Adapting for a Sustainable Future

Financial Statements 2025/2026

National Environment Agency

Safeguard • Nurture • Cherish

NATIONAL ENVIRONMENT AGENCY
(ESTABLISHED UNDER THE NATIONAL ENVIRONMENT AGENCY ACT)

ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

NATIONAL ENVIRONMENT AGENCY

ANNUAL FINANCIAL STATEMENTS

C O N T E N T S

NATIONAL ENVIRONMENT AGENCY

STATEMENT BY THE NATIONAL ENVIRONMENT AGENCY

In our opinion,

(a) the accompanying financial statements of National Environment Agency (the "Agency"), set out on pages 6 to 54 are drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018 (the "PSG Act"), the National Environment Agency Act 2002 (the "NEA Act"), and Statutory Board Financial Reporting Standards ("SB-FRSs") so as to present fairly, in all material respects, the financial position of the Agency as at 31 March 2026 and the financial performance, changes in equity and cash flows of the Agency for the year ended on that date;

(b) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Agency during the year are, in all material respects, in accordance with the provisions of the PSG Act, the NEA Act and the requirements of any other written law applicable to moneys of or managed by the Agency; and

(c) proper accounting and other records have been kept, including records of all assets of the Agency whether purchased, donated or otherwise.

On behalf of National Environment Agency

Mr Chaly Mah	Mr Benjamin Koh
Chairman	Chief Executive Officer

31 July 2026

Deloitte.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD

NATIONAL ENVIRONMENT AGENCY

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National Environment Agency (the "Agency"), which comprise the statement of financial position as at 31 March 2026, and the 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 material accounting policy information, as set out in pages 6 to 54.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018 (the "PSG Act"), the National Environment Agency Act 2002 (the "NEA Act") and Statutory Board Financial Reporting Standards ("SB-FRSs") so as to present fairly, in all material respects, the financial position of the Agency as at 31 March 2026 and the financial performance, changes in equity and cash flows of the Agency for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (the "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 Agency 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.

Information Other than Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Statement by National Environment Agency set out on page 1, but does not include the financial statements and our auditors' report thereon.

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 the fact. We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD

NATIONAL ENVIRONMENT AGENCY

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, the NEA Act and SB-FRSs, and for such internal controls 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 Agency'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 Agency or for the Agency to cease operations.

Those charged with governance are responsible for overseeing the Agency'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 the 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 the SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a) 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.

b) 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 Agency's internal control.

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD

NATIONAL ENVIRONMENT AGENCY

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

d) 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 Agency'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 Agency to cease to continue as a going concern.

e) 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 management and 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 control 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 Agency during the financial year are, in all material respects, in accordance with the provisions of the PSG Act, the NEA Act and the requirements of any other written law applicable to moneys of or managed by the Agency; and

(b) proper accounting and other records have been kept, including records of all assets of the Agency whether purchased, donated or otherwise.

Basis for Opinion

We conducted our audit in accordance with the 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 Agency 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 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, the NEA Act and the requirements of any other written law applicable to moneys of or managed by the Agency. This responsibility includes monitoring related compliance requirements relevant to the Agency, and implementing internal controls as management determines are necessary to enable compliance with the requirements.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD

NATIONAL ENVIRONMENT AGENCY

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, the NEA Act and the requirements of any other written law applicable to moneys of or managed by the Agency.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and 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 Agency's internal control. Because of the inherent limitations in any accounting and 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 Ms Wong Hui Jing.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

31 July 2026

National Environment Agency

Statement of Comprehensive Income
For the financial year ended 31 March 2026

	Note	2025/2026 $	2024/2025 $
Income			
Management fees	4	61,088,368	65,880,828
Service fees	4	31,017,521	28,560,780
Regulatory charges	4	10,170,637	8,472,574
Other operating income	4	14,911,255	12,749,922
		117,187,781	**115,664,104**
Less:			
Expenditure			
Staff costs	5	428,785,761	414,698,205
Maintenance, services and supplies	6	898,742,928	781,602,160
Upgrading and improvement		1,529,100	1,689,308
Public education expense		8,503,447	11,467,858
Depreciation of property, plant and equipment	16	17,859,892	21,410,976
Depreciation of right-of-use assets	17	24,783,937	22,346,836
Rental of office and equipment		48,504,436	43,004,131
Finance expense	7	1,553,049	1,678,870
Other operating expenditure	8	115,688,594	133,646,049
		1,545,951,144	**1,431,544,393**
Operating deficit before Government grants		**(1,428,763,363)**	**(1,315,880,289)**
Add:			
Non-operating income/(expenditure)			
Interest income		19,184,460	40,764,757
Net gain arising from financial assets at fair value through profit or loss		16,786,251	8,919,577
Amortisation of bond premium		(173,744)	(110,687)
		35,796,967	**49,573,647**
Deficit before Government grants		**(1,392,966,396)**	**(1,266,306,642)**
Add: Government grants	9	1,573,906,840	1,699,097,303
Surplus before contribution to the Consolidated Fund		180,940,444	432,790,661
Contribution to the Consolidated Fund	10	(30,759,876)	(73,574,412)
Net surplus for the financial year		**150,180,568**	**359,216,249**
Other comprehensive income			
Net re-measurement loss on defined benefit plans	20	–	(1,925,506)
Total comprehensive income for the financial year		**150,180,568**	**357,290,743**

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

National Environment Agency

Statement of Financial Position
As at 31 March 2026

	Note	At 31 March 2026 $	At 31 March 2025 $
ASSETS			
Current assets			
Cash and cash equivalents	11	2,620,806,042	1,720,589,150
Trade and other receivables	12	90,434,791	83,798,337
Prepayments		23,966,049	70,122,760
Consumables		37,230,992	36,108,993
Financial assets at fair value through profit or loss	14	392,791,254	376,005,003
Quoted debt securities at amortised cost	15	10,850,638	395,854,589
Lease receivables	24	274,248	247,524
		3,176,354,014	2,682,726,356
Non-current assets			
Prepayments		1,899,586	1,816,696
Quoted debt securities at amortised cost	15	86,666,637	48,179,629
Property, plant and equipment	16	1,494,666,977	1,000,559,586
Right-of-use assets	17	53,631,000	56,896,781
Lease receivables	24	3,557,078	3,645,685
		1,640,421,278	1,111,098,377
Total assets		4,816,775,292	3,793,824,733
LIABILITIES			
Current liabilities			
Trade and other payables	18	327,572,098	327,495,788
Payable to the Ministry of Sustainability and the Environment	19	103,966,800	33,347,759
Provision for pensions and death gratuities	20	388,777	377,396
Bond borrowings	21	1,785,932	1,785,932
Provision for contribution to the Consolidated Fund	10	30,759,876	73,574,412
Grants received in advance	13	48,223,375	117,107,449
		512,696,858	553,688,736
Non-current liabilities			
Trade and other payables	18	55,071,544	46,838,028
Provision for pensions and death gratuities	20	6,896,123	7,088,312
Bond borrowings	21	1,647,878,453	1,647,767,687
Deferred capital grants	22	14,013,888	14,436,108
		1,723,860,008	1,716,130,135
Total liabilities		2,236,556,866	2,269,818,871
NET ASSETS		2,580,218,426	1,524,005,862
EQUITY			
Share capital	23	1,656,276,026	721,614,030
Accumulated surplus		923,942,400	802,391,832
		2,580,218,426	1,524,005,862

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

National Environment Agency

Statement of Changes in Equity
For the financial year ended 31 March 2026

	Note	Share Capital $	Accumulated surplus $	Total $
Balance as at 1 April 2025		**721,614,030**	**802,391,832**	**1,524,005,862**
Net surplus, representing total comprehensive income for the financial year		–	150,180,568	150,180,568
Transactions with owners, recognised directly in equity				
Equity injection	23	934,661,996	–	934,661,996
Dividend paid to Government	29	–	(28,630,000)	(28,630,000)
Total transactions with owners		934,661,996	(28,630,000)	906,031,996
Balance as at 31 March 2026		**1,656,276,026**	**923,942,400**	**2,580,218,426**
Balance as at 1 April 2024		**719,912,326**	**471,448,089**	**1,191,360,415**
Net surplus for the financial year		–	359,216,249	359,216,249
Net re-measurement loss on defined benefit plans recognised in other comprehensive income	20	–	(1,925,506)	(1,925,506)
Total comprehensive income		–	357,290,743	357,290,743
Transactions with owners, recognised directly in equity				
Equity injection	23	1,701,704	–	1,701,704
Dividend paid to Government	29	–	(26,347,000)	(26,347,000)
Total transactions with owners		1,701,704	(26,347,000)	(24,645,296)
Balance as at 31 March 2025		**721,614,030**	**802,391,832**	**1,524,005,862**

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

National Environment Agency

Statement of Cash Flows
For the financial year ended 31 March 2026

	Note	2025/2026 $	2024/2025 $
Cash flows from operating activities			
Net surplus for the financial year		150,180,568	359,216,249
Adjustments for:			
Low value plant and equipment expensed off	8	496,051	1,950,407
Adjustments to reinstatement cost provision	8	(1,946,778)	(4,512,046)
Government grants	9	(1,573,906,840)	(1,699,097,303)
Net loss allowance on trade and other receivables	12	264,182	173,779
Reversal of allowance for consumable obsolescence		–	(210,000)
Depreciation of property, plant and equipment	16	17,859,892	21,410,976
Depreciation of right-of-use assets	17	24,783,937	22,346,836
Provision for pensions and death gratuities	20	196,479	136,527
Amortisation of bond premium		173,744	110,687
Loss/(Gain) on disposal and write-off of property, plant and equipment		819,359	(47,155)
Provision for carbon tax	8	12,374,570	7,705,270
Fair value gain on financial assets at fair value through profit or loss		(16,786,251)	(8,919,577)
Interest expense	7	1,553,049	1,678,870
Interest income		(19,184,460)	(40,764,757)
Contribution to the Consolidated Fund	10	30,759,876	73,574,412
Operating cash flows before working capital changes		(1,372,362,622)	(1,265,246,825)
Change in operating assets and liabilities:			
- Consumables		(1,121,999)	648,221
- Trade and other receivables		(5,110,044)	(6,431,847)
- Prepayments		46,073,821	58,218,701
- Trade and other payables		(25,190,868)	(1,634,838)
- Payable to the Ministry of Sustainability and the Environment (“MSE”)		39,044,451	(18,863,889)
Cash flows used in operations		(1,318,667,261)	(1,233,310,477)
Payments for pension cost	20	(377,287)	(660,503)
Interest received		40,133,850	20,338,642
Payment for carbon tax		(8,337,725)	(2,220,730)
Payment to consolidated fund		(73,574,412)	(51,411,889)
Net cash used in operating activities		(1,360,822,835)	(1,267,264,957)

National Environment Agency

Statement of Cash Flows (cont'd)
For the financial year ended 31 March 2026

	Note	2025/2026 $	2024/2025 $
Cash flows from investing activities			
Interest received from quoted debt securities at amortised cost		4,445,054	69,497,398
Proceeds from lease receivables	24	373,910	363,580
Purchase of property, plant and equipment		(472,067,017)	(457,260,688)
Purchase of quoted debt securities at amortised cost		(49,500,000)	(6,573,098,170)
Proceeds from maturity of quoted debt securities at amortised cost		395,843,199	7,950,453,257
Proceeds from disposal of property, plant and equipment		19,560	99,609
Purchase of financial assets at fair value through profit or loss		–	(247,356,951)
Sale of financial assets at fair value through profit or loss		–	47,356,951
Net cash (used in) from investing activities		(120,885,294)	790,054,986
Cash flows from financing activities			
Net grants received from Government		1,536,063,417	1,743,485,935
Dividend paid to Government	29	(28,630,000)	(26,347,000)
Coupon payments on bond borrowings	21	(38,344,999)	(38,344,999)
Equity injection	23	934,661,996	1,701,704
Interest paid on lease liabilities	24	(1,224,812)	(1,404,895)
Payment for principal portion of lease liabilities	24	(20,600,581)	(18,773,633)
Net cash generated from financing activities		2,381,925,021	1,660,317,112
Net increase in cash and cash equivalents		900,216,892	1,183,107,141
Cash and cash equivalents at beginning of financial year	11	1,720,589,150	537,482,009
Cash and cash equivalents at end of financial year	11	2,620,806,042	1,720,589,150

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

1. General information

National Environment Agency (the "Agency"), a Statutory Board under the Ministry of Sustainability and the Environment (“MSE”), was incorporated under the National Environment Agency Act (the “NEA Act”) on 1 July 2002.

The address of its principal place of operation is 40 Scotts Road, Environment Building, #13-00, Singapore 228231.

The principal activities of the Agency include:

Public health

(i) conducting investigations, enforcement and surveillance of environmental health concerns and vectors of infectious agents;

(ii) conducting risk assessment and research into and develop strategies and tools for prevention and control of environmental health concerns and vectors;

(iii) overseeing the planning for after-death facilities, and developing and managing Government-owned cemetery, crematoria, columbaria, funeral parlour and ash scattering facilities; and

(iv) providing cleaning services in designated public areas.

Hawker centres

Developing and reviewing hawker policies and programmes, plan, construct, develop, maintain and manage markets and hawker centres in its own right and as agent of the Government or any body corporate established by written law.

Environmental management

(i) monitoring of environmental quality, reviewing building plans for pollution control and environmental health requirements, and controlling environmental pollution;

(ii) controlling the import, export, transportation, storage, sale, possession and use of hazardous substances;

(iii) controlling the import, export, transportation, storage, collection, treatment and disposal of toxic industrial waste;

(iv) monitoring of radioactivity levels in the ambient environment, and providing radiation-related services;

(v) controlling the import, export, transportation, storage, sale, possession, use, manufacture and disposal of radioactive materials and irradiating apparatuses;

(vi) enhancing the competency of the environment industry workforce and promoting environmental thought leadership through knowledge distillation, sharing and training;

(vii) building a vibrant research and development ecosystem in the environment industry and developing environmental technology competencies and capabilities in Singapore;

(viii) developing and driving the transformation of the environmental services industry to be vibrant, sustainable and professional to serve Singapore, as well as growing cities’ needs;

1. General information (cont'd)

Environmental management (cont'd)

(ix) inculcating a pro-environment mindset in the community and raising community ownership of environmental and public health issues in Singapore; and

(x) undertaking licensing, providing consultancy services and promoting professionalism in relation to pest control, environmental and other related industries.

Resource sustainability

(i) developing and implementing energy efficiency and carbon mitigation regulations and programmes;

(ii) regulating the collection and disposal of solid waste;

(iii) promoting waste minimisation and recycling; and

(iv) planning, developing, managing and regulating waste-to-resource and waste-to-energy facilities and landfills.

Meteorological services

(i) conducting meteorological observations and seismic monitoring; and

(ii) providing weather, climate and related services, and conducting research in weather and climate science.

2. Material accounting policy information

(a) *Basis of preparation*

The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the material accounting policy information below and are drawn up in accordance with the provisions of the PSG Act, the NEA Act and Statutory Board Financial Reporting Standards ("SB-FRSs"), including interpretation of SB-FRS ("INT SB-FRSs") and SB-FRS Guidance Notes.

In the current year, the Agency has applied all the new and revised SB-FRSs, INT SB-FRS and SB-FRS Guidance Notes that are mandatorily effective for an accounting period that begins on or after 1 January 2025.

The adoption of these SB-FRSs, INT SB-FRSs and SB-FRS Guidance Notes did not result in changes to the Agency's accounting policies and did not have any material effect on the financial performance or position of the Agency.

2. Material accounting policy information (cont'd)

(b) *Standards issued but not yet effective*

At the date of authorisation of these financial statements, the Agency has not applied the following standards and interpretations that have been issued but not yet effective:

Effective for annual periods beginning on or after 1 January 2026

- Amendments to SB-FRS 109 and SB-FRS 107: *Amendments to the Classification and Measurement of Financial Instruments*

- Annual Improvements to SB-FRSs – Volume 11

Effective for annual periods beginning on or after 1 January 2027

- SB-FRS 118 *Presentation and Disclosure in Financial Statements*

Management anticipates that the adoption of the above standards in future periods will not have a material impact on the financial statements in their period of initial adoption except for the following:

SB-FRS 118 *Presentation and Disclosures in Financial Statements*

SB-FRS 118 replaces SB-FRS 1 *Presentation of Financial Statements*, carrying forward many of the requirements in SB-FRS 1 unchanged and complementing them with new requirements. In addition, some SB-FRS 1 paragraphs have been moved to SB-FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and SB-FRS 107 *Financial Instruments: Disclosures*. Furthermore, minor amendments to SB-FRS 7 *Statement of Cash Flows* have been made.

SB-FRS 118 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss.

- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements.

- improve aggregation and disaggregation.

An entity is required to apply SB-FRS 118 for annual reporting periods beginning or on or after 1 January 2027, with earlier application permitted. The amendments to SB-FRS 7 as well as the revised SB-FRS 8 and SB-FRS 7, become effective when an entity applies SB-FRS 118. SB-FRS 118 requires retrospective application with specific transition provisions.

The Agency is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Agency's statement of comprehensive income, the statement of cash flows and the additional disclosures required for MPMs.

2. Material accounting policy information (cont'd)

(c) ***Income recognition***

Income is measured based on the consideration to which the Agency expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amount collected on behalf of third parties.

Income is recognised when the Agency 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. Income is recognised as follows:

(i) Management fees are earned from activities as set out in Note 4 and recognised over time.

(ii) Service fees are recognised when services are rendered to the customers over time. Service fees include meteorological services and radiation service fees. Certain service fees are recognised at a point in time when the performance obligation has been satisfied.

(iii) Regulatory charges (including income from licences and permits) are recognised at the point of collection. Certain regulatory charges are recognised when services are rendered to the customers over time.

(iv) Interest income is recognised on a time proportion basis using the effective interest method.

(d) ***Research costs***

Research costs are recognised as an expenditure when incurred.

(e) ***Employee benefits***

(i) *Defined benefit plans*

Pension and other post-employment benefits

Provision for pension benefits is made for pensionable officers transferred to the Agency on 1 July 2002. Provision for death gratuities is made for officers and daily rated employees transferred to the Agency on 1 July 2002.

An actuarial valuation is conducted once every three years or as and when required to determine the cost of pension benefits and death gratuities due to these officers using the Projected Unit Credit Method.

The pension benefits and death gratuities are computed based on existing guidelines found in the Pension Act 1956 and circulars issued by the Public Service Division.

Defined benefit costs comprise the following:

- Service cost
- Interest cost on the provision for defined benefits
- Re-measurements of the provision for defined benefits

2. Material accounting policy information (cont'd)

(e) *Employee benefits (cont'd)*

(i) *Defined benefit plans (cont'd)*

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expenditure in income or expenditure. Past service costs are recognised when plan amendment or curtailment occurs.

Interest cost on the provision for defined benefits is the change during the period in the provision that arises from the passage of time which is determined by applying the discount rate based on the Singapore Government bond yield to the provision. Interest cost on the provision is recognised in income or expenditure.

Re-measurements comprising actuarial gains and losses are recognised immediately in other comprehensive income in the period in which they arise. Re-measurements are recognised in accumulated surplus within equity and are not reclassified to income or expenditure in subsequent periods.

(ii) *Defined contribution plan*

Contribution to Central Provident Fund ("CPF")

The Agency makes contributions to the CPF scheme in Singapore. Contributions to the CPF scheme are recognised as an expenditure in the period in which the related service is performed.

(iii) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for annual leave is recognised for services rendered by employees up to the reporting date.

(f) *Contribution to the Consolidated Fund*

Under Section 13(1)(e) and the First Schedule of the Income Tax Act 1947, the income of the Agency is exempt from income tax.

In lieu of income tax, the Agency is required to make contribution to the Government Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act 1989. The provision is based on the guidelines specified by the Ministry of Finance. It is computed based on a percentage pegged at the prevailing corporate tax rate for the year of assessment on the net surplus of the Agency after deducting prior years' accumulated deficits. Contribution to the Consolidated Fund is provided for on an accrual basis.

The Agency is allowed to carry forward its deficits to offset against its future surplus. The deficits have no expiry date.

2. Material accounting policy information (cont'd)

(g) *Government grants*

Government grants received for the purchase or the construction of depreciable assets are accounted for as deferred capital grants. The deferred capital grants are amortised and charged to income or expenditure over the period necessary to match the annual depreciation charge of these assets or when the assets are disposed or written off.

Government grants received by the Agency to meet operating expenditure are recognised in income or expenditure in the year these operating expenditures are incurred.

All grants are recognised when there is reasonable assurance that all attaching conditions are complied with.

When the grant amounts can be reliably estimated, the Agency will determine the grant income that corresponds to the expenditure incurred for the year and recognise that amount as grant income. The excess of grants received during the year over grant income recognised is recorded as Grants received in advance. Grant adjustments are made when formal reassessments are concluded by the Ministry, and amounts that are determined to be refunded are recorded as Payables to the Ministry of Sustainability and the Environment.

Other government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

(h) *Property, plant and equipment*

(i) *Measurement*

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses (Note 2(j)).

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 management.

The cost of an item of property, plant and equipment is recognised as an asset, if and only if, it is probable that future economic benefits associated with the item will flow to the Agency and the cost of the item can be measured reliably.

(ii) *Depreciation*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

		Useful lives
Leasehold land	-	30 to 99 years (based on lease period)
Building and building improvements	-	3 - 28 years
Furniture and fittings, office equipment	-	5 years
Computer hardware and software	-	3 years
Motor vehicles	-	10 years
Plant and machinery	-	10 years
Tugs and barges	-	25 years

2. Material accounting policy information (cont'd)

(h) *Property, plant and equipment (cont'd)*

(ii) *Depreciation (cont'd)*

Construction-in-progress are not depreciated as these assets are not yet available for use.

For property, plant and equipment which were transferred to the Agency from MSE on the Agency's establishment on 1 July 2002, the assets are depreciated over the remaining useful lives at 1 July 2002.

For property, plant and equipment which were transferred to the Agency from the Health Sciences Authority, as part of the transfer of the Centre for Radiation Protection on 1 July 2007, the assets are depreciated over the remaining useful lives at 1 July 2007.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted prospectively as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

(iii) *Subsequent expenditure*

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

(iv) *Disposal*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in income or expenditure in the year the asset is disposed.

(i) *Borrowing costs*

Borrowing costs are recognised in income or expenditure using the effective interest method except for those costs that are directly attributable to the construction or development of a qualifying asset.

The actual borrowing costs on specific borrowings, less any investment income earned on the temporary investment of the specific borrowings, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset.

Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use. The amount of borrowing costs capitalised during a financial year does not exceed the amount of borrowing costs incurred by the Agency during the financial period.

2. Material accounting policy information (cont'd)

(j) *Impairment of non-financial assets*

The Agency assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Agency makes an estimate of the asset's recoverable amount.

For the purpose of impairment testing of these assets, recoverable amount (i.e. the higher of the fair value less costs of disposal and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in income or expenditure.

An assessment is made at each reporting date as to whether there is any indication that previously recognised losses and impairment for an asset may no longer exist or may have decreased. An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in income or expenditure.

(k) *Consumables*

Consumables are carried at the lower of cost and net realisable value and are determined on a weighted average basis. Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of consumables to the lower of cost and net realisable value. Net realisable value is determined using an estimate of replacement costs which is a close approximation of net realisable value.

(l) *Financial instruments*

(i) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Agency becomes a party to the contractual provisions of the financial instruments. The Agency determines the classification of its financial assets at initial recognition.

At initial recognition, the Agency 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 income or expenditure.

Trade receivables are measured at the amount of consideration to which the Agency 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.

2. Material accounting policy information (cont'd)

(l) ***Financial instruments (cont'd)***

(i) *Financial assets (cont'd)*

Subsequent measurement

(a) Amortised cost

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 income or expenditure when the assets are derecognised or impaired, and through the amortisation process.

(b) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. Gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in income or expenditure in the period in which it arises.

Derecognition

The Agency derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Agency neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Agency recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Agency retains substantially all the risks and rewards of ownership of a transferred financial asset, the Agency continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for the debt instrument is recognised in income or expenditure.

(ii) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Agency becomes a party to the contractual provisions of the financial instrument. The Agency 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.

2. Material accounting policy information (cont'd)

(l) ***Financial instruments (cont'd)***

(ii) *Financial liabilities (cont'd)*

<u>Subsequent measurement</u>

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 income or expenditure when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in income or expenditure.

(m) ***Impairment of financial assets***

The Agency recognises a loss allowance for expected credit losses ("ECLs") on all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Agency 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 have 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 the timing of the default (a lifetime ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For trade receivables, the Agency applies a simplified approach in calculating ECLs. Therefore, the Agency does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Agency 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.

For all other financial instruments, the Agency recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Agency measures the loss allowance for that financial instrument at an amount equal to 12- month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

2. Material accounting policy information (cont'd)

(m) *Impairment of financial assets (cont'd)*

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Agency compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Agency considers both quantitative and qualitative information that is available without undue cost or effort.

The Agency presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Agency has reasonable and supportable information that demonstrates otherwise.

Write-off policy

The Agency writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Agency's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the statement of comprehensive income.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Agency's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. trade and other receivables and finance lease receivables);
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for finance lease receivables; and
- External credit ratings, where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

2. Material accounting policy information (cont'd)

(m) *Impairment of financial assets (cont'd)*

Measurement and recognition of expected credit losses (cont'd)

If the Agency has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Agency measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

(n) *Cash and cash equivalents*

Cash and cash equivalents include cash on hand and at banks, cash maintained with Accountant-General's Department ("AGD") and cash held under Centralised Liquidity Management ("CLM") scheme and Statutory Board Approved Funds ("SBAF") scheme that are readily convertible to a known amount of cash and are subject to an insignificant risk or changes in value.

Government grants received by the Agency for the purpose of property, plant and equipment renewal or replacement is recognised in cash held under Sinking Fund.

The cash held under SBAF scheme relates to an equity injection by MOF to fund the Integrated Waste Management Facility. Under the SBAF scheme, the interest income generated will accrue to the Government.

(o) *Provisions*

Provisions are recognised when the Agency has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(p) *Leases*

As lessee

The Agency assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Agency applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Agency recognises lease liabilities representing the obligations to make lease payments and right-of-use ("ROU") assets representing the right to use the underlying leased assets.

2. Material accounting policy information (cont'd)

(p) ***Leases (cont'd)***

As lessee (cont'd)

Right-of-use ("ROU") assets

The Agency recognises ROU assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The cost of a ROU asset also includes an estimate of the costs to be incurred by the Agency in dismantling and removing the underlying asset, restoring the site on which the asset is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The useful lives of the ROU assets are as follows:

		Useful lives
Leasehold land	-	2 – 30 years
Building and building improvements	-	2 – 3 years
Computer hardware & software	-	3 years
Equipment	-	10 years
Motor vehicles	-	10 years

If ownership of the leased asset transfers to the Agency at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The ROU assets are also subjected to impairment. The accounting policy for impairment is set out in Note 2(j).

Lease liabilities

At the commencement date of the lease, the Agency recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Agency and payments of penalties for terminating the lease, if the lease term reflects the Agency exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenditure in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of the lease payments, the Agency uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. Material accounting policy information (cont'd)

(p) ***Leases (cont'd)***

As lessee (cont'd)

Short-term leases and leases of low-value assets

The Agency applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value are recognised as expenses on a straight-line basis over the lease term.

Subleases

In classifying a sublease, the Agency as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Agency derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in the sublease as lease receivables. Any difference between the right-of-use asset derecognised and the net investment in sublease is recognised in income or expenditure. Lease liabilities relating to the head lease is retained in the statement of financial position, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Agency recognises lease income from the sublease in income or expenditure. The right-of-use asset relating to the head lease is not derecognised.

(q) ***Currency translation***

(i) *Functional and presentation currency*

Items included in the financial statements of the Agency are measured using the currency of the primary economic environment in which the Agency operates ("functional currency"). The financial statements are presented in Singapore Dollar ($), which is the functional and presentation currency of the Agency.

(ii) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchanging ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

2. Material accounting policy information (cont'd)

(q) ***Currency translation (cont'd)***

(ii) *Transactions and balances (cont'd)*

Currency translation differences from the settlement of monetary items or from the translation of monetary items at the reporting date are recognised in income or expenditure.

(r) ***Related parties***

For the purpose of these financial statements, parties are considered to be related to the Agency if the Agency 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 Agency and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Agency is a statutory board under the purview of MSE and is an entity related to the Government of Singapore. Accordingly, the Agency's related parties include Government-related entities such as Ministries, Organs of State and other Statutory Boards.

In accordance with Paragraph 28A of SB-FRS 24 *Related Party Disclosures*, the Agency is exempted from disclosing transactions with government-related entities other than Ministries, Organs of State and other Statutory Boards, unless there are circumstances to indicate that these transactions are unusual and their disclosure would be of interest to readers of the financial statements.

The Agency also applies the exemption in Paragraph 25 of SB-FRS 24 *Related Party Disclosures*. Required disclosures of transactions and outstanding balances with government-related entities are limited to the following information to enable users of the Agency's financial statements to understand the effect of the related party transactions on the financial statements:

(i) the nature and amount of each individually significant transaction with Ministries, Organs of State and other Statutory Boards; and

(ii) for other transactions with Ministries, Organs of State and other Statutory Boards that are collectively but not individually significant, a qualitative or quantitative indication of their extent.

(s) ***Contingencies***

A contingent liability is:

(i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Agency; or

2. Material accounting policy information (cont'd)

(s) ***Contingencies (cont'd)***

(ii) a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

- the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Agency.

3. Significant accounting estimates, assumptions and judgements

The preparation of the Agency's financial statements in conformity with SB-FRSs requires management to make judgements, estimates and assumptions that affect the application of the material accounting policies and the reported amounts of assets, liabilities, income and expenditure, and the disclosures of contingent liabilities at the end of the reporting period.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of critical judgements and estimation uncertainty in applying the Agency's material accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

(i) ***Useful lives of property, plant and equipment***

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be between 3 to 99 years. The carrying amount of the Agency's property, plant and equipment as at the end of the financial year is disclosed in Note 16. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these property, plant and equipment, therefore future depreciation charges could be revised.

(ii) ***Incineration service agreements assessed to be not a lease***

The Agency has three incineration services agreements, for terms of between 15 to 25 years. In accordance with the agreements, the Agency pays monthly incineration service fees for the incineration and related maintenance services based on the services received. For the financial year ended 31 March 2026, the Agency incurred incineration service fees amounting to $216,130,141 (2024/2025: $203,494,294) which included carbon tax expense charged amounting to $36,862,890 (2024/2025: $28,459,627). The Agency has assessed that the agreements do not contain a lease as the Agency does not have the right to control the use of the incineration plants.

4. Income

(a) Disaggregation of income

The table below shows the disaggregation of the revenue of the Agency based on the various key income streams and the timing of transfer of goods or services (either at a point in time or over time).

	2025/2026	2024/2025
	$	$
Timing of income recognition		
At a point in time:		
Service fees	6,152,891	4,971,950
Regulatory charges	8,528,112	8,369,924
Other operating income	14,911,255	12,749,922
Over time:		
Management fees (1)	61,088,368	65,880,828
Service fees	24,864,630	23,588,830
Regulatory charges	1,642,525	102,650
	117,187,781	115,664,104

(1) The Agency has been appointed by the Housing Development Board ("HDB") on 1 April 2004 to manage, lease and maintain HDB markets and hawker centres in consideration of a management fee which represents the rental collected from the markets' and hawker centres' stallholders.

(b) Transaction price allocated to remaining performance obligations

Information relating to the aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations is presented in the table below:

	At 31 March 2026	At 31 March 2025
	$	$
Expected to be recognised in:		
One year or less	656,068	200,851
More than one year	461,988	117,573
	1,118,056	318,424

5. Staff costs

	2025/2026	2024/2025
	$	$
Wages and salaries	372,481,433	361,216,592
Employer's contribution to Central Provident Fund	43,736,773	42,731,371
Pension contributions and death gratuities (Note 20)	275,363	209,576
Other staff costs	12,292,192	10,540,666
	428,785,761	414,698,205

6. Maintenance, services and supplies

Included in maintenance, services and supplies were:

	2025/2026 $	2024/2025 $
Public area landscaping, cleaning services and supplies	156,415,788	141,402,969
Incineration services	216,130,141	203,494,294
Climate voucher disbursement	165,770,371	101,657,893
Professional, consultancy and contract services	42,815,609	30,151,955
Maintenance of specialised and industrial equipment	35,991,817	39,305,321
Maintenance of building, markets and hawker centres and office premises	63,457,990	56,628,560
IT services	50,797,430	46,019,866
Security and enforcement services	19,687,478	18,624,073
Industrial supplies	10,541,225	17,731,130
Vector control services	39,856,329	34,464,800
Table cleaning services	7,811,521	8,036,168
Utilities charges	11,533,507	11,587,893

7. Finance expense

	2025/2026 $	2024/2025 $
Interest expense on lease liabilities (Note 24)	1,225,238	1,404,895
Interest expense on provision for reinstatement cost	327,811	273,975
	1,553,049	1,678,870

8. Other operating expenditure

Included in other operating expenditure were:

	2025/2026 $	2024/2025 $
GST expense	42,082,395	37,371,053
Communication expense	2,857,234	4,043,490
Research costs	16,888,279	15,072,640
Low value plant and equipment expensed off	496,051	1,950,407
Carbon tax provision	12,374,570	7,705,270
Incentive scheme for commercial vehicles	25,845,000	52,375,000
Adjustments to reinstatement provision	(1,946,778)	(4,512,046)

Carbon tax

The carbon tax payable is based on taxable greenhouse gas emissions for the relevant reporting period. The Agency’s liability for carbon tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Carbon tax is recognised as an expenditure in the statement of comprehensive income.

9. Government grants

	2025/2026	2024/2025
	$	$
Operating grants and programme grants	1,542,695,963	1,667,426,690
Deferred capital grants amortised (Note 22)	533,939	524,784
Other grants	30,676,938	31,145,829
	1,573,906,840	1,699,097,303

The Agency's operations of incineration plants and hawker centres are funded on a multi-year block cycle (Note 2(g)).

In FY2025/2026, for grants received under the incineration plants FY2021 to FY2025 block cycle, the Agency utilised $74,608,917 from Grants received in advance (Note 13) for expenditure incurred in excess of the grants received in the year. In FY2024/2025, the Agency recognised the excess of grants received over expenditure incurred of $21,905,925 as Grants received in advance.

In FY2025/2026, for grants received under the hawker centres FY2023 to FY2025 block cycle, the Agency utilised $17,656,754 from Grants received in advance (Note 13) for expenditure incurred in excess of the grants received in the year. In FY2024/2025, the Agency recognised the excess of grants received over expenditure incurred of $6,821,132 as Grants received in advance.

In FY2025/2026, the Agency recognised grant income of $166,214,145 (2024/2025: $102,705,180) in relation to the expenditure incurred for the Climate Friendly Households Programme.

10 Provision for contribution to the Consolidated Fund

	2025/2026	2024/2025
	$	$
Surplus before contribution to the Consolidated Fund	180,940,444	432,790,661
Contribution to the Consolidated Fund calculated at a tax rate of 17% (2024/2025: 17%)	30,759,876	73,574,412

11. Cash and cash equivalents

	2025/2026 $	2024/2025 $
Cash held with AGD - under CLM scheme	2,024,395,746	1,700,871,709
Cash held with AGD - under SBAF scheme	544,127,983	–
Cash held with AGD - others	1,849,896	1,724,504
Cash at banks	50,432,417	17,992,937
	2,620,806,042	1,720,589,150

Included within the cash held under Centralised Liquidity Management ("CLM") scheme is an amount of $110,212,199 (2024/2025: $67,731,585) which relates to cash held under Sinking Fund for the purpose of renewal or replacement of property, plant and equipment.

The cash held under Statutory Board Approved Funds ("SBAF") scheme relates to an equity injection by MOF to fund the Integrated Waste Management Facility. Under the SBAF scheme, the interest income generated will accrue to the Government.

The effective interest rate for all cash balances is 2.07% (2024/2025: 3.08%) per annum. Interest rates are repriced within 12 months.

12. Trade and other receivables

	2025/2026 $	2024/2025 $
Trade receivables	6,653,624	5,815,867
Less: Loss allowance	(750,421)	(610,472)
Net trade receivables	5,903,203	5,205,395
Revenue to be collected on behalf of MSE	32,078,968	25,759,569
Deposits	4,038,112	4,055,788
Interest receivables	19,272,651	17,482,059
Other receivables (1)	29,141,857	31,295,526
	90,434,791	83,798,337

(1) Includes grant receivables of $6,705,916 (2024/2025: $10,267,181) mainly for research-related costs.

Trade receivables are generally on 30 days (2024/2025: 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. All trade receivables are denominated in Singapore Dollars.

Expected credit loss provision

Loss allowance for trade receivables has always been measured at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

12. Trade and other receivables (cont'd)

Expected credit loss provision (cont'd)

As the Agency's historical credit loss experience show significantly different loss patterns for different customer segments (including normal and low risk type), the provision for loss allowance based on past due status is distinguished between the Agency's customer segment of different risk type.

The following tables detail the risk profile of trade receivables from contracts with customers based on the Agency's provision matrix.

	ECL rate	Gross carrying amount	Lifetime ECL	Total
	%	$	$	$
Individual customers:				
31 March 2026				
Current	0.00	1,194,373	–	1,194,373
1 to 30 days	0.13	242,055	(315)	241,740
31 to 60 days	1.70	105,413	(1,792)	103,621
61 to 90 days	10.98	49,871	(5,475)	44,396
91 to 150 days	40.13	80,822	(32,434)	48,388
> 150 days	85.55	830,408	(710,405)	120,003
Total		2,502,942	(750,421)	1,752,521
31 March 2025				
Current	0.00	1,211,080	–	1,211,080
1 to 30 days	0.11	250,522	(276)	250,246
31 to 60 days	1.31	125,457	(1,643)	123,814
61 to 90 days	8.27	72,112	(5,964)	66,148
91 to 150 days	30.15	81,828	(24,671)	57,157
> 150 days	77.51	745,604	(577,918)	167,686
Total		2,486,603	(610,472)	1,876,131
Corporate customers:				
31 March 2026				
Current	0.00	4,102,622	–	4,102,622
1 to 30 days	0.00	12,420	–	12,420
31 to 60 days	0.00	1,085	–	1,085
61 to 90 days	0.00	1,035	–	1,035
91 to 150 days	0.00	1,215	–	1,215
> 150 days	0.00	32,305	–	32,305
		4,150,682	–	4,150,682
31 March 2025				
Current	0.00	3,288,588	–	3,288,588
1 to 30 days	0.00	4,275	–	4,275
31 to 60 days	0.00	2,385	–	2,385
61 to 90 days	0.00	3,789	–	3,789
91 to 150 days	0.00	2,851	–	2,851
> 150 days	0.00	27,376	–	27,376
		3,329,264	–	3,329,264

12. Trade and other receivables (cont'd)

Expected credit loss provision (cont'd)

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SB-FRS 109:

	At 31 March 2026 $	At 31 March 2025 $
Balance at beginning of financial year	610,472	578,581
Loss allowance recognised in income or expenditure:		
Charge for the financial year	295,751	185,824
Write-back	(31,569)	(12,045)
Receivables written off as uncollectible	(124,233)	(141,888)
Balance at end of financial year	750,421	610,472

The Agency has not made any allowance for ECL on deposits, interest receivables and other receivables as the Agency is of the view that these are recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance.

13. Grants received in advance

	At 31 March 2026 $	At 31 March 2025 $
Balance at beginning of financial year	117,107,449	72,194,033
Grants received during the year	1,536,063,417	1,750,674,907
Transfer to Payable to MSE	(31,462,871)	(7,188,972)
Transfer to deferred capital grants (Note 22)	(111,719)	–
Transfer to statement of comprehensive income (Note 9)	(1,573,372,901)	(1,698,572,519)
Balance at end of financial year	48,223,375	117,107,449

14. Financial assets at fair value through profit or loss

	At 31 March 2026 $	At 31 March 2025 $
Held-for-trading financial assets at fair value		
- Quoted investment funds	392,791,254	376,005,003

The investment funds offer the Agency the opportunity for return through fair value gains. The funds have no fixed maturity or coupon rate.

The quoted investment funds are in a diversified portfolios of various asset classes managed by professional fund managers awarded by Accountant-General's Department ("AGD") under the Demand Aggregation Schemes.

15. Quoted debt securities at amortised cost

	At 31 March 2026 $	At 31 March 2025 $
Quoted debt securities at amortised cost		
- Current	10,850,638	395,854,589
- Non-current	86,666,637	48,179,629
	97,517,275	444,034,218

The average effective interest rate of the quoted debt securities is 2.49% (2024/2025: 3.07%) per annum.

As at 31 March 2026, the quoted debt securities have an aggregate nominal value amounting to $97,500,000 (2024/2025: $446,500,000), with coupon rates ranging from 1.88% to 3.50% (2024/2025: 0% to 3.12%) per annum and average maturity of 5.6 years (2024/2025: 0.4 years).

The quoted debt securities are denominated in Singapore dollars.

The investments in debt securities are considered to have low credit risk as the main counterparties to these instruments are the Singapore Government, statutory boards of the Singapore Government and government-linked corporations. Accordingly, for the purpose of impairment assessment for these debts instruments, the loss allowance is measured at an amount equal to 12-month expected credit losses.

In determining the ECL, management has taken into account the historical default experience, the capacity of the issuers of these debt securities to meet their contractual cash flow obligations in the near term, and the economic and business conditions in the long term, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance.

16. Property, plant and equipment

	Leasehold land	Building and building improvements	Furniture and fittings, office equipment	Computer hardware and software	Motor vehicles	Plant and machinery	Tugs and barges	Construction-in-progress	Total
	$	$	$	$	$	$	$	$	$
Cost									
At 1 April 2024	**92,817,949**	**20,089,556**	**10,229,153**	**140,429,656**	**5,008,731**	**152,015,952**	**28,274,403**	**466,915,681**	**915,781,081**
Additions	–	290,951	59,531	4,615,109	–	3,541,201	–	402,619,289	411,126,081
Disposals/write-offs	–	–	(72,649)	(10,391,010)	(1,973,336)	(5,518,756)	–	–	(17,955,751)
Transfers	–	–	–	2,909,304	–	–	–	(2,909,304)	–
At 31 March 2025	**92,817,949**	**20,380,507**	**10,216,035**	**137,563,059**	**3,035,395**	**150,038,397**	**28,274,403**	**866,625,666**	**1,308,951,411**
Additions	–	1,027,821	421,400	5,328,929	76,166	6,995,490	–	498,956,396	512,806,202
Disposals/write-offs	–	–	(995,775)	(2,714,942)	(488,156)	(3,371,380)	–	(770,497)	(8,340,750)
Transfers	–	–	280,000	2,705,353	–	1,285,804	–	(4,271,157)	–
At 31 March 2026	**92,817,949**	**21,408,328**	**9,921,660**	**142,882,399**	**2,623,405**	**154,948,311**	**28,274,403**	**1,360,540,408**	**1,813,416,863**
Accumulated depreciation									
At 1 April 2024	**5,346,527**	**16,856,774**	**9,068,270**	**128,176,954**	**3,540,858**	**113,620,360**	**28,274,403**	**–**	**304,884,146**
Depreciation	970,803	301,069	590,226	11,551,488	341,794	7,655,596	–	–	21,410,976
Disposals/write-offs	–	–	(72,649)	(10,381,514)	(1,951,320)	(5,497,814)	–	–	(17,903,297)
At 31 March 2025	**6,317,330**	**17,157,843**	**9,585,847**	**129,346,928**	**1,931,332**	**115,778,142**	**28,274,403**	–	**308,391,825**
Depreciation	970,802	557,631	432,261	7,703,710	253,940	7,941,548	–	–	17,859,892
Disposals/write-offs	–	–	(995,775)	(2,712,209)	(470,649)	(3,323,198)	–	–	(7,501,831)
At 31 March 2026	**7,288,132**	**17,715,474**	**9,022,333**	**134,338,429**	**1,714,623**	**120,396,492**	**28,274,403**	–	**318,749,886**
Net book value									
At 31 March 2025	**86,500,619**	**3,222,664**	**630,188**	**8,216,131**	**1,104,063**	**34,260,255**	–	**866,625,666**	**1,000,559,586**
At 31 March 2026	**85,529,817**	**3,692,854**	**899,327**	**8,543,970**	**908,782**	**34,551,819**	**–**	**1,360,540,408**	**1,494,666,977**

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

The movement in net borrowing costs capitalised under construction-in-progress during the financial year was as follows:

	At 31 March 2026 $	At 31 March 2025 $
At beginning of financial year	16,973,000	16,973,000
Borrowing costs	38,344,999	38,344,999
Less: investment income	(27,282,783)	(38,344,999)
At end of financial year	28,035,216	16,973,000

17. Right-of-use assets

	Leasehold land $	Building and building improvements $	Computer hardware and software $	Equipment $	Vehicles $	Total $
Cost						
At 1 April 2024	**15,270,523**	**58,280,997**	**90,052**	**–**	**–**	**73,641,572**
Additions	10,393	51,309,565	54,770	31,459	–	51,406,187
Disposals	(10,636)	(42,746,708)	–	–	–	(42,757,344)
At 31 March 2025	**15,270,280**	**66,843,854**	**144,822**	**31,459**	**–**	**82,290,415**
Additions	7,305,729	10,232,925	2,122,199	1,609,691	247,612	21,518,156
Disposals	–	(6,435,983)	(57,369)	–	–	(6,493,352)
At 31 March 2026	**22,576,009**	**70,640,796**	**2,209,652**	**1,641,150**	**247,612**	**97,315,219**

17. Right-of-use assets (cont'd)

	Leasehold land $	Building and building improvements $	Computer hardware and software $	Equipment $	Vehicles $	Total $
Accumulated depreciation						
At 1 April 2024	**562,193**	**45,208,254**	**33,695**	**–**	**–**	**45,804,142**
Depreciation	516,741	21,785,731	35,625	8,739	–	22,346,836
Disposals	(10,636)	(42,746,708)	–	–	–	(42,757,344)
At 31 March 2025	**1,068,298**	**24,247,277**	**69,320**	**8,739**	**–**	**25,393,634**
Depreciation	589,728	23,329,067	271,467	568,855	24,820	24,783,937
Disposals	–	(6,435,983)	(57,369)	–	–	(6,493,352)
At 31 March 2026	**1,658,026**	**41,140,361**	**283,418**	**577,594**	**24,820**	**43,684,219**
Net book value						
At 31 March 2025	**14,201,982**	**42,596,577**	**75,502**	**22,720**	**–**	**56,896,781**
At 31 March 2026	**20,917,983**	**29,500,435**	**1,926,234**	**1,063,556**	**222,792**	**53,631,000**

18. Trade and other payables

	At 31 March 2026 $	At 31 March 2025 $
Trade payables	44,490,224	62,128,339
Accruals	189,513,627	190,416,344
Accruals for property, plant and equipment	65,085,718	34,912,698
Deposits received	24,045,676	24,371,893
Advance payments received	2,660,169	1,366,644
Lease liabilities (Note 24)	31,497,392	41,140,866
Other payables	25,350,836	19,997,032
	382,643,642	374,333,816
Current	327,572,098	327,495,788
Non-current	55,071,544	46,838,028
	382,643,642	374,333,816

Trade payables are non-interest bearing. Trade payables are usually settled on 30 days (2024/2025: 30 days) term and are denominated in Singapore Dollars.

19. Payable to the Ministry of Sustainability and the Environment ("MSE")

	At 31 March 2026 $	At 31 March 2025 $
Unutilised grants to be returned to MSE	31,462,871	13,379,685
Payable to MSE for revenue collected on behalf	72,743,665	27,178,098
Other receivable from MSE	(239,736)	(7,210,024)
	103,966,800	33,347,759

For the financial year ended 31 March 2026, the Agency collected total Government revenue on behalf of MSE amounting to $472,411,793 (2024/2025: $507,647,707).

The amounts payable to MSE are unsecured, interest-free and expected to be repaid within the next twelve months.

20. Provision for pensions and death gratuities

	At 31 March 2026 $	At 31 March 2025 $
Obligation for:		
Pensions	7,284,900	7,465,708
Amount payable within one year	388,777	377,396
Amount payable after one year	6,896,123	7,088,312
	7,284,900	7,465,708
Statement of comprehensive income		
Pensions	275,363	209,493
Death gratuities	–	83
	275,363	209,576

The amounts recognised as expenditure were as follows:

	Note	2025/2026 $	2024/2025 $
Pensions			
Interest cost		196,479	136,444
Death gratuities			
Current service cost		–	60
Interest cost		–	23
		–	83
Total provision for the financial year - net		196,479	136,527
Pension charged directly to income or expenditure		78,884	73,049
Total included in staff costs	5	275,363	209,576

20. Provision for pensions and death gratuities (cont'd)

The amounts recognised in other comprehensive income were as follows:

	2025/2026 $	2024/2025 $
Actuarial loss arising from changes in mortality assumptions used in determining the Agency's pensions and death gratuity obligations and due to scheme experience	–	2,815,306
Actuarial gain arising from changes in mortality and financial assumptions used in determining the Agency's pensions and death gratuity obligations	–	(889,800)
Net re-measurement loss on defined benefit plans, recognised in other comprehensive income	–	1,925,506

The movement in liability recognised in the statement of financial position was as follows:

	At 31 March 2026 $	At 31 March 2025 $
Balance at beginning of financial year	7,465,708	6,064,178
Provision for the financial year – net	196,479	136,527
Net re-measurement loss on defined benefit plans	–	1,925,506
Less: Amount paid during the financial year	(377,287)	(660,503)
Balance at end of financial year	7,284,900	7,465,708

The Agency and the Singapore Government jointly finance the payment of gratuity, pension or allowance to pensionable officers at their retirement. The split of pension costs is determined based on the accumulated pensionable emoluments earned by the pensionable employee while in the government services as compared with the service with the Agency up to his retirement.

The proportion of pension benefits payable to pensionable officers prior to the establishment of the Agency on 1 July 2002, which is to be borne by the Government, is excluded from the amount stated above.

20. Provision for pensions and death gratuities (cont'd)

The cost of defined benefit pension plans and other post-employment medical benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension and death gratuity benefit obligations for the defined benefit plans are shown below:

(i) All pensionable officers will retire at the age of 63 (2024/2025: 63).

(ii) Pensionable officers are entitled to select one of the following state-managed pension schemes upon retirement:

(1) Annual pension payments;

(2) Reduced pension together with gratuity payment upon retirement; or

(3) Lump sum gratuity payment upon retirement.

Accrual for defined benefit pension obligations is made assuming that scheme (3) will be selected by these employees upon retirement based on the Agency's historical experience, and represents the present value of defined benefit pension obligations.

(iii) The rate used to discount pensions obligations is 2.70% for Pensioners (2024/2025: 2.70% for Pensioners) per annum.

(iv) Assumptions regarding future mortality are based on published statistics and mortality tables.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligations as at the end of the reporting period, assuming if all other assumptions were held constant:

		At 31 March 2026		At 31 March 2025	
		Provision for pensions	**Provision for death gratuities**	**Provision for pensions**	**Provision for death gratuities**
		$	$	$	$
Discount rate	**+25 basis points**	7,092,987	–	7,261,626	–
	-25 basis points	7,484,961	–	7,678,739	–

21. Bond borrowings

	At 31 March 2026 $	At 31 March 2025 $
Principal	1,650,000,000	1,650,000,000
Unamortised transaction costs	(2,121,547)	(2,232,313)
	1,647,878,453	1,647,767,687
Interest payable	1,785,932	1,785,932
	1,649,664,385	1,649,553,619
Current	1,785,932	1,785,932
Non-current	1,647,878,453	1,647,767,687
	1,649,664,385	1,649,553,619

Bond borrowings comprise bonds issued under the Agency's $3 billion Multicurrency Medium Term Note ("MTN") Programme to finance the construction of Tuas Nexus Integrated Waste Management Facility. The related borrowing costs are capitalised as property, plant and equipment under construction-in-progress (Note 16).

The bonds issued to-date are as follows:

Series	Principal ($'million)	Coupon rate (% per annum)	Tenure (years)	Issue date	Maturity date
001	350	1.67	10	15 September 2021	15 September 2031
002	1,300	2.50	30	15 September 2021	15 September 2051

The bond borrowings are denominated solely in Singapore Dollars.

A reconciliation of bond borrowings arising from financing activities for the respective financial years was as follows:

	At 31 March 2026 $	At 31 March 2025 $
At the beginning of financial year	1,649,553,619	1,649,442,853
Cash flows:		
Payment of interest	(38,344,999)	(38,344,999)
Non-cash changes:		
Amortisation of transaction costs	110,766	110,766
Accrued interest payable	38,344,999	38,344,999
At the end of financial year	1,649,664,385	1,649,553,619

22. Deferred capital grants

	Note	At 31 March 2026 $	At 31 March 2025 $
Balance at beginning of financial year		14,436,108	14,960,892
Transfer from grants received in advance (Note 13)		111,719	–
Less: Amortisation of deferred capital grants in income or expenditure	9	(533,939)	(524,784)
Balance at end of financial year		14,013,888	14,436,108

23. Share capital

	At 31 March 2026	At 31 March 2025	At 31 March 2026	At 31 March 2025
	Number of ordinary shares		$	$
Issued and paid up:				
At the beginning of the year	721,614,030	719,912,326	721,614,030	719,912,326
Capital injections	934,661,996	1,701,704	934,661,996	1,701,704
	1,656,276,026	721,614,030	1,656,276,026	721,614,030

The Agency's share capital comprises fully paid up ordinary shares which have no par value. These are held by the Ministry of Finance ("MOF").

24. Leases

Agency as a lessee

The Agency has lease contracts for leasehold land, building and building improvements, computer hardware & software, equipment and motor vehicles. The Agency's obligations under these leases are secured by the lessor's title to the leased assets.

The Agency also has certain leases for land, building, and computer hardware with lease terms of 12 months or less and leases with low value. The Agency applies the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases.

(a) **Right-of-use assets**

The carrying amounts of right-of-use assets and movement during the financial year are disclosed in Note 17.

24. Leases (cont'd)

(b) Lease liabilities

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

		Cash flows:		Non-cash changes:				
	1 April	Principal paid	Interest paid	Additions	Accretion of interest	Lease modifications	Reclassifications	31 March
	$	$	$	$	$	$	$	$
Lease liabilities								
31 March 2026								
- Current	3,896,766	(20,600,581)	(1,224,812)	10,742,400	1,225,238	214,281	10,461,416	4,714,708
- Non-current	37,244,100	–	–	–	–	–	(10,461,416)	26,782,684
	41,140,866	(20,600,581)	(1,224,812)	10,742,400	1,225,238	214,281	–	31,497,392
31 March 2025								
- Current	2,037,929	(18,773,633)	(1,404,895)	45,855,030	1,404,895	(2,103)	(25,220,457)	3,896,766
- Non-current	12,023,643	–	–	–	–	–	25,220,457	37,244,100
	14,061,572	(18,773,633)	(1,404,895)	45,855,030	1,404,895	(2,103)	–	41,140,866

The maturity analysis of lease liabilities (included under trade and other payables) is disclosed in Note 26.

24. Leases (cont'd)

Agency as a lessee (cont'd)

(c) Amounts recognised in income or expenditure

	2025/2026 $	2024/2025 $
Interest expense on lease liabilities (Note 7)	1,225,238	1,404,895
Depreciation of right-of-use assets (Note 17)	24,783,937	22,346,836
Lease expense not capitalised:		
- Expenditure relating to short-term leases	1,563,139	249,790
- Expenditure relating to leases of low-value assets	3,191,247	780,950
Total amount recognised in income or expenditure	30,763,561	24,782,471

(d) Total cash outflows for leases

The Agency had total cash outflows for leases of $26,579,779 (2024/2025: $21,209,268) during the financial year.

Agency as an intermediate lessor

The Agency has entered into a sublease for one of its leases. The lease term of the sublease constitutes a major part of tenure of the head lease and accordingly, this sublease is classified as a finance lease. The net investment in the sublease is recognised as lease receivables.

	At 31 March 2026 $	At 31 March 2025 $
Balance at beginning of financial year	3,893,209	4,133,257
Lease modification	214,281	–
Accretion of interest	97,746	123,532
Receipts	(373,910)	(363,580)
Balance at end of financial year	3,831,326	3,893,209
Current	274,248	247,524
Non-current	3,557,078	3,645,685
At 31 March	3,831,326	3,893,209

The Agency recognised interest income on lease receivables of $97,746 (2024/2025: $123,532) and had total cash inflow for finance lease receivables of $373,910 (2024/2025: $363,580) during the financial year.

25. Commitments

(a) *Capital commitments*

Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements were as follows:

	At 31 March 2026 $	At 31 March 2025 $
Property, plant and equipment	969,580,866	1,277,538,481

(b) *Incineration service commitments*

The Agency has three incineration services agreements, for terms of between 15 to 25 years. In accordance with the agreements, the Agency pays monthly incineration service fees for the incineration and related maintenance services based on the services received. The incineration service fees incurred for the financial year is disclosed in Note 3.

(c) *Other commitments*

Under the Whole Of Government ("WOG") ICT infrastructure, agencies are required to lease computer equipment and subscribe to a list of WOG ICT Infrastructure services under specific bulk tenders. The Agency pays monthly fees for WOG ICT Infrastructure services. For the financial year ended 31 March 2026, $25,687,743 (2024/2025: $20,307,179) was recognised in the statement of comprehensive income for expenditure incurred under WOG. The other commitments at reporting date are as follows:

	At 31 March 2026 $	At 31 March 2025 $
Not later than one year	6,544,825	3,710,535
Between one and five years	1,873,171	1,445,415
	8,417,996	5,155,950

26. Financial risk management

The Agency, in its normal course of operations, is exposed to a variety of financial risks: credit risk, liquidity risk, interest rate risk and price risk.

(a) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Agency. The major classes of financial assets of the Agency are cash and cash equivalents, trade and other receivables, quoted debt securities at amortised cost and financial assets at fair value through profit or loss. The Agency limits its credit risk exposure in respect of investments by placing its funds only in the Singapore Government, statutory board and high quality government-linked corporations bonds or with professional fund managers awarded by AGD under the Demand Aggregation Schemes.

Bank deposits are placed in banks and financial institutions which are regulated. The cash with AGD are placed with regulated financial institutions.

The Agency monitors the receivables from customers closely on an on-going basis and has policies in place to ensure the customers maintain sufficient deposits with them. The Agency is not exposed to credit risk for revenue to be collected on behalf of MSE.

Despite the above, the Agency assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Agency regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Agency considers that default has occurred when a financial asset is more than 150 days past due unless the Agency has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Agency considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables are generally not recoverable if they meet either of the following criteria:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Agency, in full (without taking into account any collaterals held by the Agency).

26. Financial risk management (cont'd)

(a) *Credit risk (cont'd)*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(i) Significant financial difficulty of the borrower;

(ii) A breach of contract, such as a default or past due event;

(iii) The Agency, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the Agency would not otherwise consider;

(iv) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(v) The disappearance of an active market for that financial asset because of financial difficulties.

The Agency's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses (ECL)**
Performing	The counterparty has a low risk of default and does not have any past- due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is >150 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Agency has no realistic prospect of recovery.	Amount is written off

26. Financial risk management (cont'd)

(a) *Credit risk (cont'd)*

The table below details the credit quality of the Agency's financial assets as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $	Loss allowance $	Net carrying amount $
At 31 March 2026						
Trade receivables	12	(i)	Lifetime ECL (simplified approach)	6,653,624	(750,421)	5,903,203
Other receivables (excluding revenue to be collected on behalf of MSE)	12	Performing	12-month ECL	52,452,620	–	52,452,620
Quoted debt securities at amortised cost	15	Performing	12-month ECL	97,517,275	–	97,517,275
					(750,421)	
At 31 March 2025						
Trade receivables	12	(i)	Lifetime ECL (simplified approach)	5,815,867	(610,472)	5,205,395
Other receivables (excluding revenue to be collected on behalf of MSE)	12	Performing	12-month ECL	52,833,373	–	52,833,373
Quoted debt securities at amortised cost	15	Performing	12-month ECL	444,034,218	–	444,034,218
					(610,472)	

(i) The Agency determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience derived from the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The Agency has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Agency only grants credit to creditworthy counterparties.

Cash is held with creditworthy institutions and is subject to immaterial credit loss.

The Agency's credit exposure is concentrated mainly in Singapore. It has no significant concentration of credit risk with any single customer or group of customers.

26. Financial risk management (cont'd)

(b) *Liquidity risk*

Liquidity risk arises from the general funding of the Agency's operating activities. It includes the risk of not being able to fund operating activities at settlement dates and liquidate position in a timely manner. The Agency obtains its funding requirements from the Government through operating grants. The Agency also manages its liquidity risk by placing primarily its funds in deposits with AGD depending on its immediate cash requirements.

The table below analyses the maturity profile of the Agency's financial assets and liabilities based on contractual undiscounted repayment obligations.

	Less than 1 year $	Between 1 and 5 years $	More than 5 years $
At 31 March 2026			
Financial assets:			
Financial assets at fair value through profit or loss	392,791,254	–	–
Quoted debt securities at amortised cost	13,324,531	39,637,738	58,725,650
Cash and cash equivalents	2,620,806,042	–	–
Trade and other receivables	90,434,791	–	–
Lease receivables	373,910	1,495,639	2,617,369
Total undiscounted financial assets	3,117,730,528	41,133,377	61,343,019
Financial liabilities:			
Trade and other payables	325,688,313	11,001,949	2,349,586
Payable to MSE	72,503,929	–	–
Bond borrowings	38,345,000	153,380,000	2,319,172,500
Total undiscounted financial liabilities	436,537,242	164,381,949	2,321,522,086
Total net undiscounted financial assets/(liabilities)	2,681,193,286	(123,248,572)	(2,260,179,067)

26. Financial risk management (cont'd)

(b) ***Liquidity risk (cont'd)***

	Less than 1 year $	Between 1 and 5 years $	More than 5 years $
At 31 March 2025			
Financial assets:			
Financial assets at fair value through profit or loss	376,005,003	–	–
Quoted debt securities at amortised cost	400,534,158	46,984,319	4,112,800
Cash and cash equivalents	1,720,589,150	–	–
Trade and other receivables	83,798,337	–	–
Lease receivables	363,581	1,454,323	2,908,646
Total undiscounted financial assets	2,581,290,229	48,438,642	7,021,446
Financial liabilities:			
Trade and other payables	315,829,552	22,328,343	2,545,066
Payable to MSE	19,968,074	–	–
Bond borrowings	38,345,000	153,380,000	2,357,517,500
Total undiscounted financial liabilities	374,142,626	175,708,343	2,360,062,566
Total net undiscounted financial assets/(liabilities)	2,207,147,603	(127,269,701)	(2,353,041,120)

(c) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Agency's financial instruments will fluctuate because of changes in market interest rates.

The Agency's exposure to interest rates relate mainly to the cash placed with reputable banks and financial institutions and deposits held with AGD. The interest rates for cash with AGD are based on deposit rates determined by the financial institutions with which the cash are deposited and are expected to move in tandem with market interest rate movements.

The Agency's borrowings are limited to fixed rate bonds and accordingly, the Agency is not exposed to fluctuations in interest rates.

Interest rate sensitivity analysis has not been presented as management does not expect any reasonable changes in interest rates to have a material impact on the Agency's income.

26. Financial risk management (cont'd)

(d) *Price risk*

Market price risk is the risk that the fair value or future cash flows of the Agency's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Agency's exposure to changes in market prices relates primarily to unit trusts managed by professional fund managers awarded by AGD under the Demand Aggregation Schemes.

The Agency's objective is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. It is the Agency's policy to achieve an appropriate diversification in its investment portfolio in order to mitigate such risk.

At the reporting date, if market prices for the unit trusts investments had increased by 10%, assuming all other variables remain constant, the Agency's surplus (2024/2025: surplus) for the year would increase by approximately $39,279,125 (2024/2025: increase by approximately $37,600,500). A decrease in 10% of the prices would have an equal but opposite effect.

27. Fair value of assets and liabilities

(a) *Fair value hierarchy*

The Agency classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Agency 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 (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) *Assets that are measured at fair value on recurring basis*

Some of the Agency's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques(s) and inputs used).

Financial assets	Fair value as at 31 March 2026	Fair value as at 31 March 2025	Fair value hierarchy	Valuation technique and key input
	$	$		
Quoted investment funds	392,791,254	376,005,003	Level 2	Fair value is based on valuation provided by professional fund managers

27. Fair value of assets and liabilities (cont'd)

(c) ***Assets and liabilities not carried at fair value but for which fair value is disclosed***

The following table shows an analysis of the Agency's assets and liabilities not measured at fair value but for which fair value is disclosed:

	Quoted prices in active markets for identical instruments (Level 1) $	Significant observable inputs other than quoted prices (Level 2) $	Significant un-observable inputs (Level 3) $	Total $	Carrying amount $
At 31 March 2026					
Quoted debt securities at amortised cost	–	97,671,100	–	97,671,100	97,517,275
Bond borrowings	–	1,522,158,500	–	1,522,158,500	1,649,664,385
At 31 March 2025					
Quoted debt securities at amortised cost	–	446,231,280	–	446,231,280	444,034,218
Bond borrowings	–	1,488,929,000	–	1,488,929,000	1,649,553,619

(d) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

These are cash and cash equivalents, trade and other receivables, trade and other payables and payable to the Ministry of Sustainability and the Environment.

The carrying amounts approximate fair values due to the relatively short-term maturity of these instruments.

(e) ***Classification of financial assets and financial liabilities***

The carrying amounts of the Agency's financial instruments in each of the following categories were as follows:

	At 31 March 2026 $	At 31 March 2025 $
Financial assets at fair value through profit or loss	392,791,254	376,005,003
Financial assets at amortised cost:		
Cash and cash equivalents	2,620,806,042	1,720,589,150
Trade and other receivables	90,434,791	83,798,337
Lease receivables	3,831,326	3,893,209
Quoted debt securities	97,517,275	444,034,218
	2,812,589,434	2,252,314,914

27. Fair value of assets and liabilities (cont'd)

(e) ***Classification of financial assets and financial liabilities (cont'd)***

	At 31 March 2026 $	At 31 March 2025 $
Financial liabilities at amortised cost:		
Trade and other payables	336,535,104	337,288,075
Payable to the Ministry of Sustainability and the Environment	72,503,929	19,968,074
Bond borrowings	1,649,664,385	1,649,553,619
	2,058,703,418	2,006,809,768

28. Related party transactions

(a) ***Sale of goods and services***

In addition to the related party information disclosed elsewhere in the financial statements, the following are significant transactions between the Agency and related parties:

	2025/2026 $	2024/2025 $
Meteorological services rendered to Ministries, Organs of State and other Statutory Boards	24,377,381	23,531,661

(b) ***Compensation of key management personnel***

	2025/2026 $	2024/2025 $
Salaries and other short-term employee benefits	3,647,154	3,367,959
Employer's contribution to Central Provident Fund	90,684	103,164
Post-employment benefits-contribution to pension	64,375	67,238
	3,802,213	3,538,361

Included in the above are Board members' fees amounting to $258,750 (2024/2025: $281,250).

29. Dividends

On 19 March 2026, first and final dividend for FY2024/2025 of S$28,630,000 equivalent to $0.02 per share was paid to the Government.

On 25 February 2025, first and final dividend for FY2023/2024 of S$26,347,000 equivalent to $0.04 per share was paid to the Government.

30. Authorisation of financial statements

The financial statements of the Agency for the year ended 31 March 2026 were authorised for issue by the Board members of the Agency on 31 July 2026.

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Safeguard • Nurture • Cherish

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