

FINANCIAL STATEMENTS

National Heritage Board and its subsidiaries

For the year ended 31 March 2007

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Board Information

Registered office

93 Stamford Road
Singapore 178897

Board members

Professor Tommy Koh
Mr Michael Koh
Mr Gautam Banerjee
Mr Chee Hong Tat
Mrs Cheong - Chua Koon Hean
Ms Chew Gek Khim
Mr Chong Wing Hong
Mr Goh Geok Khim
Ms Zuraidah Ibrahim
Mr Koh Seow Chuan
Dr Kwok Kian Woon
Mrs Lee Suet Fern
Mr Lim Siam Kim
Mr Ken Low
Mr Gopinath Pillai
Dr Noor Aisha Bte Abdul Rahman
Ms Priscylla Shaw
Mr Tony Soh
Associate Professor Tan Tai Yong
Mr Daniel Teo
Mr Alfred Wong

Bankers

Development Bank of Singapore
United Overseas Bank
Malayan Banking Berhad

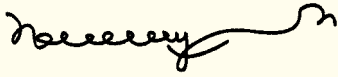
Auditors

Foo Kon Tan Grant Thornton
Certified Public Accountants
47 Hill Street #05-01
Singapore Chinese Chamber of Commerce & Industry Building
Singapore 179365

Statement by the Board members of National Heritage Board

In our opinion, the accompanying financial statements of the National Heritage Board (the "Board") and consolidated financial statements of the Board and its subsidiaries (the "Group") are drawn up so as to show fairly the state of affairs of the Board and of the Group as at 31 March 2007, and the results and changes in capital and reserves of the Board and of the Group, and of the cash flows of the Group for the financial year ended on that date.

On behalf of the Board



TOMMY KOH
Chairman



MICHAEL KOH
Chief Executive Officer

Dated: 13 July 2007

Auditors' report to the members of National Heritage Board

We have audited the accompanying financial statements of National Heritage Board ("the Board") and its subsidiaries ("the Group"), which comprise the balance sheets of the Board and the Group as at 31 March 2007, the income and expenditure statements and statement of changes in capital and reserves of the Board and the Group and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board's management responsibility for the financial statements

The Board's management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the National Heritage Board Act, Cap. 196A (the "Act") and accounting standards specified by the Ministry of Finance ("MOF"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

- (a) the accompanying financial statements of the Board and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the National Heritage Board Act, Cap. 196A and accounting standards as specified by the Ministry of Finance so as to show fairly the state of affairs of the Board and of the Group as at 31 March 2007, and the results and changes in capital and reserves of the Board and of the Group, and of the cash flows of the Group for the financial year ended on that date;
- (b) the accounting and other records required by the Act to be kept by the Board and its subsidiaries have been properly kept in accordance with the provisions of the Act.

During the course of our audit, nothing came to our notice that caused us to believe that the receipts, expenditure and investment of monies and the acquisition and disposal of assets by the Board during the year have not been made in accordance with the provisions of the Act.



Foo Kon Tan Grant Thornton
Certified Public Accountants
Singapore, 13 July 2007

Balance Sheet

Financial statements for the year ended 31 March 2007

	Notes	The Board		The Group	
		2006/2007 \$	2005/2006 \$	2006/2007 \$	2005/2006 \$
Capital	4	192,000	192,000	192,000	192,000
Heritage capital reserve	5	157,261,639	148,707,046	160,532,002	151,977,409
Accumulated surplus	6	11,384,331	10,434,311	11,662,104	10,747,648
Philatelic fund	7	4,585,591	4,980,677	4,585,591	4,980,677
		173,423,561	164,314,034	176,971,697	167,897,734
Represented by:					
Heritage materials	8	157,261,639	148,707,046	158,235,121	149,672,294
Property, plant and equipment	9	177,608,037	175,377,288	177,897,984	175,747,073
Subsidiaries	10	2	2	-	-
Available-for-sale investment	11	50,000	-	50,000	-
Held-to-maturity investments	12	-	1,426,525	210,575	1,992,500
		334,919,678	325,510,861	336,393,680	327,411,867
Current Assets					
Inventories, at cost		-	-	76,656	66,231
Donations receivable	13	-	20,000	-	20,000
Other receivables	14	1,775,403	627,936	1,857,427	667,721
Grants receivable		9,024,737	-	9,024,737	-
Prepayments		1,185,765	1,028,535	1,205,706	1,048,476
Cash and cash equivalents	15	44,680,359	59,828,887	47,388,320	61,859,108
		56,666,264	61,505,358	59,552,846	63,661,536
Current Liabilities					
Other payables	16	(9,126,661)	(11,422,359)	(9,464,500)	(11,869,873)
Grants received in advance					
- Government	17	(18,601,124)	(20,871,418)	(18,601,124)	(20,871,418)
Donations received in advance					
- Non-Government	18	(12,826,559)	(15,031,120)	(13,301,168)	(15,057,090)
		(40,554,344)	(47,324,897)	(41,366,792)	(47,798,381)
Net Current Assets		16,111,920	14,180,461	18,186,054	15,863,155
Non-Current Liabilities					
Deferred capital grants	19	(177,608,037)	(175,377,288)	(177,608,037)	(175,377,288)
		(177,608,037)	(175,377,288)	(177,608,037)	(175,377,288)
		173,423,561	164,314,034	176,971,697	167,897,734

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Income and expenditure statements

Financial statements for the year ended 31 March 2007

Notes	The Board		The Group	
	2006/2007 \$	2005/2006 \$	2006/2007 \$	2005/2006 \$
Operating income				
Archival services	591,964	746,548	591,964	746,548
Contributions and donations	6,265,906	2,262,713	6,265,906	2,262,713
Admission fees	963,030	801,614	978,631	816,931
Sponsorship from Singapore Post	-	-	356,629	404,340
Rental income	2,041,317	1,219,733	2,041,317	1,219,733
Interest income	1,096,458	654,782	1,203,153	764,402
Agency fees from Preservation of Monuments Board	284,120	311,762	284,120	311,762
Workshops/Seminars	194,558	192,864	272,160	238,068
Travelling Exhibition	20,589	7,841	20,589	7,841
Consultancy/Project Management	261,230	10,000	320,107	255,595
Others	59,981	246,142	72,337	269,635
Commission/Royalties/Consignment	286,171	458,289	339,928	506,428
Sales at Singapore Philatelic Museum	-	-	55,477	53,770
	12,065,324	6,912,288	12,802,318	7,857,766
Less:				
Operating expenditure				
Staff costs	20	20,561,012	16,710,617	21,301,264
Depreciation	9	29,855,625	18,771,875	29,935,462
Rental of premises		9,390,018	8,680,385	9,398,887
Utilities		4,711,802	2,469,538	4,774,621
Exhibition expenses		4,348,777	2,865,432	4,471,306
Repairs and maintenance		4,475,818	3,633,645	4,526,431
Other services and fees		5,650,792	4,019,904	5,683,138
Supplies and materials		2,596,692	2,938,650	2,622,374
Publicity and public relations	21	9,735,791	2,698,507	9,749,317
Security systems and services		986,408	722,605	986,408
Staff welfare and development		637,469	839,347	647,559
Transport, postage and communications	21	629,869	739,771	646,250
Freight charges		73,435	115,002	73,435
Audit fees		81,000	67,800	85,700
Board members' allowances		23,630	9,323	23,630
Foreign exchange (gain)/loss		-	(9,451)	-
Net book value of property, plant and equipment written off		37,027	25,229	37,027
		93,795,165	65,298,179	94,962,809
Operating deficit before grants		(81,729,841)	(58,385,891)	(82,160,491)
Grants				
Deferred capital grants amortised	19	29,892,652	18,797,104	29,892,652
Grant received from Government	17	52,787,209	42,357,939	52,787,209
Grants received on behalf of STPI	17	1,524,500	1,492,600	1,524,500
Grants received on behalf of MHF	17	224,565	3,113,505	224,565
Grants received on behalf of Other Organisation	17	293,000	-	293,000
		84,721,926	65,761,148	84,721,926
Less:				
Grants disbursed to STPI		(1,524,500)	(1,492,600)	(1,492,600)
Grants disbursed to MHF		(224,565)	(3,113,505)	(3,113,505)
Grants disbursed to Other Organisation		(293,000)	-	(293,000)
		(2,042,065)	(4,606,105)	(4,606,105)
		82,679,861	61,155,043	82,679,861
Surplus for the year		950,020	2,769,152	519,370
Transfer from Philatelic Fund	7	-	-	395,086
Accumulated surplus at beginning		10,434,311	7,665,159	10,747,648
Accumulated surplus at end		11,384,331	10,434,311	11,662,104

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Statement of changes in capital and reserves

Financial statements for the year ended 31 March 2007

	Notes	Capital \$	Heritage capital Reserve \$	Accumulated surplus \$	Philatelic fund \$	Total \$
The Board						
Balance as at 1 April 2005		104,000	143,944,426	7,665,159	3,118,548	154,832,133
Contributions from government		88,000	-	-	-	88,000
Acquisition of heritage materials	5	-	4,762,620	-	-	4,762,620
Transfer to SPM	7	-	-	-	(387,871)	(387,871)
Contributions to Philatelic Fund	7	-	-	-	2,250,000	2,250,000
Surplus for the year		-	-	2,769,152	-	2,769,152
Balance as at 31 March 2006		192,000	148,707,046	10,434,311	4,980,677	164,314,034
Acquisition of heritage materials	5	-	8,554,593	-	-	8,554,593
Transfer to SPM	7	-	-	-	(395,086)	(395,086)
Surplus for the year		-	-	950,020	-	950,020
Balance as at 31 March 2007		192,000	157,261,639	11,384,331	4,585,591	173,423,561
The Group						
Balance as at 1 April 2005		104,000	147,214,789	7,806,665	3,118,548	158,244,002
Contributions from government		88,000	-	-	-	88,000
Acquisition of heritage materials	5	-	4,762,620	-	-	4,762,620
Contributions to Philatelic Fund	7	-	-	-	2,250,000	2,250,000
Transfer to income and expenditure statements	7	-	-	387,871	(387,871)	-
Surplus for the year		-	-	2,553,112	-	2,553,112
Balance as at 31 March 2006		192,000	151,977,409	10,747,648	4,980,677	167,897,734
Acquisition of heritage materials	5	-	8,554,593	-	-	8,554,593
Transfer to income and expenditure statement	7	-	-	395,086	(395,086)	-
Surplus for the year		-	-	519,370	-	519,370
Balance as at 31 March 2007		192,000	160,532,002	11,662,104	4,585,591	176,971,697

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated cash flow statement

Financial statements for the year ended 31 March 2007

	2006/2007	2005/2006
	\$	\$
Cash Flows from Operating Activities		
Deficit before grants	(82,160,491)	(58,601,931)
Adjustments for:		
Interest income	(1,203,153)	(764,402)
Depreciation of property, plant and equipment	29,935,462	18,797,137
Contributions and donations transferred from Donations Received in Advance	(3,286,097)	(2,262,713)
Property, plant and equipment written off	37,027	25,229
Deficit before working capital changes	(56,677,252)	(42,806,680)
(Increase)/decrease in inventories	(10,425)	64
(Increase)/decrease in other receivables	(1,134,880)	934,316
Increase/(decrease) in other payables	2,865,312	(1,138,405)
Cash used in operations		
Donation received	1,650,383	3,484,084
Net cash used in operating activities	(53,306,862)	(39,526,621)
Cash Flows from Investing Activities		
Proceeds from investments	1,781,925	1,567,339
Purchase of property, plant and equipment	(37,394,087)	(64,179,449)
Purchase of heritage materials	(6,773,020)	(3,175,226)
Decrease/(increase) in bank balances belonging to restricted fund (Note 15)	914,712	(935,580)
Acquisition of available-for-sale investment	(50,000)	-
Interest received	991,098	769,465
Net cash used in investing activities	(40,529,372)	(65,953,451)
Cash Flows from Financing Activities		
Government grants received	82,322,223	87,649,086
Grants released to other organisations	(293,000)	-
Grants released to STPI	(1,524,500)	(1,492,600)
Grants released to MHF	(224,565)	(3,113,505)
Contributions to Philatelic Fund	-	1,250,000
Contributions from government	-	88,000
Total cash from grants/capital contribution	80,280,158	84,380,981
Net decrease in cash and bank balances	(13,556,076)	(21,099,091)
Cash and cash equivalents at beginning of year	60,148,240	81,247,331
Cash and cash equivalents at end of year (Note 15)	46,592,164	60,148,240

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Notes to the financial statements

Financial statements for the year ended 31 March 2007

1 General information

The financial statements of the Board and of the Group for the year ended 31 March 2007 were authorised for issue by members of the Board on the date of the Statement by the National Heritage Board. The registered office of the National Heritage Board is at 93 Stamford Road, Singapore 178897 and its principal place of business is in Singapore.

2 Principal activities

The principal activities of the Board are:

- (a) to explore and present the heritage and nationhood of the people of Singapore in the context of their ancestral cultures, their links with South-East Asia, Asia and the World through the collection, preservation, interpretation and display of objects and records;
- (b) to promote public awareness, appreciation and understanding of the arts, culture and heritage, both by means of the Board's collections and by such other means as it considers appropriate;
- (c) to promote the establishment and development of organisations concerned with the national heritage of Singapore;
- (d) to provide a permanent repository of records of national or historical significance and to facilitate access thereto;
- (e) to conduct records management programmes for the Government;
- (f) to record, preserve and disseminate the history of Singapore through oral history methodology or other means; and
- (g) to advise the Government in respect of matters relating to the national heritage of Singapore.

The Board manages the secretariat and accounting functions of the Preservation of Monuments Board.

The Board is required by the Ministry of Information, Communications and the Arts ("MICA") to assist in managing the funding requirements of the Malay Heritage Foundation ("MHF") and the Singapore Tyler Print Institute ("STPI") and has been receiving operating and capital grants from the MICA to fund the activities of the MHF and the STPI.

As requested by the MICA, the Board will lease the principal places of business for the STPI and the MHF from the Singapore Land Authority through tenancy agreements. Renovation works funded by the MICA are recorded in the Board's accounting records and the premises are leased out to the STPI and the MHF through sub-lease agreements.

The principal activities of the subsidiaries are as stated in Note 10.

Notes to the financial statements

Financial statements for the year ended 31 March 2007

3(a) Basis of preparation

The financial statements are prepared in accordance with the accounting standards as specified by the Ministry of Finance and the provisions of the National Heritage Board Act, Cap. 196A. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The Finance Circular Minutes issued by the Ministry of Finance on Accounting Standards for Statutory Boards adopts all the Singapore Financial Reporting Standards ("FRS"), except for certain disclosures required by FRS 24 Related Party Disclosures.

The accounting policies have been consistently applied by the Board during the financial year and are consistent with those used in the previous financial year.

Heritage materials received by the Board as donations are recognised at the valuation of the materials at the time of receipt as disclosed under "Heritage materials" in this note.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgements are described below:

Depreciation 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 property, plant and equipment to be within 3 to 30 years. The carrying amount of the Board's and Group's property, plant and equipment as at 31 March 2007 is \$177,608,037 and \$177,897,784 respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

3(b) Interpretations and amendments to published standards effective in 2006

On 1 April 2006, the Group adopted the new or revised FRS and INT FRS that are mandatory for application on that date. This includes the following FRS and INT FRS, which are relevant to the Group:

FRS 19 (Amendment)	Employee Benefits
FRS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates
FRS 32 (Amendment)	Financial Instruments: Disclosure and Presentation
FRS 39 (Amendment)	Financial Guarantee Contracts
INT FRS 104 (Amendment)	Determining whether an Arrangement contains a Lease

The adoption of the above FRS and INT FRS did not result in substantial changes to the Board's accounting policies.

Notes to the financial statements

Financial statements for the year ended 31 March 2007

3(c) FRS and INT FRS not effective

At the date of authorisation of these financial statements, the following FRS and INT FRS were issued but not yet effective:

FRS 1 (Amendment)	Amendments relating to Capital Disclosure
FRS 2	Inventories
FRS 7	Cash Flow Statements
FRS 19	Employee Benefits
FRS 27	Consolidated and Separate Financial Statements
FRS 33	Earnings per Share
FRS 34	Interim Financial Reporting
FRS 36	Impairment of Assets
FRS 40	Investment Property
FRS 101	First-time Adoption of Financial Reporting Standards
FRS 105	Non-current Assets Held for Sale and Discontinued Operations
FRS 107	Financial Instruments: Disclosures
FRS 108	Operating Segments
INT FRS 29	Disclosure - Service Concession Arrangements
INT FRS 104	Determining whether an Arrangement contains a Lease
INT FRS 107	Applying the Restatement Approach under FRS 29
	Financial Reporting in Hyperinflationary Economies
INT FRS 108	Scope of FRS 102
INT FRS 109	Reassessment of Embedded Derivatives
INT FRS 110	Interim Financial Reporting and Impairment
INT FRS 111	FRS 102 - Group and Treasury Share Transactions
INT FRS 112	Service Concession Arrangements

The Board rents out part of its museum space as shop spaces and is currently reviewing the impact of the adoption of FRS 40 on its consolidated financial statements for the year ended 31 March 2008. It however does not anticipate a material impact on the consolidated financial statements and the financial statements of the Board.

Apart from the above, the Board anticipates that the adoption of these FRS and INT FRS in future periods will have no material impact on the consolidated financial statements and the financial statements of the Board.

Notes to the financial statements

Financial statements for the year ended 31 March 2007

3(d) Summary of significant accounting policies

Consolidation

The financial statements of the Group include the financial statements of the Board and its subsidiaries made up to the end of the financial year. Details of its subsidiaries are given in Note 10. All inter-entity balances and significant inter-entity transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only.

Heritage materials

Heritage materials purchased by the Board are accounted for at cost. Heritage materials received by the Board as donations are recognised at the valuation determined by the valuation committee of the respective museums at the time of receipt of the materials.

Heritage materials are not depreciated as the residual values are estimated to approximate the acquisition cost or higher than the acquisition cost.

Archival materials transferred from the Government are stated at the nominal value of \$1 per item irrespective of media.

Property, plant and equipment and depreciation

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

Purchases of property, plant and equipment costing less than \$1,000 each are charged to the income and expenditure statements.

Depreciation is computed utilising the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

Land	30 years
Building improvements	3 to 10 years
Mechanical and electrical equipment	8 years
Audio visual and micrographic equipment	6 to 8 years
Furniture, fittings and office equipment	6 to 8 years
Computers	3 to 5 years
Vehicles	8 years

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantling, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

No depreciation is provided on works-in-progress. For acquisitions and disposals during the financial year, depreciation is provided from the year of acquisition and to the year before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Notes to the financial statements

Financial statements for the year ended 31 March 2007

3(d) Summary of significant accounting policies (cont'd)

Subsidiaries

A subsidiary is defined as a company in which the Board has a long-term equity interest of more than 50% and over whose financial and operating policy decisions the group controls.

Shares in the subsidiaries are stated at cost less provision for any impairment losses on an individual subsidiary basis at the Board's financial statements.

Financial assets

Financial assets include cash and financial instruments. Financial assets are assigned to the different categories by the Board and the Group on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through income and expenditure is not revocable.

All financial assets are recognised on their trade date - the date on which the Board and the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed date of maturity that the Board and the Group have the positive intent and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in income and expenditure statements. Any reversal shall not result in a carrying amount that exceeds what the amortised cost would have been had any impairment loss not been recognised at the date the impairment loss is reversed. Any reversal is recognised in the income and expenditure statements.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

All financial assets within this category are subsequently measured at fair value with changes in value recognised in reserves, net of any effects arising from income taxes, until the financial assets is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognized in reserves is included in the income and expenditure statements for the period.

When a decline in the fair value of an available-for sale financial asset has been recognised directly in reserves and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in reserves shall be removed from the reserves and recognised in the income and expenditure statements even though the financial asset has not been derecognized.

The amount of the cumulative loss that is removed from reserves and recognised in income and expenditure statements shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in income and expenditure statements.

Notes to the financial statements

Financial statements for the year ended 31 March 2007

3(d) Summary of significant accounting policies (cont'd)

Available-for-sale financial assets (cont'd)

Impairment losses recognised in income and expenditure statements for equity investments classified as available-for-sale are not subsequently reversed through income and expenditure statements. Impairment losses recognised in income and expenditure statements for debt instruments classified as available-for-sale are subsequently reversed in income and expenditure statements if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Board and the Group provide money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in income and expenditure statements.

Receivables are impaired when objective evidence is received that the Board and the Group will not be able to collect all amounts due to it in accordance with the original terms of the loans and receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Determination of fair value

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Board and the Group establish fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models. Where fair value of unquoted instruments cannot be measured reliably, fair value is determined by the transaction price.

Impairment of non-financial assets

The carrying amounts of the Board's and Group's non-financial assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is defined as the higher of value in use and net selling price.

Any impairment loss is charged to the income and expenditure statements.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis and includes freight and handling charges. Provision is made, where necessary, for obsolete, slow-moving and defective inventory in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Notes to the financial statements

Financial statements for the year ended 31 March 2007

3(d) Summary of significant accounting policies (cont'd)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and fixed deposits, which are not subject to any significant risk of change in value. For the purpose of presenting cash flows statement, restricted cash included in cash and cash equivalents amount on the balance sheet, are excluded.

Financial liabilities

The Board's and the Group's financial liabilities include other payables as reflected in the balance sheets. Financial liabilities are recognised when the Board and the Group become parties to the contractual agreements of the instrument. All interest-related charges are recognised as expense in the income and expenditure statements.

Payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Leases

Operating leases

Rentals on operating leases are charged to income and expenditure statements on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the income and expenditure statements when incurred.

Provisions

Provisions are recognised when the Board and the Group have a present obligation (legal or constructive) resulting from a past event if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Board and the Group review the provisions annually and where in their opinion, the provision is adequate or excessive, due adjustment is made.

Employee benefits

Pension obligations

The Board and the Group contribute to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees.

The Board's and the Group's contributions to CPF are charged to the income and expenditure statements in the period to which the contributions relate.

The Board provides an amount for pension payable to employees under a pension scheme. This pension amount payable to each employee upon retirement is dependent on the number of years of service that the pensioners have completed with the Board and the last drawn salary.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the balance sheet date.

Functional currency

Items included in the financial statements of each entity in the group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity ("the functional currency"). The consolidated financial statements of the group and the financial statements of the Board are presented in Singapore dollars, which is also the functional currency of the Board.

Notes to the financial statements

Financial statements for the year ended 31 March 2007

3(d) Summary of significant accounting policies (cont'd)

Conversion of foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximating those ruling at balance sheet date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Exchange differences arising from such transactions are recorded in the income and expenditure statements in the period in which they arise.

Income recognition

Sales at the Singapore Philatelic Museum ("SPM") are recognised at the point of sale. Admission fees are recognised upon the sale of tickets to visitors at the museums. Rental income and agency fees are recognised over the lease and service period. Revenue from archival services are recognised when the services have been rendered.

Contributions, donations and other sponsorships (other than those for capital expenditure and heritage materials) are recognised as income when the right to receive the contributions, donations and other sponsorships has been established.

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding and at the interest rate applicable, on an effective yield basis.

Grants

Grants from the Government and contributions from other organisations and persons in the form of depreciable assets for the establishment of the Board or utilised for the purchase of depreciable assets are taken to the Deferred Capital Grants Account. The deferred grants are recognised in the income and expenditure statements over the periods necessary to match the depreciation and the net book value of disposals and write-offs of the assets purchased with the related grants.

Grants from the Government utilised for the purchase of heritage materials and contributions from other organisations and persons in the form of heritage materials or donations of such materials are taken to the Heritage Capital Reserve.

Government grants and contributions from other organisations to meet the current year's operating expenses are recognised as income in the same year.

Both capital and operating grants are accounted for on an accrual basis.

Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures on financial risk management are provided in Note 28.

4 Capital

The Ministry of Finance ("MOF") implemented a new debt-equity financing framework for statutory boards with effect from 1 September 2006. Under this framework, capital projects will be partially funded by the MOF as equity injection, and remaining through loans.

Notes to the financial statements

Financial statements for the year ended 31 March 2007

5 Heritage capital reserve

	Notes	The Board		The Group	
		2006/2007 \$	2005/2006 \$	2006/2007 \$	2005/2006 \$
Heritage materials:					
Balance at beginning		148,707,046	143,944,426	148,707,046	143,944,426
Acquisitions					
- from Government grants	8 & 17	6,664,579	2,897,365	6,664,579	2,897,365
- from Non-Government grants	8 & 18	100,208	268,912	100,208	268,912
- donations	8	1,789,806	1,596,343	1,789,806	1,596,343
		8,554,593	4,762,620	8,554,593	4,762,620
Balance at end		157,261,639	148,707,046	157,261,639	148,707,046
Philatelic assets:					
Balance at beginning and at end		-	-	3,270,363	3,270,363
Total		157,261,639	148,707,046	160,532,002	151,977,409

The Heritage Capital Reserve comprises grants from the Government, contributions from other organisations and persons in the form of heritage materials for the establishment of the Board, grants and contributions utilised for the purchase of heritage materials, donations of heritage materials, and philatelic assets of the SPM transferred from Infocomm Development Authority of Singapore ("IDA").

Archival materials were transferred from the Government to the Board at a nominal value of \$1 per item as worked out and approved by the Ministry of Finance in FY1996/1997.

6 Accumulated surplus

The accumulated surplus is fully committed for future capital and operating expenditure of the Board.

7 Philatelic fund

	The Board		The Group	
	2006/2007 \$	2005/2006 \$	2006/2007 \$	2005/2006 \$
Balance at beginning	4,980,677	3,118,548	4,980,677	3,118,548
Contribution received - government (Note 17)	-	1,000,000	-	1,000,000
Contribution received - non-government	-	1,250,000	-	1,250,000
Transfer to income and expenditure statements	-	-	(395,086)	(387,871)
Transfer to SPM	(434,907)	(442,226)	-	-
Interest earned on investments	39,821	54,355	-	-
Balance at end	4,585,591	4,980,677	4,585,591	4,980,677

During the financial year ended 31 March 2002, the Board took over the membership and management of the SPM and the management and administration of the Philatelic Fund amounting to \$5,272,471 from the IDA.

The Philatelic Fund is established for the purpose of promoting philately, managing the philatelic archival materials, and establishing and managing a postal museum, being the SPM. Any use of the Philatelic Fund not in accordance with the purposes and guidelines requires the prior approval of the Board.

Notes to the financial statements

Financial statements for the year ended 31 March 2007

8 Heritage materials

The Board	Notes	Asian Civilisations Museum \$	National Museum Singapore \$	Singapore Art Museum \$	National Archives of Singapore \$	Art Bank Scheme \$	Government Institution Scheme \$	Total \$
Cost/Valuation								
Balance as at 1 April 2005		48,376,046	29,716,074	62,110,044	1,632,310	463,125	1,646,827	143,944,426
Acquisitions								
- from Government grants	5&17	647,845	115,357	1,689,886	439,977	4,300	-	2,897,365
- from Non-Government grants	5&18	268,912	-	-	-	-	-	268,912
Donations	5	401,793	359,850	834,700	-	-	-	1,596,343
Balance as at 31 March 2006		49,694,596	30,191,281	64,634,630	2,072,287	467,425	1,646,827	148,707,046
Acquisitions								
- from Government grants	5&17	5,191,522	398,905	1,052,919	21,233	-	-	6,664,579
- from Non-Government grants	5&18	54,525	-	45,683	-	-	-	100,208
Donations	5	179,125	231,781	1,378,900	-	-	-	1,789,806
Balance as at 31 March 2007		55,119,768	30,821,967	67,112,132	2,093,520	467,425	1,646,827	157,261,639
As at 31 March 2007								
Cost		32,241,405	3,777,606	26,418,051	1,617,801	467,425	1,646,827	66,169,115
Valuation at time of receipt		22,878,363	27,044,361	40,694,081	475,719	-	-	91,092,524
Total		55,119,768	30,821,967	67,112,132	2,093,520	467,425	1,646,827	157,261,639
As at 31 March 2006								
Cost		26,995,858	3,455,701	25,319,449	1,596,568	467,425	1,646,827	59,482,828
Valuation at time of receipt		22,698,738	26,734,580	39,315,181	475,719	-	-	89,224,218
Total		49,694,569	30,191,281	64,634,630	2,072,287	467,425	1,646,827	148,707,046

Notes to the financial statements

Financial statements for the year ended 31 March 2007

8 Heritage materials (cont'd)

The Group	Notes	Asian Civilisations Museum \$	National Museum Singapore \$	Singapore Art Museum \$	National Archives of Singapore \$	Art Bank Scheme \$	Government Institution Scheme \$	Philatelic Collection \$	Total \$
Cost/Valuation									
Balance as at 1 April 2005		46,035,481	28,365,985	61,029,178	1,162,021	455,925	1,646,827	943,053	139,638,470
Acquisitions									
- from Government grants	5&17	647,845	115,357	1,689,886	439,977	4,300	-	-	2,897,365
- from Non-Government grants	5&18	268,912	-	-	-	-	-	-	268,912
- from Members' Funds of SPM		-	-	-	-	-	-	8,949	8,949
Donations	5	401,793	359,850	834,700	-	-	-	-	1,596,343
Balance as at 31 March 2006		49,694,596	30,191,281	64,634,630	2,072,287	467,425	1,646,827	965,248	149,672,294
Acquisitions									
- from Government grants	5&17	5,191,522	398,905	1,052,919	21,233	-	-	-	6,664,579
- from Non-Government grants	5&18	54,525	-	45,683	-	-	-	-	100,208
- from Members' Funds of SPM		-	-	-	-	-	-	8,234	8,234
Donations	5	179,125	231,781	1,378,900	-	-	-	-	1,789,806
Balance as at 31 March 2007		55,119,768	30,821,967	67,112,132	2,093,521	467,425	1,646,827	973,482	158,235,121
As at 31 March 2007									
Cost		32,241,405	3,777,606	26,418,051	1,617,801	467,425	1,646,827	973,482	67,142,597
Valuation at time of receipt		22,878,363	27,044,361	40,694,081	475,719	-	-	-	91,092,524
Total		55,119,768	30,821,967	67,112,132	2,093,520	467,425	1,646,827	973,482	158,235,121
As at 31 March 2006									
Cost		26,995,858	3,455,701	25,319,449	1,596,568	467,425	1,646,827	965,248	60,448,076
Valuation at time of receipt		22,698,738	26,734,580	39,315,181	475,719	-	-	-	89,224,218
Total		49,694,569	30,191,281	64,634,630	2,072,287	467,425	1,646,827	965,248	149,672,294

Heritage materials of the former National Museum, National Archives and Oral History Department of the then Ministry of Information and the Arts were transferred to the Board on its establishment in 1993. The heritage materials comprising artworks and artefacts were valued by the Arts Appraisal Committee, Museum Curators or external valuers on a class basis (e.g. coins, ceramics) amounting to \$33,912,599 in 1993.

The Art Bank Scheme and the Government Institution Scheme are schemes to purchase artworks for the Government offices. The objectives of these schemes are to improve the ambience of the participating Government offices as well as to improve art appreciation amongst Government staff.

Notes to the financial statements

Financial statements for the year ended 31 March 2007

9 Property, plant and equipment

The Board	Notes	Building improvements \$	Mechanical and electrical equipment \$	Audio visual and micrographic equipment \$	Furniture, fittings and office equipment \$	Computers \$	Motor vehicle \$	Land \$	Work-in-progress \$	Total \$
Cost										
As at 1 April 2005		169,970,162	11,996,251	7,123,993	7,749,809	5,215,872	168,787	1,945,423	39,089,987	243,260,289
Additions		156,800	334,499	871,404	814,614	2,644,779	-	-	64,241,998	69,064,094
Transfer from										
works-in-progress		7,335,278	-	91,500	-	-	-	-	(7,426,778)	-
Written off		-	(86,350)	(2,200)	(11,000)	(156,206)	-	-	-	(255,756)
As at 31 March 2006		177,462,240	12,244,401	8,084,697	8,553,425	7,704,445	168,787	1,945,423	95,905,207	312,068,626
Additions		-	108,493	427,079	267,443	1,583,979	-	-	29,736,408	32,123,402
Transfer from										
works-in-progress		124,188,857	181,759	-	-	-	-	-	(124,370,616)	-
Written off	19	-	(7,831)	(161,437)	(28,044)	(332,479)	-	-	-	(529,791)
As at 31 March 2007		301,651,097	12,526,822	8,350,340	8,792,824	8,955,945	168,787	1,945,423	1,270,999	343,662,237
Accumulated depreciation										
As at 1 April 2005		95,619,872	5,698,824	5,340,431	6,567,483	4,751,777	106,757	64,847	-	118,149,991
Depreciation for the year	19	14,859,022	1,621,932	720,114	561,237	923,625	21,098	64,847	-	18,771,875
Written off		-	(64,762)	(275)	(11,000)	(154,490)	-	-	-	(230,527)
As at 31 March 2006		110,478,894	7,255,994	6,060,270	7,117,720	5,520,912	127,855	129,694	-	136,691,339
Depreciation for the year	19	25,743,105	1,646,063	447,571	567,071	1,373,322	13,644	64,849	-	29,855,625
Written off	19	-	(6,679)	(137,904)	(15,705)	(332,476)	-	-	-	(492,764)
As at 31 March 2007		136,221,999	8,895,378	6,369,937	7,669,086	6,561,758	141,499	194,543	-	166,054,200
Net book value										
As at 31 March 2007		165,429,098	3,631,444	1,980,403	1,123,738	2,394,187	27,288	1,750,880	1,270,999	177,608,037
As at 31 March 2006		66,983,346	4,988,406	2,024,427	1,435,703	2,183,533	40,932	1,815,729	95,905,212	175,377,288

Notes to the financial statements

Financial statements for the year ended 31 March 2007

9 Property, plant and equipment (cont'd)

The Group	Notes	Building improvements \$	Mechanical and electrical equipment \$	Audio visual and micrographic equipment \$	Furniture, fittings and office equipment \$	Computers \$	Motor vehicle \$	Land \$	Work-in-progress \$	Total \$
Cost										
As at 1 April 2005		169,990,757	12,626,113	7,123,993	9,423,116	5,350,482	234,687	1,945,423	39,089,987	245,784,558
Additions		542,840	334,499	871,404	814,614	2,644,779	-	-	64,241,998	69,450,134
Transfer from works-in-progress		7,335,278	-	91,500	-	-	-	-	(7,426,778)	-
Written off		-	(86,350)	(2,200)	(69,185)	(158,054)	-	-	-	(315,789)
As at 31 March 2006		177,868,875	12,874,262	8,084,697	10,168,545	7,837,207	234,687	1,945,423	95,905,207	314,918,903
Additions		-	108,493	427,079	267,443	1,583,979	-	-	29,736,408	32,123,402
Transfer from works-in-progress		124,188,857	181,759	-	-	-	-	-	(124,370,616)	-
Written off	19	-	(577,358)	(161,437)	(36,550)	(408,119)	-	-	-	(1,183,464)
As at 31 March 2007		302,057,732	12,587,156	8,350,339	10,399,438	9,013,067	234,687	1,945,423	1,270,999	345,858,841
Accumulated depreciation										
As at 1 April 2005		95,639,502	6,328,686	5,340,431	8,235,466	4,883,666	172,657	64,847	-	120,665,255
Depreciation for the year	19	14,879,404	1,621,932	720,114	564,716	925,026	21,098	64,847	-	18,797,137
Written off		-	(64,762)	(275)	(69,185)	(156,338)	-	-	-	(290,560)
As at 31 March 2006		110,518,906	7,885,856	6,060,270	8,730,997	5,652,354	193,755	129,694	-	139,171,832
Depreciation for the year	19	25,820,289	1,646,063	447,571	568,646	1,374,401	13,644	64,848	-	29,935,462
Written off	19	-	(576,207)	(137,904)	(24,211)	(408,115)	-	-	-	(1,146,437)
As at 31 March 2007		136,339,195	8,955,712	6,369,937	9,275,432	6,618,640	207,399	194,542	-	167,960,857
Net book value										
As at 31 March 2007		165,718,537	3,631,444	1,980,403	1,124,006	2,394,427	27,288	1,750,881	1,270,999	177,897,984
As at 31 March 2006		67,349,969	4,988,406	2,024,427	1,437,546	2,184,853	40,932	1,815,729	95,905,211	175,747,073

Included in the works-in-progress balance as at 31.3.2007 are amounts of \$Nil (31.3.2006 - \$36,931,469) for the conversion of National Museum Building to the National Museum of Singapore.

Notes to the financial statements

Financial statements for the year ended 31 March 2007

10 Subsidiaries

The Board	2006/2007	2005/2006
	\$	\$
Unquoted equity shares, at cost	2	2

The subsidiaries are:

Name	Country of incorporation/ principal place of business	Percentage of equity held		Principal activities
		2006/2007	2005/2006	
The Museum Shop Pte Ltd ^(A)	Singapore	100	100	Dormant
Singapore Philatelic Museum ^(B)	Singapore	100	100	Philatelic

^(A) No audit is required as the company is dormant.

^(B) Audited by Foo Kon Tan Grant Thornton, Singapore.

11 Available-for-sale financial investment

The Board and The Group	2006/2007	2005/2006
	\$	\$
Unquoted investment	50,000	-

This represents a 5% equity investment in the Singapore Freeport Pte Ltd.

12 Held-to-maturity investments

	The Board		The Group	
	2006/2007	2005/2006	2006/2007	2005/2006
	\$	\$	\$	\$
Held-to-maturity securities				
Statutory Board bonds	-	715,203	-	966,350
Statutory Board debentures	-	-	210,575	314,828
Singapore Government securities	-	711,322	-	711,322
Total carrying value of non-current investments	-	1,426,525	210,575	1,992,500

Notes to the financial statements

Financial statements for the year ended 31 March 2007

12 Held-to-maturity Investments (cont'd)

The maturity period of the debt instruments are as follows:

	The Board		The Group	
	2006/2007	2005/2006	2006/2007	2005/2006
	\$	\$	\$	\$
Not later than one year	-	1,426,525	-	1,777,672
Later than one year and not later than five years	-	-	210,575	214,828
Later than five years	-	-	-	-
	-	1,426,525	210,575	1,992,500
Traded value of statutory board bonds	-	738,400	-	987,995
Traded value of statutory board debentures	-	-	209,612	308,777
Traded value of Singapore Government Securities	-	700,524	-	-
	-	1,438,924	209,612	1,296,772

The fair values of the quoted debt instruments are determined by reference to the quoted bid prices on the stock exchange and are not materially different from their carrying values.

The held-to-maturity current investments have an effective interest rate of 5.07% (2006 - 3.74%) received semi-annually in arrears that will mature on 21 September 2009.

13 Donations receivable

Donations receivable mainly relates to donations for the purchase of heritage materials not yet received.

14 Other receivables

	The Board		The Group	
	2006/2007	2005/2006	2006/2007	2005/2006
	\$	\$	\$	\$
Tax receivable	14	14	14	14
Interest receivable	203,853	-	217,282	5,798
Deposits	71,885	17,991	72,435	18,541
Other receivables	1,499,651	609,931	1,567,696	643,368
	1,775,403	627,936	1,857,427	667,721

Notes to the financial statements

Financial statements for the year ended 31 March 2007

15 Cash and cash equivalents

	The Board		The Group	
	2006/2007	2005/2006	2006/2007	2005/2006
	\$	\$	\$	\$
Cash and bank balances	15,623,083	42,379,275	15,670,265	42,450,284
Fixed deposits	29,057,276	17,449,612	31,718,055	19,408,824
	44,680,359	47,388,320	47,388,320	61,859,108

The fixed deposits have an average maturity of 3 months (2006 - 1 month) from the end of the financial year with weighted average effective interest rate of 3.21% (2006 - 5.9%).

Included in cash and bank balances is an amount of \$796,156 (2006 - \$1,710,868) belonging to the Philatelic Fund.

For the purpose of the consolidated cash flow statement, the year-end cash and cash equivalents comprise the following:

	The Group	
	2006/2007	2005/2006
	\$	\$
Cash and bank balances	14,874,109	40,739,416
Fixed deposits	31,718,055	19,408,824
	46,592,164	60,148,240

16 Other payables

	The Board		The Group	
	2006/2007	2005/2006	2006/2007	2005/2006
	\$	\$	\$	\$
Accrual for other staff costs	2,212,403	1,782,374	2,212,403	1,795,968
Accrual for pension costs	442,961	177,986	442,961	177,986
Donations and operating grant payable to STPI	283,500	156,700	283,500	156,700
Donations payables - others	6,921	32,827	6,921	32,827
GST payable	137,093	101,700	137,093	101,700
Amount payable to main contractors for the museum re-development	1,212,518	5,270,685	1,212,518	5,270,685
Sundry creditors	4,109,527	3,355,620	4,186,819	3,456,627
Others	721,738	544,467	982,285	877,380
	9,126,661	11,422,359	9,464,500	11,869,873

Notes to the financial statements

Financial statements for the year ended 31 March 2007

17 Grants received in advance - Government

The Board and The Group

	Notes	Total		Capital Grant		Operating Grant	
		2006/2007	2005/2006	2006/2007	2005/2006	2006/2007	2005/2006
		\$	\$	\$	\$	\$	\$
Balance at beginning		20,871,417	53,147,835	11,584,386	46,683,647	9,287,031	6,464,188
Add							
Receipts		82,322,223	87,649,086	37,480,753	38,490,584	44,851,470	49,158,502
		103,203,640	140,796,921	49,065,139	85,174,231	54,138,501	55,622,690
Transfer to Heritage Capital Reserve	5	(6,664,579)	(2,897,365)	(6,643,345)	(2,457,388)	(21,234)	(439,977)
Transfer to Deferred Capital Grants	19	(32,123,401)	(69,064,094)	(30,675,894)	(67,809,535)	(1,447,507)	(1,254,559)
Transfer to Income and Expenditure Statement		(45,814,536)	(46,964,044)	(1,475,917)	(3,322,922)	(44,338,619)	(43,641,122)
Transfer to Philatelic Fund	7	-	(1,000,000)	-	-	-	(1,000,000)
Balance at end		18,601,124	20,871,418	10,269,983	11,584,386	8,331,141	9,287,032
Total grants received since establishment		830,887,376	748,555,153	396,021,366	358,540,613	434,866,010	390,014,540

Transfer to Heritage Capital Grants from operating grants relates to the purchases of heritage materials designated to be acquired from funds originating from the operating grants.

Transfer to Deferred Capital Grants from operating grants relates to the purchases of property, plant and equipment out of the operating grants.

Transfer to Philatelic Fund from operating grant relates to funding for the purchases of philatelic archival materials and for the purpose of promoting philately.

The balance of \$10,269,983 (2006 - \$11,584,386) in capital grants as at 31 March 2007 comprises amounts earmarked for projects-in-progress as well as amounts earmarked for projects where progress has been slightly delayed.

Notes to the financial statements

Financial statements for the year ended 31 March 2007

18 Donations received in advance - Non-Government

	Notes	The Board		The Group	
		2006/2007	2005/2006	2006/2007	2005/2006
		\$	\$	\$	\$
Balance at beginning		15,031,120	13,989,443	15,057,090	14,104,631
Add:					
Receipts		1,181,744	3,573,302	1,630,383	3,484,084
		16,212,864	17,562,745	16,687,473	17,588,715
Less:					
Transfer to Heritage Capital Reserve	8	(100,208)	(268,912)	(100,208)	(268,912)
Transfer to Income and expenditure statements		(3,286,097)	(2,262,713)	(3,286,097)	(2,262,713)
Balance at end		12,826,559	15,031,120	13,301,168	15,057,090

19 Deferred capital grants

The Board and The Group	Notes	2006/2007	2005/2006
		\$	\$
Balance at beginning		175,377,288	125,110,298
Add:			
Receipts for capital expenditure			
- from capital grants	17	30,675,894	67,809,535
- from operating grants	17	1,447,507	1,254,559
		32,123,401	69,064,094
Less:			
Transfer to income and expenditure statements			
- to match depreciation of the Board	9	29,855,625	18,771,875
- on write off of property, plant and equipment of the Board		37,027	25,229
		29,892,652	18,797,104
Balance at end		177,608,037	175,377,288

Notes to the financial statements

Financial statements for the year ended 31 March 2007

20 Staff costs

	The Board		The Group	
	2006/2007	2005/2006	2006/2007	2005/2006
	\$	\$	\$	\$
Key management personnel				
Short-term employee benefits	1,863,297	1,487,481	2,215,792	1,770,504
Post-employment benefits	21,779	46,925	21,779	46,925
Other than key management personnel				
Short-term employee benefits	18,230,936	14,412,129	18,618,693	14,824,835
Post-employment benefits	445,000	764,082	445,000	764,082
	20,561,012	16,710,617	21,301,264	17,406,346

There are currently 2 (2006 - 1) employees of the Board and 1 (2006 - 1) retired employee who are under pension schemes other than the CPF scheme. These employees were previously employed in the various departments under the then Ministry of Communications and Information and were transferred to the Board on its establishment in 1993. During the year, a new scheme was introduced to allow selected officers who had converted previously to the CPF scheme to revert to the pension scheme. The pension amount payable to the employees upon retirement under these schemes is dependent on, among other factors, the number of years of service that the pensioners have completed with the Board and the last drawn salary. Accrual for pension costs (Note 16) is made.

21 Publicity and public relations and transport, postages and communications

Publicity and public relations, and transport, postages and communications include the following expenses:

	The Board		The Group	
	2006/2007	2005/2006	2006/2007	2005/2006
	\$	\$	\$	\$
Overseas travelling	169,829	301,473	171,492	304,835
Entertainment	60,012	97,871	69,874	107,373

22 Projects managed for other organisations

The Board and The Group

During the year, the Board manages projects that were funded by the ASEAN Committee on Culture and Information. Funds totalling \$1,291,091 (2006 - \$1,274,329) were received up to 31 March 2007 and the outstanding fund balance on these projects as at 31 March 2007 was \$Nil (2006 - \$6,712). These projects are not reflected in the financial statements of the Board.

Notes to the financial statements

Financial statements for the year ended 31 March 2007

23 National Heritage Fund

The Board and The Group

The NHB was an Institute of Public Character ("IPC") under Section 37(2)(c) of the Income Tax Act since its formation in 1993, under which it can grant tax deductions to its donors. The Ministry of Finance felt that there should be a distinction between the charitable functions and the administrative functions of statutory boards to allow for greater transparency and public accountability. It was decided that IPC status should be granted to projects or auspices of funds managed by the statutory board itself. The NHB was required to establish an omnibus fund to which IPC status will be transferred.

During FY2003/2004, the Board approved the set up of the Institute of Public Character (IPC) Fund - National Heritage Fund ("NHF"), as well as the governing instruments of the fund.

With effect from 1 August 2003, all donations in support of the NHB's charitable objects would be made payable to the NHF in order to enjoy tax deductions.

	2006/2007	2005/2006
	\$	\$
Donation income for NHF		
Balance at beginning	2,743,320	1,314,373
Donations received during the year	3,578,058	3,522,636
Less: expenditure during the year	(2,097,002)	(2,093,688)
Balance at end	4,224,376	2,743,320

24 Income tax

The Board is exempted from income tax under Section 13(1)(e) of the Income Tax Act.

The subsidiary company, SPM, is registered as a charity under the Charity Act 1994. The company is exempted from tax as at least 80% of its income is applied for charitable purposes.

25 Capital expenditure commitments

	The Board		The Group	
	2006/2007	2005/2006	2006/2007	2005/2006
	\$	\$	\$	\$
Estimated amounts committed for future capital expenditure but not provided for in the financial statements	4,896,783	2,290,003	4,896,783	2,290,003
Authorised but not yet contracted for	22,960,000	47,920,000	22,960,000	47,920,000

Notes to the financial statements

Financial statements for the year ended 31 March 2007

26 Operating lease commitments (non-cancellable)

The Board and The Group

	2006/2007	2005/2006
		\$
Minimum lease payments paid under operating leases	14,535,102	11,059,435

At the balance sheet date, the commitments in respect of operating leases with a term of more than one year were as follows:

Within one year	8,152,714	5,046,540
Within two to five years	6,382,388	6,012,895

The operating lease commitments relate to leases paid for the rental of office premises at the various museums and rental of other heritage organisations. The leases on the office premises at various museums and other heritage organisations on which rental are payable will expire between 30 April 2007 and 30 November 2009 and the current rent payable on the leases range from \$100 to \$148,167 per month.

27 Rental income commitment

At the balance sheet date, the commitments in respect of rental income with a term of more than one year were as follows:

	2006/2007	2005/2006
The Board and The Group	\$	\$
Within one year	719,880	391,492
Within two to five years	726,863	299,256

The rental income commitment relates to rental income received from tenants carrying out businesses in the various museums and office premises.

28 Financial risk management

28.1 Foreign exchange risk

The Board and the Group have exposures to foreign exchange risk as they purchase heritage materials and other assets in foreign currencies. These exposures are managed by obtaining matching Government grants and donations in foreign currencies.

28.2 Interest rate risk

Interest-bearing financial assets of the Group are mainly cash and bank balances and government bonds. Hence, any future variations in interest rates will not have a material impact on the results of the Group. The Group does not have any interest-bearing financial liabilities

Notes to the financial statements

Financial statements for the year ended 31 March 2007

28 Financial risk management (cont'd)

28.3 Credit risk

The Board and the Group have no significant concentrations of credit risks. Cash and cash equivalents are placed with creditworthy financial institutions. The Board and the Group have adopted guidelines on extending credit terms to travel agencies which bring in visitors to their museums and continuously monitor credit worthiness by reviewing their financial status.

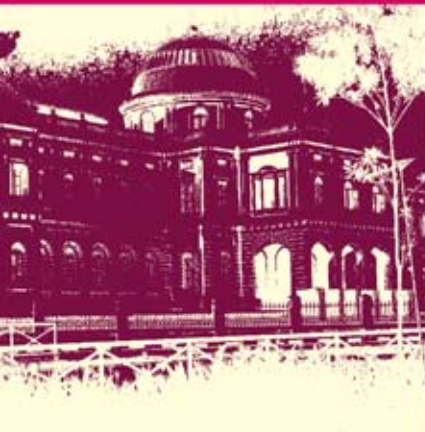
28.4 Liquidity risk

The Board and the Group have no exposures to liquidity risk as its operations are funded by Government grants and donations.

29 Financial instruments

Fair values

The carrying amount of the financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.



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Living Heritage, Dynamic Cultures

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