



Advisory Note on Disclosures for Income and Expenses Relating to COVID-19 Measures

Objective

1. This Advisory Note provides Statutory Boards with guidance on disclosures for income and expenses relating to COVID-19 measures.
2. The guidance described in this Advisory note is not a financial reporting standard and is therefore non-mandatory. Statutory Boards are not required to state compliance to this Advisory Note should they apply it.

Background

3. To manage the impact of the COVID-19 pandemic on affected individuals and businesses in Singapore, some Statutory Boards are incurring expenditure and experiencing reduction in income which did not occur before the COVID-19 period (thereafter known as “COVID-19 related income and expenditure”). Such income and expenditure are also not expected to arise in future reporting periods after the pandemic, i.e. post-COVID 19, as they were incurred solely to manage the impact of the COVID-19 pandemic.

Disclosure Guidelines

4. According to Statutory Board Financial Reporting Standard 1 para 31, an entity shall consider whether to provide additional disclosures when compliance with specific requirements in SB-FRS is insufficient to enable users of financial statements to understand the impact of particular transactions, other events and conditions on the entity’s financial position and financial performance.
5. Should Statutory Boards assess that there is a need to, Statutory Boards may disclose the following information in their notes to their financial statements:
 - a) Management’s assessment of the overall impact of the COVID-19 pandemic on the financial performance of the Statutory Board and the Group, if applicable; and
 - b) A qualitative and quantitative analysis of financial statement line item(s) which had material financial impact on the Statutory Board and the Group, if applicable, for the financial year due to the COVID-19 pandemic.

6. In disclosing the information specified in paragraph 5, Statutory Boards shall consider the following:

- a) Whether the supposed impact of COVID-19 on SBs' income and expenditure can actually be directly attributed to the COVID-19 pandemic;
- b) Whether the impact of COVID-19 on SBs' income and expenditure is quantifiable; and
- c) Whether the related information presented in the notes to Statutory Boards' financial statements is relevant and faithfully represents the impact of COVID-19 on SBs' income and expenditure i.e. information is complete, neutral and free from error.

7. The following formats of presentation should be avoided, whether in the primary financial statements or the notes of the financial statements:

- a) Insertion of hypothetical financial statement line items to illustrate the impact of COVID-19 on actual financial statement results.

Extract of Statement of Comprehensive Income	31 March 2021	31 March 2020
Actual Surplus before tax	XX	XX
<u>Estimated surplus before tax (had COVID-19 not occurred)</u>	<u>XX</u>	<u>XX</u>

- b) Insertion of financial statement line items which do not clearly identify and quantify the impact of COVID-19 on income or expenditure.

Extract of Statement of Comprehensive Income	31 March 2021	31 March 2020
Income	XX	XX
<u>Cost of Sales (Less COVID-19 Related Costs)</u>	<u>XX</u>	<u>XX</u>
<u>Gross Surplus Less Impact of COVID-19</u>	<u>XX</u>	<u>XX</u>
<u>COVID-19 Related Costs</u>	<u>XX</u>	<u>XX</u>

- c) Segregation of financial information based on pre-COVID-19 and post-COVID-19 periods.

Extract of Statement of Comprehensive Income	31 March 2021			31 March 2020
	<u>Pre-COVID 19</u>	<u>Post-COVID 19</u>	Total	Total
Income	<u>XX</u>	<u>XX</u>	XX	XX
Cost of Sales	<u>XX</u>	<u>XX</u>	XX	XX
Gross Surplus	<u>XX</u>	<u>XX</u>	XX	XX
Surplus Before Tax	<u>XX</u>	<u>XX</u>	XX	XX

8. Statutory Boards are to present the disclosures for income and expenses relating to COVID-19 measures either by nature or by function, consistent with how information has been presented for its other income and expenses.
9. Examples of COVID-19 related expenditure may include, but are not limited to:
 - (i) COVID-19 related grant expenses, e.g. disbursement of grants to provide financial assistance to individuals or businesses affected by Covid-19;
 - (ii) COVID-19 related research or development expenses, e.g. expenses incurred in the development of software applications to control the spread of Covid-19 etc.;
 - (iii) Staff welfare expenses, e.g. telecommunications allowance to employees during work-from-home arrangement over the COVID-19 pandemic period;
 - (iv) Any significant increase/decrease in expenses relative to prior financial periods which can be directly attributable to the COVID-19 pandemic, e.g. reduction in rental expenses due to rental concession from landlord.
10. Examples of COVID-19 related income may include, but are not limited to:
 - (i) Receipt of government grants, e.g. property tax rebate;
 - (ii) Any significant increase/decrease in income relative to prior financial periods which can be directly attributable to the COVID-19 pandemic, e.g. reduction in licence fee income due to licence fee waivers granted to external parties or a general fall in business / operating activities.
11. **Annex A** contains non-mandatory samples of disclosures.

Sample Disclosures

The sample disclosures are based on the following assumptions:

- a. The Statutory Board prepares its Statement of Financial Performance using the nature of expense method;
- b. The impact of COVID-19 on the Statutory Board's Statement of Financial Performance is as follows:
 - i. Decrease in licence fee income;
 - ii. Decrease in rental income;
 - iii. Increase in government grant received ; and
 - iv. Increase in depreciation expenses.
- c. The impact of COVID-19 on the Statutory Board's Statement of Financial Position is as follows:
 - i. No expected credit losses for trade and other receivables; and
 - ii. Increase in fixed assets, and no impairment of Statutory Board's fixed assets.
- d. The amounts disclosed in the additional note are material to the Statutory Board's financial statements;
- e. The disclosure note is prepared for the Statutory Board's statutory financial statements.

Extract of Statement of Comprehensive Income			
For the financial year ended 31 March 2021			
	Note	2021	2020
		\$'m	\$'m
Operating income			
Management fees		100	80
Licence fees	2	60	120
Rental income	2	40	80
Government grants			
Operating grants	2	150	100
Amortisation of deferred capital grants		25	20
		375	400
Less:			
Operating expenditure			
Other expenses	2	150	100
Depreciation on property, plant and equipment	2	50	10
Amortisation of right-of-use assets		10	8
Amortisation of intangible assets		10	8
Repair and maintenance fees		28	25
		248	151
Operating surplus/(deficit)		127	249

Extract of Statement of Financial Position			
For the financial year ended 31 March 2021			
	Note	2021	2020
		\$'m	\$'m
ASSETS			
Non-current assets			
Property, plant and equipment	2	500	100
Other non-current assets		10	8
Total non-current assets		510	108
Current assets			
Cash and cash equivalents		300	250
Trade and other receivables	2	200	100
Inventories		120	100
Other current assets		15	10
Total current assets		635	460
Total assets		1,145	568

Note 2 – Coronavirus Disease (COVID-19) Impact

The outbreak of the Coronavirus Disease (COVID-19) in Singapore in early 2020 has caused disruptions to businesses and operations globally. To mitigate the effects of COVID-19 on Singapore's health and economy, the Singapore Government has implemented a series of precautionary and control measures, such as the implementation of the "Circuit Breaker", to control the outbreak of COVID-19 in Singapore.

The management of the Authority have assessed that there are no material adverse effects arising from the COVID-19 situation on the Authority's results for the financial year ended 31 March 2020. The Authority continues to support the Singapore Government in implementing the various assistance measures.

The financial impact of the assistance measures and the COVID-19 outbreak on the Authority's results for the financial year ended 31 March 2021 are as follows:

Licence fee income

License fees decreased by \$60m (2021: \$60m; 2020: \$120m). Out of this \$60m, \$40m is due to licence fee waivers granted to the Authority's outsourced car park operators for the months of April to June 2020. In line with the various support schemes provided by the Singapore Government to businesses whose operations have been affected by the COVID-19 pandemic, the Authority waived the licence fees payable from car park operators for the months of April to June 2020.

Rental income

Rental income decreased by \$40m (2021: \$40m; 2020: \$80m). Out of this \$40m, \$30m is due to rental waivers granted by the Authority to tenants under the Singapore Government's COVID-19 Budget initiatives. In line with the various support schemes by the Singapore Government to businesses whose operations have been affected by the COVID-19 pandemic, the Authority waived rental fees payable from tenants for the months of April to June 2020.

Operating grants

Operating grants received increased by \$50m (2021: \$150m; 2020: \$100m). Out of this \$50m:

- a. \$30m is due to grant received from the Authority's Parent Ministry for the new COVID-19 Driver Relief Fund disbursed to taxi and private-hire car drivers to help them offset their vehicle rental fees. The COVID-19 pandemic has resulted in lower than normal taxi and private-hire car ridership, as tourism activities have not resumed and many employees are working from home; and
- b. \$15m is due to funding received from the Authority's Parent Ministry for Covid-19 related operations carried out by the Authority.

Other expenses

Other expenses increased by \$50m (2021: \$150m; 2020: \$100m). Out of this \$50m:

- a. \$30m is due to the disbursement of the grant received from the Authority's Parent Ministry for the new COVID-19 Driver Relief Fund to taxi and private-hire car drivers to help them offset their vehicle rental fees. The COVID-19 pandemic has resulted in lower than normal taxi and private-hire car ridership, as tourism activities have not resumed and many employees are working from home; and
- b. \$18m is due to the direct expenses incurred by the Authority for Covid-19 related operations carried out by the Authority on behalf of its Parent Ministry.

Depreciation on Property, Plant and Equipment

Depreciation expense increased by \$40m (2021: \$50m, 2020: \$10m). Out of this \$40m, \$30m is due to additional medical equipment of \$300m procured by the Authority during the year for use by COVID-19 patients in quarantine facilities.

Expected Credit Loss Assessment on Trade and Other Receivables

Based on the Authority's expected credit loss assessment of trade and other receivables as at 31 March 2021, no credit loss provision needs to be made for the financial year ended 31 March 2021.