd)

#### e. Prepayments

Prepayments are charged to profit or loss on a straight-line basis over the prepaid period. They relate primarily to:

##### Group

- Connection fees prepaid under the Generation Connection and Use of System Agreement for the use of the transmission lines to a related corporation amounted to S\$22 million (2019: S\$24 million);
- Service fees prepaid under the Gasoil Supply and Storage Agreement for the usage of the tank; and
- Capacity charges prepaid for the use of gas delivery pipelines, prepaid insurance premium, transport tariff recoverable and maintenance of plant.

##### Company

- Connection and capacity charges prepaid for the use of pipelines and pipe racks.

#### f. Other receivables

Other receivables in 2019 represent amount settled with a vendor in the form of strategic spares received in 2020 (Note D1).

### E2. Inventories

#### Accounting policies

##### i. Inventories

Finished goods, consumable materials and spares are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expense.

##### Discontinued operation

#### Key estimates and judgements

##### Key source of estimation uncertainty – determination of net realisable value of inventories

The net realisable value of inventories of subsidiaries in the Marine sector is estimated by reference to contract prices. However, such net realisable value may not be the actual realisable value, arising from contract modifications, if any, which may result in other variable considerations. Such contract modifications may significantly affect the eventual realisable value of inventories and there is a significant risk of resulting in a material adjustment to the carrying amounts of inventories in future.

##### ii. Development properties

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related expenditure and financing charges incurred during the period of development. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

#### Key estimates and judgements

##### Critical accounting judgements in applying the Group's accounting policies – classification of development properties

In assessing the classification of development properties, management considers its intention with regards to the use of the properties, i.e. held with the intention of development and sale in the ordinary course of business or for rental and capital appreciation. Where there is a change in intended use, a change in classification may be required.

## E. Working Capital (cont'd)

### E2. Inventories (cont'd)

	Group		Company	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
<i>(S\$ million)</i>				
Raw materials and consumables	192	225	*	*
Finished goods	70	183	7	7
	262	408	7	7
Allowance for inventory obsolescence	(66)	(22)	(3)	(3)
	196	386	4	4
Properties under development	*	*	–	–
	196	386	4	4

#### Amounts recognised in profit or loss

	Note	Group	
		2020	2019
<i>(S\$ million)</i>			
– Inventories recognised as an expense in cost of sales		826	1,927
– Inventories written down / (written back)	(i)	45	*
– Inventories written off	(ii)	53	–

Inventories of S\$112 million (2019: S\$95 million) have been pledged to secure loan facilities.

- During the year, due to the significant decline in fuel prices, the value of the Group's inventory of gasoil for fulfilling certain regulatory, was written down by S\$45 million to its net realisation value.
- In 2020, a subsidiary in Singapore has commenced legal proceedings to assert its ownership of the gasoil stored and managed by third party, the net carrying value of S\$53 million was fully written off after taking into account the financial positions of the third party reported by the interim judicial manager.