

National Heritage Board

Financial Year 2010/2011

Contents

Corporate Information	01
Corporate Governance	02
Financial Statements	
- Statement by Board Members	05
- Independent Auditors Report	06
- Financials	08
- Notes to the Financial Statements	16

Corporate Information

1. Vision, Mission

Vision

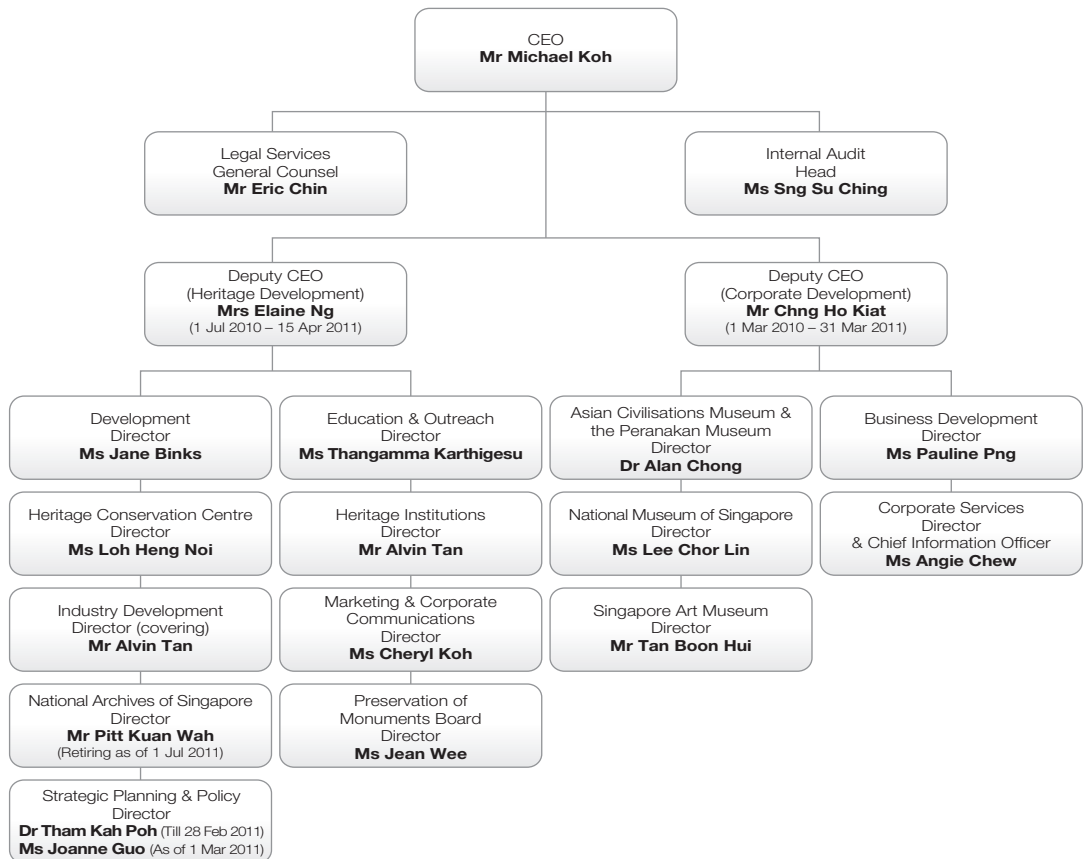
To Make Heritage An Enriching Part of Everyone's Life

Mission

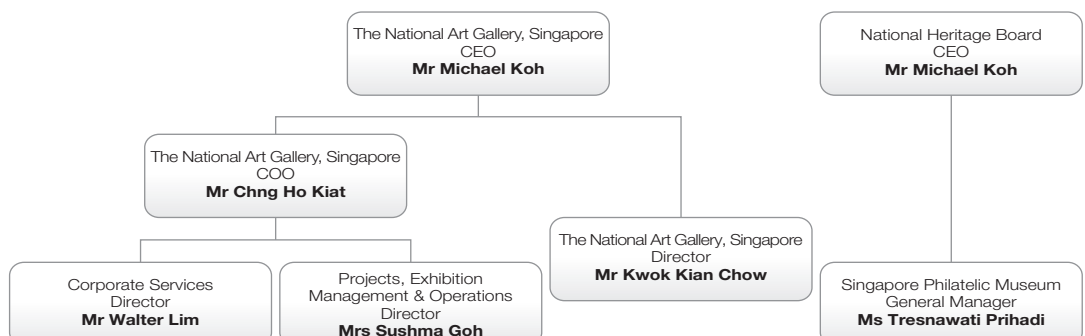
To Foster Nationhood, Identity And Creativity Through Heritage And Cultural Development

2. Organisational Structure

(As of 31 Mar 2011)



Subsidiaries



Corporate Governance

1. Board matters

The NHB Board comprises 22 board members drawn from the public and private sectors. With diverse expertise including legal, banking, architectural, academic, media, and community, the members provide valuable insights to the Board.

The Board meets regularly, at least once every quarter, to advise on the strategic policies of NHB, approve the annual budget, and review the performance of NHB based on quarterly and full-year results. Management engages the Board to discuss and seek advice on significant issues. Minutes of Board meetings are recorded, and Board members are kept informed and updated on all major developments.

The current Board served from 1 August 2009 to 31 July 2011.

Board committees

Appointments & Remuneration Committee

Mrs. Lee Suet Fern (Chair)
Dr. Cheong Koon Hean (Member)
Mr. Michael Koh (Member – ex officio)

Audit Committee

Mr. Gautam Banerjee (Chair)
Ms. Chang Hwee Nee (Member)
Mr. Tham Tuck Cheong (Member)
Mr. Jose Isidro N. (Lito) Camacho (Member)

Education & Outreach Committee

Ms. Low Khah Gek (Chair)
Mr. Daniel Yun (Member)
Ms. Murugaian Nirmala (Member)
Mr. Michael Koh (Member – ex officio)

Fundraising Committee

Mr. Jose Isidro N. (Lito) Camacho (Chair)
Mr. Daniel Teo (Member)
Mr. Peter Ong (Member)
Mr. Michael Koh (Member – ex officio)

Investment Committee

Mr. Goh Geok Khim (Chair)
Mr. Ronny C T Tan (Member)
Mr. Tan Cheng Gay (Member)

Media & Publicity Committee

Mr. Jimmy Tay Lye Soon (Chair)
Ms. Helen Chia (Member)
Ms. Irene Ang Ai Ling (Member)

National Heritage Fund Management Committee

Ms. Chang Hwee Nee (Chair)
Mdm. Zuraidah Binte Abdullah (Member)
Mr. Peter Ong (Member)
Mr. Tan Cheng Gay (Member)

2. Financial Management and Control

NHB has adopted an overall control framework that ensures that assets are safeguarded, proper accounting records are maintained and financial information is reliable. The framework includes:-

- An organisation structure with clearly defined authority and delegation limits approved by the Board for procurement and other financial matters;
- Annual budgeting and quarterly financial reporting to senior management levels and to the Board to control and regularly monitor the use of funds;
- Compliance with the provisions of the National Heritage Board Act (Chapter 196A), Singapore Financial Reporting Standards for Statutory Boards, Code of Governance for Charities and Institutions of a Public Character, and Government Instruction Manuals for policies and procedures relating to financial controls.

3. External Legal Advisors

Central Chambers Law Corporation
Colin Ng & Partners LLP
WongPartnership LLP

4. Internal Auditor

Deloitte & Touche Enterprise Risk Services Pte Ltd

5. Principal Banker

DBS Bank Ltd

6. Charity & IPC Status

National Heritage Board

UEN No: S95CC1067K
Charity Registration Date: 28 January 1995
Establishment Date: 1 August 1993

National Heritage Fund

UEN No: T03CC1717K
Charity & IPC Establishment Date: 1 August 2003
Effective Period: 1 August 2008 to 31 July 2011

7. Conflict of Interest Policy

The National Heritage Board has implemented a conflict of interest policy that covers both Board members as well as staff. The documented procedures require Board members and staff to make a declaration of actual or potential conflict of interest situations at the start of their term of office and at the start of their employment respectively. Board members and staff are thereafter required to make such declarations on an annual and adhoc basis.

Under the policy, a Conflict of Interest Committee has also been established. This committee will investigate all conflict of interest situations that are declared or otherwise uncovered to maintain the integrity of decisions made and actions taken at the National Heritage Board.

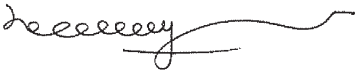
Statement by Board Members

In our opinion,

- (a) the accompanying financial statements of National Heritage Board (the "Board") and its subsidiaries (the "Group") set out on pages 8 to 52 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Board as at 31 March 2011 and the statements of comprehensive income and statements of changes in capital and reserves of the Group and the Board and the statement of cash flows of the Group for the year ended on that date in accordance with the provisions of the National Heritage Board Act (Chapter 196A) and Statutory Board Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Board will be able to pay its debts as and when they fall due.

The Members of the Board have, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board



Tommy Koh
Chairman



Michael Koh
Chief Executive Officer

1 July 2011

Independent Auditors' Report

Members of the Board
National Heritage Board

Report on the financial statements

We have audited the financial statements of National Heritage Board (the "Board") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Board as at 31 March 2011, the statements of income and expenditure and statements of changes in reserves of the Group and the Board and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 52.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the National Heritage Board Act (Chapter 196A) (the "Act") and Statutory Board Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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, the consolidated financial statements of the Group and the statement of financial position, statement of income and expenditure and statement of changes in reserves of the Board are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards to present fairly, in all material respects, the state of affairs of the Group and the Board as at 31 March 2011 and the results and changes in reserves of the Group and of the Board and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion:

- (a) the accounting and other records required by the Act to be kept by the Board, including records of all assets of the Board whether purchased, donated or otherwise, have been properly kept in accordance with the provisions of the Act; and
- (b) the accounting and other records of those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the Singapore Companies Act, Chapter 50.

During the course of our audit, nothing came to our notice that caused us to believe that:

- (c) the receipt, expenditure and investment of monies and the acquisition and disposal of assets by the Board during the year have not been in accordance with the provisions of the Act;
- (d) the National Heritage Fund and Preservation of Monuments Fund did not comply with the requirements of Regulation 15 (fund-raising expenses) in the Charities (Institutions of a Public Character) Regulations; and
- (e) the donation moneys have not been used in accordance with the objectives of the National Heritage Fund and Preservation of Monuments Fund as institutions of a public character.



KPMG LLP

*Public Accountants and
Certified Public Accountants*

Singapore

1 July 2011

Statements of Financial Position

As at 31 March 2011

Note	Group			Board			
	2011	2010 (restated)	2009 (restated)	2011	2010 (restated)	2009 (restated)	
	\$	\$	\$	\$	\$	\$	
Non-current assets							
Heritage materials	4	286,331,836	262,006,380	261,782,784	285,167,210	260,842,714	260,623,114
Property, plant and equipment	5	119,749,508	154,707,208	148,523,458	119,512,581	154,352,476	148,388,383
Subsidiaries	6	-	-	-	2	2	2
Prepaid leases	7	1,491,496	1,556,342	1,621,188	1,491,496	1,556,342	1,621,188
Available-for-sale investment	8	50,000	50,000	50,000	50,000	50,000	50,000
Held to maturity investment		-	-	202,085	-	-	-
		<u>407,622,840</u>	<u>418,319,930</u>	<u>412,179,515</u>	<u>406,221,289</u>	<u>416,801,534</u>	<u>410,682,687</u>
Current assets							
Inventories		105,107	97,210	92,956	-	-	-
Other receivables, deposits and prepayments	9	38,984,099	5,045,143	4,552,651	38,703,770	4,837,326	4,502,462
Cash and cash equivalents	10	95,461,897	112,720,579	94,388,168	86,247,255	103,067,047	87,632,655
		<u>134,551,103</u>	<u>117,862,932</u>	<u>99,033,775</u>	<u>124,951,025</u>	<u>107,904,373</u>	<u>92,135,117</u>
Total assets		<u>542,173,943</u>	<u>536,182,862</u>	<u>511,213,290</u>	<u>531,172,314</u>	<u>524,705,907</u>	<u>502,817,804</u>
Capital and reserves							
Capital account	11	62,191,459	40,771,505	27,571,795	62,191,459	40,771,505	27,571,795
Heritage capital reserve	12	92,900,634	92,947,742	92,855,436	89,630,361	89,677,469	89,585,073
Accumulated surplus							
- General fund							
- others	13	14,633,714	14,610,803	12,668,569	14,245,632	13,793,682	12,005,335
- General fund							
- donated heritage materials and property, plant and equipment	13	163,618,314	158,448,225	171,454,469	163,451,034	158,280,945	171,289,689
- Restricted funds	13	4,201,996	4,155,163	4,052,323	-	-	-
		<u>337,546,117</u>	<u>310,933,438</u>	<u>308,602,592</u>	<u>329,518,486</u>	<u>302,523,601</u>	<u>300,451,892</u>
Non-current liability							
Deferred capital grants	14	100,011,897	126,477,781	141,787,926	99,821,227	126,180,937	141,787,926
Current liabilities							
Other payables	15	27,605,847	19,593,173	15,203,905	26,187,366	18,654,090	14,968,791
Grants received in advance	16						
Deferred donations	& 17	63,847,910	48,284,549	33,268,875	62,407,471	46,512,409	33,268,875
	18	13,162,172	30,893,921	12,349,992	13,237,764	30,834,870	12,340,320
		<u>104,615,929</u>	<u>98,771,643</u>	<u>60,822,772</u>	<u>101,832,601</u>	<u>96,001,369</u>	<u>60,577,986</u>
Total liabilities		<u>204,627,826</u>	<u>225,249,424</u>	<u>202,610,698</u>	<u>201,653,828</u>	<u>222,182,306</u>	<u>202,365,912</u>
Total capital and reserves and liabilities		<u>542,173,943</u>	<u>536,182,862</u>	<u>511,213,290</u>	<u>531,172,314</u>	<u>524,705,907</u>	<u>502,817,804</u>
Net assets of trust funds	19	-	26,817	14,505	4,201,996	4,181,980	4,066,828

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

Year Ended 31 March 2011

Group	Note	General fund		Restricted funds		Total	
		2011	2010 (restated)	2011	2010 (restated)	2011	2010 (restated)
		\$	\$	\$	\$	\$	\$
Income							
Archival services		856,104	987,006	-	-	856,104	987,006
Contributions and cash donations		1,146,337	504,531	2,874,232	3,152,731	4,020,569	3,657,262
Donations-in-kind and purchase of property, plant and equipment/ heritage materials using cash donations		5,170,089	1,913,566	-	-	5,170,089	1,913,566
Admission fees		1,996,212	2,290,595	43,369	87,736	2,039,581	2,378,331
Sponsorship from Singapore Post and other organisations		352,294	732,588	-	-	352,294	732,588
Rental income		3,700,901	3,760,840	8,707	16,007	3,709,608	3,776,847
Interest income		298,060	97,881	24,838	102,840	322,898	200,721
Agency fees from Preservation of Monuments Board		-	126,030	-	-	-	126,030
Workshops/Seminars		465,156	458,770	17,068	53,967	482,224	512,737
Consultancy/Project management		332,849	182,662	-	-	332,849	182,662
Commission/royalties/consignment		155,603	198,460	-	5	155,603	198,465
Sales at Singapore Philatelic Museum		36,957	23,254	-	-	36,957	23,254
Carpark collection		30,759	179,567	-	-	30,759	179,567
Profit on disposal of property, plant and equipment		431,759	-	-	-	431,759	-
Others		1,302,429	553,736	17,247	3,544	1,319,676	557,280
		<u>16,275,509</u>	<u>12,009,486</u>	<u>2,985,461</u>	<u>3,416,830</u>	<u>19,260,970</u>	<u>15,426,316</u>
Operating expenditure							
Staff costs	20	(33,357,113)	(27,156,215)	(5,744,405)	(3,057,079)	(39,101,518)	(30,213,294)
Depreciation of property, plant and equipment	5	(29,781,294)	(27,965,453)	(336,227)	(226,087)	(30,117,521)	(28,191,540)
Rental of premises/ equipment		(12,364,452)	(11,803,072)	(593,034)	(282,406)	(12,957,486)	(12,085,478)
Utilities		(5,885,035)	(5,687,212)	(207,346)	(152,165)	(6,092,381)	(5,839,377)
Exhibition expenses		(9,878,514)	(5,547,869)	(1,971,072)	(2,050,674)	(11,849,586)	(7,598,543)
Repairs and maintenance		(7,407,094)	(7,582,843)	(433,372)	(873,996)	(7,840,466)	(8,456,839)
Other services and fees		(16,690,175)	(10,141,266)	(1,288,347)	(2,664,328)	(17,978,522)	(12,805,594)
Goods and services tax expenses		(3,660,965)	(2,511,882)	(5,701)	(404,642)	(3,666,666)	(2,916,524)
Supplies and materials		(1,943,094)	(1,736,669)	(467,461)	(145,375)	(2,410,555)	(1,882,044)
Publicity and public relations	21	(7,786,219)	(6,523,526)	(1,522,952)	(546,454)	(9,309,171)	(7,069,980)
Security systems and services		(2,155,353)	(1,926,578)	(235,006)	(78,903)	(2,390,359)	(2,005,481)
Staff welfare and development		(1,136,474)	(1,007,131)	(74,946)	(44,346)	(1,211,420)	(1,051,477)
Transport, postage and communications		(1,135,139)	(852,922)	(271,207)	(69,953)	(1,406,346)	(922,875)
Freight charges		(73,300)	(65,163)	(3,608)	(15,417)	(76,908)	(80,580)
Board members' allowances	22	(209,537)	(227,120)	-	-	(209,537)	(227,120)
Balance carried forward		<u>(133,463,758)</u>	<u>(110,734,921)</u>	<u>(13,154,684)</u>	<u>(10,611,825)</u>	<u>(146,618,442)</u>	<u>(121,346,746)</u>

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income (cont'd)

Year Ended 31 March 2011

	Note	General fund		Restricted funds		Total	
		2011	2010 (restated)	2011	2010 (restated)	2011	2010 (restated)
		\$	\$	\$	\$	\$	\$
Balance brought forward		(133,463,758)	(110,734,921)	(13,154,684)	(10,611,825)	(146,618,442)	(121,346,746)
Amortisation of prepaid leases	7	(64,846)	(64,846)	-	-	(64,846)	(64,846)
Foreign exchange gain/(loss)		64,444	(49,529)	-	-	64,444	(49,529)
Donated heritage material written back	4	-	230	-	-	-	230
Property, plant and equipment written off	5	(1,080)	(96,819)	-	(25,076)	(1,080)	(121,895)
		(133,465,240)	(110,945,885)	(13,154,684)	(10,636,901)	(146,619,924)	(121,582,786)
Return of heritage materials to a donor	4	-	(14,920,040)	-	-	-	(14,920,040)
Deficit before grants		(117,189,731)	(113,856,439)	(10,169,223)	(7,220,071)	(127,358,954)	(121,076,510)
Grants							
Deferred capital grants amortised	14	29,777,838	28,025,966	336,227	251,163	30,114,065	28,277,129
Grants received:							
- from Government	17	92,604,893	73,962,694	9,879,829	7,071,748	102,484,722	81,034,442
- on behalf of Singapore Tyler Print Institute ("STPI")	17	-	500,000	-	-	-	500,000
		122,382,731	102,488,660	10,216,056	7,322,911	132,598,787	109,811,571
Grants disbursed:							
- to STPI		-	(750,000)	-	-	-	(750,000)
		-	(750,000)	-	-	-	(750,000)
		122,382,731	101,738,660	10,216,056	7,322,911	132,598,787	109,061,571
Surplus/(Deficit) for the year before income tax	23	5,193,000	(12,117,779)	46,833	102,840	5,239,833	(12,014,939)
Income tax expense	24	-	-	-	-	-	-
Net surplus/(deficit) for the year		5,193,000	(12,117,779)	46,833	102,840	5,239,833	(12,014,939)
Other comprehensive income							
Acquisition of heritage materials using government grants	4&12	41,962	104,396	-	-	41,962	104,396
Return of heritage materials purchased using government grants	4&12	(89,070)	-	-	-	(89,070)	-
Heritage materials purchased using government grants written-off	4&12	-	(12,090)	-	-	(12,090)	-
Other comprehensive income		(47,108)	92,306	-	-	(47,108)	92,306
Total comprehensive income for the year		5,145,892	(12,025,473)	46,833	102,840	5,192,725	(11,922,633)
Net surplus for the year before donations-in-kind, heritage materials/property, plant and equipment acquired using cash donations, heritage materials returned to a donor and donated heritage materials written off	25	22,911	888,465	46,833	102,840	69,744	991,305

Statement of Comprehensive Income

Year Ended 31 March 2011

Board	Note	General fund		Restricted funds		Total	
		2011	2010	2011	2010	2011	2010
		\$	(restated) \$	\$	(restated) \$	\$	(restated) \$
Income							
		856,104	987,006	-	-	856,104	987,006
		1,146,337	446,631	2,592,609	3,152,731	3,738,946	3,599,362
		5,170,089	1,911,066	-	-	5,170,089	1,911,066
		1,947,545	2,238,567	43,369	87,736	1,990,914	2,326,303
		3,700,901	3,760,840	8,707	16,007	3,709,608	3,776,847
		272,376	162,820	-	-	272,376	162,820
		-	126,030	-	-	-	126,030
		331,300	355,305	17,068	53,967	348,368	409,272
		16,500	39,229	-	-	16,500	39,229
		122,817	165,114	-	5	122,817	165,119
		30,759	36,112	-	-	30,759	36,112
		431,759	-	-	-	431,759	-
		1,272,741	919,383	1,158	3,544	1,273,899	922,927
		15,299,228	11,148,103	2,662,911	3,313,990	17,962,139	14,462,093
Operating expenditure							
		(32,391,191)	(26,366,074)	(1,500,964)	(1,145,177)	(33,892,155)	(27,511,251)
		(29,712,992)	(27,888,269)	(243,037)	(208,714)	(29,956,029)	(28,096,983)
		(12,187,060)	(11,625,680)	(55,078)	(41,188)	(12,242,138)	(11,666,868)
		(5,842,105)	(5,637,183)	(190,566)	(145,763)	(6,032,671)	(5,782,946)
		(8,864,008)	(5,092,524)	(1,689,968)	(2,050,674)	(10,553,976)	(7,143,198)
		(7,299,750)	(7,440,681)	(325,392)	(866,325)	(7,625,142)	(8,307,006)
		(16,104,446)	(10,111,410)	(556,432)	(347,989)	(16,660,878)	(10,459,399)
		(3,660,965)	(2,511,883)	(4,997)	(862)	(3,665,962)	(2,512,745)
		(1,902,328)	(1,704,686)	(179,675)	(40,074)	(2,082,003)	(1,744,760)
		(7,732,763)	(6,472,106)	(776,475)	(534,200)	(8,509,238)	(7,006,306)
		(2,155,353)	(1,926,578)	(137,212)	(76,520)	(2,292,565)	(2,003,098)
		(1,112,191)	(984,197)	(19,072)	(10,616)	(1,131,263)	(994,813)
		(1,122,407)	(835,947)	(80,756)	(31,833)	(1,203,163)	(867,780)
		(73,300)	(65,163)	(512)	(13,547)	(73,812)	(78,710)
		(209,537)	(227,120)	-	-	(209,537)	(227,120)
		(130,370,396)	(108,889,501)	(5,760,136)	(5,513,482)	(136,130,532)	(114,402,983)

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income (cont'd)

Year Ended 31 March 2011

	Note	General fund		Restricted funds		Total	
		2011	2010 (restated)	2011	2010 (restated)	2011	2010 (restated)
		\$	\$	\$	\$	\$	\$
Board							
Balance brought forward		(130,370,396)	(108,889,501)	(5,760,136)	(5,513,482)	(136,130,532)	(114,402,983)
Amortisation of prepaid leases	7	(64,846)	(64,846)	-	-	(64,846)	(64,846)
Foreign exchange gain/(loss)		64,444	(49,529)	-	-	64,444	(49,529)
Donated heritage material written back	4	-	230	-	-	-	230
Property, plant and equipment written off	5	(1,080)	(96,819)	-	-	(1,080)	(96,819)
		(130,371,878)	(109,100,465)	(5,760,136)	(5,513,482)	(136,132,014)	(114,613,947)
Return of heritage materials to a donor	4	-	(14,920,040)	-	-	-	(14,920,040)
Deficit before grants		(115,072,650)	(112,872,402)	(3,097,225)	(2,199,492)	(118,169,875)	(115,071,894)
Grants							
Deferred capital grants amortised	14	29,777,838	28,051,042	243,037	208,714	30,020,875	28,259,756
Grants received:							
- from Government	16	90,916,851	72,797,194	2,854,188	1,990,778	93,771,039	74,787,972
- on behalf of Singapore Tyler Print Institute ("STPI")	16	-	500,000	-	-	-	500,000
		120,694,689	101,348,236	3,097,225	2,199,492	123,791,914	103,547,728
Grants disbursed:							
- to STPI		-	(750,000)	-	-	-	(750,000)
		-	(750,000)	-	-	-	(750,000)
		120,694,689	100,598,236	3,097,225	2,199,492	123,791,914	102,797,728
Surplus/(Deficit) for the year before income tax		5,622,039	(12,274,166)	-	-	5,622,039	(12,274,166)
Income tax expense	24	-	-	-	-	-	-
Net surplus/(deficit) for the year		5,622,039	(12,274,166)	-	-	5,622,039	(12,274,166)
Other comprehensive income							
Acquisition of heritage materials using grants	4&12	41,962	104,396	-	-	41,962	104,396
Return of heritage materials purchased using government grants	4&12	(89,070)	-	-	-	(89,070)	-
Heritage materials purchased using government grants written-off	4&12	-	(12,000)	-	-	-	(12,000)
Other comprehensive income		(47,108)	92,396	-	-	(47,108)	92,396
Total comprehensive income for the year		5,574,931	(12,181,770)	-	-	5,574,931	(12,181,770)
Net surplus for the year before donations-in-kind, heritage materials/property, plant and equipment acquired using cash donations, heritage materials returned to a donor and donated heritage materials written off	25	451,950	734,578	-	-	451,950	734,578

Consolidated Statement of Changes in Capital and Reserves

Year Ended 31 March 2011

Group	Note	← Accumulated surplus →					Total \$
		Capital account \$	Heritage capital reserve \$	General fund-others \$	General fund-donated heritage materials and property, plant and equipment \$	Restricted funds \$	
At 1 April 2009, as previously reported		27,571,795	92,855,436	10,859,161	171,454,469	4,052,323	306,793,184
Prior year adjustment	32	-	-	1,809,408	-	-	1,809,408
At 1 April 2009, as restated		27,571,795	92,855,436	12,668,569	171,454,469	4,052,323	308,602,592
Surplus/(Deficit) for the year (restated)		-	-	888,465	(13,006,244)	102,840	(12,014,939)
Other comprehensive income							
Acquisition of heritage materials using grants	4&12	-	104,396	-	-	-	104,396
Write-off of heritage materials purchased using grants	4&12	-	(12,090)	-	-	-	(12,090)
Total comprehensive income for the year		-	92,306	888,465	(13,006,244)	102,840	(11,922,633)
Transactions with owners recorded directly in equity							
Contributions by owners							
Transfer from Preservation of Monuments Board	13	-	-	1,053,769	-	-	1,053,769
Issue of share capital	11	13,199,710	-	-	-	-	13,199,710
Total transactions with owners		13,199,710	-	1,053,769	-	-	14,253,479
At 31 March 2010		40,771,505	92,947,742	14,610,803	158,448,225	4,155,163	310,933,438
At 1 April 2010, as previously reported		40,771,505	92,947,742	12,606,439	158,448,225	4,155,163	308,929,074
Prior year adjustment	32	-	-	2,004,364	-	-	2,004,364
At 1 April 2010, as restated		40,771,505	92,947,742	14,610,803	158,448,225	4,155,163	310,933,438
Surplus for the year		-	-	22,911	5,170,089	46,833	5,239,833
Other comprehensive income							
Acquisition of heritage materials using government grants	4&12	-	41,962	-	-	-	41,962
Return of heritage materials purchased using government grants	4&12	-	(89,070)	-	-	-	(89,070)
Total comprehensive income for the year		-	(47,108)	22,911	5,170,089	46,833	5,192,725
Transactions with owners recorded directly in equity							
Contributions by owners							
Issue of share capital	11	21,419,954	-	-	-	-	21,419,954
Total transactions with owners		21,419,954	-	-	-	-	21,419,954
At 31 March 2011		62,191,459	92,900,634	14,633,714	163,618,314	4,201,996	337,546,117

Statement of Changes in Capital and Reserves

Year Ended 31 March 2011

	Note	← Accumulated surplus →				Total \$
		Capital account \$	Heritage capital reserve \$	General fund-others \$	General fund-donated heritage materials and property, plant and equipment \$	
Board						
At 1 April 2009, as previously reported		27,571,795	89,585,073	10,195,927	171,289,689	298,642,484
Prior year adjustment	32	-	-	1,809,408	-	1,809,408
At 1 April 2009, as restated		27,571,795	89,585,073	12,005,335	171,289,689	300,451,892
Surplus/(Deficit) for the year (restated)		-	-	734,578	(13,008,744)	(12,274,166)
Other comprehensive income						
Acquisition of heritage materials using grants	4&12	-	104,396	-	-	104,396
Write-off of heritage materials purchased using grants	4&12	-	(12,000)	-	-	(12,000)
Total comprehensive income for the year		-	92,396	734,578	(13,008,744)	(12,181,770)
Transactions with owners recorded directly in equity						
Contributions by owners						
Transfer from Preservation of Monuments Board	13	-	-	1,053,769	-	1,053,769
Issue of share capital	11	13,199,710	-	-	-	13,199,710
Total transactions with owners		13,199,710	-	1,053,769	-	14,253,479
At 31 March 2010		40,771,505	89,677,469	13,793,682	158,280,945	302,523,601
At 1 April 2010, as previously reported		40,771,505	89,677,469	11,789,318	158,280,945	300,519,237
Prior year adjustment	32	-	-	2,004,364	-	2,004,364
At 1 April 2010, as restated		40,771,505	89,677,469	13,793,682	158,280,945	302,523,601
Surplus for the year =		-	-	451,950	5,170,089	5,622,039
Other comprehensive income						
Acquisition of heritage materials using government grants	4&12	-	41,962	-	-	41,962
Return of heritage materials purchased using government grants	4&12	-	(89,070)	-	-	(89,070)
Total comprehensive income for the year		-	(47,108)	451,950	5,170,089	5,574,931
Transactions with owners recorded directly in equity						
Contributions by owners						
Issue of share capital	11	21,419,954	-	-	-	21,419,954
Total transactions with owners		21,419,954	-	-	-	21,419,954
At 31 March 2011		62,191,459	89,630,361	14,245,632	163,451,034	329,518,486

Consolidated Statement of Cash Flows

Year Ended 31 March 2011

	Note	2011 \$	2009 (restated) \$
Operating activities			
Deficit before grants		(127,358,954)	(121,076,510)
Adjustments for:			
Amortisation of bond premium	23	-	2,085
Depreciation of property, plant and equipment	5	30,117,521	28,191,540
Amortisation of prepaid leases	7	64,846	64,846
Interest income		(322,898)	(200,721)
Contribution and cash donations		(4,020,569)	(3,657,262)
Donations-in-kind and purchase of property, plant and equipment/ heritage materials using cash donations		(5,170,089)	(1,913,566)
Donated heritage material (written back)/written off		-	(230)
Return of heritage materials to a donor		-	14,920,040
Gain on disposal of property, plant and equipment		(431,759)	-
Property, plant and equipment written off		1,080	121,895
Deficit before working capital changes		<u>(107,120,822)</u>	<u>(83,547,883)</u>
Changes in working capital:			
Inventories		(7,897)	(4,254)
Other receivables, deposits and prepayments		(33,977,098)	(110,232)
Other payables		8,012,674	3,661,681
Cash flows from operating activities		<u>(133,093,143)</u>	<u>(80,000,688)</u>
Investing activities			
Purchase of property, plant and equipment	5	(20,917,836)	(34,445,880)
Purchase of heritage materials	4	(19,244,437)	(13,497,233)
Proceeds from disposal of property, plant and equipment		467,811	-
Proceeds from return of heritage materials purchased using government grants		89,070	-
Redemption of held-to-maturity investment		-	200,000
Interest received		361,040	126,414
Cash managed under centralised liquidity management		(8,782,690)	(82,440,473)
Cash flows from investing activities		<u>(48,027,042)</u>	<u>(130,057,172)</u>
Financing activities			
Issuance of share capital	11	21,419,954	13,199,710
Government grants received	17	121,705,827	108,570,191
Donations received		11,953,032	20,837,864
Grants released to STPI		-	(750,000)
Cash flows from financing activities		<u>155,078,813</u>	<u>141,857,765</u>
Net (decrease)/increase in cash and cash equivalents		<u>(26,041,372)</u>	<u>(68,200,095)</u>
Cash acquired from merger of the Preservation of Monuments Board	13(a)	-	4,092,033
Cash and cash equivalents at beginning of the year		<u>30,280,106</u>	<u>94,388,168</u>
Cash and cash equivalents at end of the year	10	<u>4,238,734</u>	<u>30,280,106</u>

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Members of the Board on 1 July 2011.

1 Domicile and Activities

National Heritage Board (the "Board") was established on 1 August 1993 under the National Heritage Board Act (Chapter 196A). Its registered office is at 61 Stamford Road, #03-08, Stamford Court, Singapore 178892 and its principal place of business is in Singapore.

The Board is subjected to the control of its supervisory ministry, Ministry of Information, Communications and The Arts (MICA), and is required to follow the policies and instructions issued from time to time by MICA and other government ministries and departments such as the Ministry of Finance (MOF).

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 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 has been tasked to drive and support the development of community heritage institutions (HI). There are currently two such HIs, namely the Malay Heritage Centre (MHC) and the Sun Yat Sen Nanyang Memorial Hall (SYSNMH). Both the HIs were originally established and managed by separate companies (with their own board of directors) that are not related to the Board. The MHC was established and managed by the Malay Heritage Foundation (MHF) and the SYSNMH was established and managed by the Sun Yat Sen Nanyang Memorial Hall Co. Ltd. (SYSNMH Co. Ltd.). It has been announced that a third HI will be established – the Indian Heritage Centre (IHC). A separate company with its own board of directors will also be formed in respect of the IHC. Memorandums of Understanding (MOUs) were entered into in 2009 between NHB and the MHF, the SYSNMH Co. Ltd. and the Steering Committee for the IHC, respectively, to outline the scope of the support to be given by the Board. The Board is currently in the process of finalising these arrangements through more formal agreements. The terms of the MOUs and the terms of the draft formal agreements contemplate that the assets and liabilities acquired through use of the funds procured from MICA and Tote Board (to be used by the Board to drive and support the development of HIs) will belong to the Board and not the separate companies.

The Board is required by the Ministry of Information, Communications and the Arts (“MICA”) to assist in managing the funding requirements of the Singapore Tyler Print Institute (“STPI”) and has been receiving operating and capital grants from MICA to fund the activities of the STPI. As requested by MICA, the Board will lease the principal places of business from the Singapore Land Authority through tenancy agreements. Renovation works funded by MICA are recorded in the Board’s accounting records and the premises are leased out to STPI through sub-lease agreements.

The Singapore Philatelic Museum (the “SPM”) is a trust which was separately registered as a charity (Registration No: 199502248C) on 25 January 1996. The use of the monies in SPM is restricted to purposes specified in the trust deed and requires the approval of the trustees of SPM.

The Board was an Institute of Public Character (“IPC”) under Section 37(2)(c) of the Charities 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 Board has established an omnibus fund to which IPC status was transferred.

During the financial years ended 2003 and 2004, the Board approved the set up of the National Heritage Fund (“NHF”), an Institute of Public Character (“IPC”) Fund as well as the governing instruments of the fund. With effect from 1 August 2003, all donations in support of NHB’s charitable objects would be made payable to the NHF in order to enjoy tax deductions. Details of such donations are set out in note 26.

Due to the merger of the Board with the Preservation of Monuments Board in 2009, the Preservation of Monuments Fund, an Institute of Public Character (“IPC”) Fund, in turn forms part of the Board. Details of such donations are set out in note 27.

The consolidated financial statements relate to the Board and its subsidiaries and the Singapore Philatelic Fund (together referred to as the Group). The principal activities of the subsidiaries are as stated in note 6.

2 Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the National Heritage Board Act (Chapter 196A) and Statutory Board Financial Reporting Standards (“SB-FRS”). SB-FRS includes Statutory Board Financial Reporting Standards, Interpretations of SB-FRS and SB-FRS Guidance Notes as promulgated by the Accountant-General.

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair value as stated in the respective accounting policies detailed below.

The financial statements are presented in Singapore dollars, which is the Board’s functional currency.

The preparation of financial statements in conformity with SB-FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. 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 estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 3 – valuation of heritage materials.

Change in accounting policies

On 1 April 2010, the Board adopted the new or amended SB-FRS that are mandatory for application from that date. Changes to the Board's accounting policies have been made as required in accordance with the transitional provisions in the respective SB-FRS.

The adoption of these new or amended SB-FRS did not result in substantial changes to the Board's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

3 Summary of Significant Accounting Policies

The accounting policies set out below have been consistently applied to all periods presented in these financial statements, and have been consistently applied by Group entities, except as explained in note 2, which addresses changes in accounting policies.

3.1 Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by Group.

Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the Board's supervisory ministry are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's supervisory ministry's consolidated financial statements. The components of capital and reserves of the acquired entities are added to the same components within the Group's capital and reserve. Any difference between cash paid for the acquisition and net assets acquired is recognised directly in capital and reserve.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment

Accounting for subsidiaries by the Board

Investments in subsidiaries are stated in the Board's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income (surplus or deficit), except for differences arising on available-for-sale investment which are recognised in other comprehensive income.

3.3 Heritage materials

Heritage materials purchased by the Group are measured at cost less impairment losses, if any. Heritage materials received by the Board as donations are recognised at the valuation determined by the appraisal/acquisition committee of the respective museums at the time of receipt of the materials.

The heritage materials are held in perpetuity with an indefinite economic lifespan and are not depreciated.

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

3.4 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipments, and is recognised net within other income/other expenses in statement of comprehensive income.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income (surplus or deficit) as incurred.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in the statement of comprehensive income (surplus or deficit) on a straight-line basis over the estimated useful lives of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years are as follows:

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
Motor vehicles	8 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 **Prepaid leases**

Prepaid leases are stated at cost less accumulated amortisation and impairment losses. Amortisation on prepaid leases is recognised in the statement of comprehensive income (surplus or deficit) on a straight-line basis over the lease term of 30 years.

3.6 Financial instruments

(i) **Non-derivative financial assets**

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position, when and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise other receivables and deposits and cash and cash equivalents. Cash and cash equivalents comprise cash balances and bank deposits which have a short maturity period and are highly liquid.

Available-for-sale financial assets

The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses, are recognised in other comprehensive income and presented within the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to surplus or deficit in the statement of comprehensive income.

Unquoted equity securities classified as available-for-sale which do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less impairment losses, if any.

(ii) **Non-derivative financial liabilities**

Financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group's non-derivative financial liabilities comprise other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Capital

Shares are classified as equity. Incremental costs directly attributable to the issue of shares are recognised as a deduction from equity, net of tax effects.

3.7 Impairment

(i) Non-derivative financial assets (including receivables)

A financial asset not carried at fair value through statement of comprehensive income is assessed at the end of each reporting period to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of comprehensive income (surplus or deficit) and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income (surplus or deficit).

Available-for sale financial assets

Impairment losses on available-for-sale investments are recognised by reclassifying the losses accumulated in the fair value reserve in capital and reserve to statement of comprehensive income (surplus or deficit). The cumulative loss that is reclassified in the fair value reserve and recognised in the statement of comprehensive income (surplus or deficit) is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in the statement of comprehensive income. Changes in impairment attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in statement of comprehensive income, then the impairment loss is reversed. The amount of the reversal recognised in statement of comprehensive income. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income (surplus or deficit). Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversation costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.9 Grants

Government grants are recognised initially at their fair value where there is reasonable assurance that the grant will be received and all required conditions will be complied with.

Government grants for the purchase of depreciable assets are taken to the deferred capital grant account. The deferred capital grants are recognised in the statement of comprehensive income (surplus or deficit) over the periods necessary to match the depreciation/write-off and/or impairment loss of the assets purchased, with the related grants.

Government grants utilised for the purchase of heritage materials are taken to the heritage capital reserve as and when the heritage materials are acquired/received.

Government grants received by the Group to meet the current year's operating expenses are recognised by the Group as income in the year these operating expenses were incurred. Grants received in advance are recorded in the statement of financial position of the Group.

3.10 Funds

Assets and liabilities of the general fund and restricted funds are pooled in the statement of financial position.

General Fund

Income and expenditure relating to the main activities of the Group and the Board are accounted for in the "General Fund" column of the statement of comprehensive income.

Restricted Funds

Income and expenditure relating to funds received for specific purposes and for which separate disclosure is necessary as these funds are material and there are legal and other restrictions on the ability of the Board to distribute or otherwise apply these funds are accounted for in the "Restricted Fund" column in the statement of comprehensive income and disclosed separately in note 13 to the financial statements.

3.11 Leases

When entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease payments made. Leased assets are not recognised in the Group's statement of financial position.

When entities within the Group are lessor of an operating lease

Assets subject to operating leases are included in property, plant and equipment and are stated at cost less accumulated depreciation and impairment losses. Rental income is recognised on a straight-line basis over the lease term.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Board determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Board the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Board separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Board concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

3.12 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as accretion expense in the statement of comprehensive income.

3.13 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of comprehensive income in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or contractual obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they are accrued to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

3.14 Net assets of trust funds

Trust funds are funds for which the Board acts as a custodian, trustee, manager or agent but does not exercise control over the funds.

The assets and liabilities of these funds held in trust are presented as a line item at the bottom of the statement of financial position with additional disclosures in the notes to the financial statements as prescribed by SB-FRS Guidance Note 3. The income and expenditure items relating to these funds are accounted for directly in these funds. Details of income, expenditure, assets and liabilities of trust funds are disclosed in note 19.

3.15 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Admission fees

Admission fees are recognised upon the sale of tickets to visitors at the museums.

Rental income and agency fees

Rental income and agency fees are recognised on a straight-line basis over the lease and service period.

Income from rendering of services

Income from rendering of services are recognised when the services have been rendered.

Contributions and other sponsorships

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

Donations

Donations, whether of cash or assets, shall be recognised in the statement of comprehensive income (surplus or deficit) in the period it is received or receivable when the Group has obtained control of the donation or the right to receive the donation, the amount of the donation can be measured reliably and it is probable that the economic benefits comprising the donation will flow to the Group. Donated assets are recognised at the valuation determined by a panel of valuers consisting of professional staff at the time of receipt of the assets.

Donations with restriction and/or conditions attached shall be recognised as surplus if the restrictions and conditions are under the Group's purview and it is probable that these restrictions and conditions would be met. Otherwise, these donations are recognised and taken to the "deferred donations" account until the above criteria are fulfilled or when the restrictions and/or conditions are met.

Interest income

Interest income is recognised as it accrues, using the effective interest method.

3.16 Income tax expense

The Board and its subsidiaries are tax-exempted institutions under the provision of the Income Tax Act (Cap 134, 2004 Revised Edition).

3.17 New Accounting Standards and Interpretations Not Yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning 1 January 2010, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements.

4 Heritage Materials

Group	Note	Asian	National	Singapore	National	National	Government/	Art Bank	Philatelic	Total
		Civilisations	Museum of		Archives of		Heritage			
		Museum	Singapore	Art Museum	Singapore	Art Gallery	Institution	Scheme	collection	\$
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost/Valuation										
At 1 April 2009		75,210,264	33,088,508	148,110,561	2,099,529	-	1,646,827	467,425	1,159,670	261,782,784
Acquisition										
- from government grants	12&17	2,367	18,500	66,651	16,878	-	-	-	-	104,396
- from donations		112,607	-	142,696	-	-	-	-	-	255,303
- from equity injections from the Ministry of Information, Communications and the Arts		9,170,342	268,031	3,098,689	598,886	-	-	-	-	13,135,948
- from cash generated from operations		-	-	-	-	-	-	-	1,586	1,586
Donation-in-kind		685,457	120,456	849,850	-	-	-	-	2,500	1,658,263
Return to donor		(14,920,040)	-	-	-	-	-	-	-	(14,920,040)
Heritage materials purchased using government grants written-off	12	-	(12,000)	-	-	-	-	-	(90)	(12,090)
Donated heritage materials & heritage materials purchased using donations written-off		230	-	-	-	-	-	-	-	230
At 31 March 2010		70,261,227	33,483,495	152,268,447	2,715,293	-	1,646,827	467,425	1,163,666	262,006,380
Acquisition										
- from government grants	12	26,385	-	1,328	14,249	-	-	-	-	41,962
- from donations		512,607	-	132,080	-	-	-	-	-	644,687
- from equity injections from the Ministry of Information, Communications and the Arts		5,186,489	844,006	5,072,057	343,237	7,719,537	36,189	-	-	19,201,515
- from cash generated from operations		-	-	-	-	-	-	-	960	960
Donation-in-kind		551,778	65,952	453,472	-	3,452,900	1,300	-	-	4,525,402
Return of heritage materials purchased using government grants written-off	12	(89,070)	-	-	-	-	-	-	-	(89,070)
At 31 March 2011		76,449,416	34,393,453	157,927,384	3,072,779	11,172,437	1,684,316	467,425	1,164,626	286,331,836
At 31 March 2010										
At cost		31,541,155	6,153,936	31,166,517	2,239,574	-	1,646,827	467,425	1,161,166	74,376,600
At valuation		38,720,072	27,329,559	121,101,930	475,719	-	-	-	2,500	187,629,780
		70,261,227	33,483,495	152,268,447	2,715,293	-	1,646,827	467,425	1,163,666	262,006,380
At 31 March 2011										
At cost		37,177,566	6,997,942	36,371,982	2,597,060	7,719,537	1,683,016	467,425	1,162,126	94,176,654
At valuation		39,271,850	27,395,511	121,555,402	475,719	3,452,900	1,300	-	2,500	192,155,182
		76,449,416	34,393,453	157,927,384	3,072,779	11,172,437	1,684,316	467,425	1,164,626	286,331,836

Board	Note	Asian Civilisations Museum \$	National Museum of Singapore \$	Singapore Art Museum \$	National Archives of Singapore \$	National Art Gallery \$	Government/Heritage Institution Scheme \$	Art Bank Scheme \$	Total \$
Cost/Valuation									
At 1 April 2009		75,210,264	33,088,508	148,110,561	2,099,529	-	1,646,827	467,425	260,623,114
Acquisition									
- from government grants	12&16	2,367	18,500	66,651	16,878	-	-	-	104,396
- from donations		112,607	-	142,696	-	-	-	-	255,303
- from equity injections from the Ministry of Information, Communications and the Arts		9,170,342	268,031	3,098,689	598,886	-	-	-	13,135,948
Donation-in-kind		685,457	120,456	849,850	-	-	-	-	1,655,763
Return to donor		(14,920,040)	-	-	-	-	-	-	(14,920,040)
Heritage materials purchased using government grants written-off	12	-	(12,000)	-	-	-	-	-	(12,000)
Donated heritage materials & heritage materials purchased using donations written-off		230	-	-	-	-	-	-	230
At 31 March 2010		70,261,227	33,483,495	152,268,447	2,715,293	-	1,646,827	467,425	260,842,714
Acquisition									
- from government grants	12	26,385	-	1,328	14,249	-	-	-	41,962
- from donations		512,607	-	132,080	-	-	-	-	644,687
- from equity injections from the Ministry of Information, Communications and the Arts		5,186,489	844,006	5,072,057	343,237	7,719,537	36,189	-	19,201,515
Donation-in-kind		551,778	65,952	453,472	-	3,452,900	1,300	-	4,525,402
Return of heritage materials purchased using government grants	12	(89,070)	-	-	-	-	-	-	(89,070)
At 31 March 2011		76,449,416	34,393,453	157,927,384	3,072,779	11,172,437	1,684,316	467,425	285,167,210
At 31 March 2010									
At cost		31,541,155	6,153,936	31,166,517	2,239,574	-	1,646,827	467,425	73,215,434
At valuation		38,720,072	27,329,559	121,101,930	475,719	-	-	-	187,627,280
At 31 March 2011		70,261,227	33,483,495	152,268,447	2,715,293	-	1,646,827	467,425	260,842,714
At 31 March 2011									
At cost		37,177,566	6,997,942	36,371,982	2,597,060	7,719,537	1,683,016	467,425	93,014,528
At valuation		39,271,850	27,395,511	121,555,402	475,719	3,452,900	1,300	-	192,152,682
At 31 March 2011		76,449,416	34,393,453	157,927,384	3,072,779	11,172,437	1,684,316	467,425	285,167,210

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 (eg. coins, ceramics) and amounted to \$33,912,599 as at 31 March 2011 and 2010. They are recorded as part of heritage capital reserve (capital account).

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.

Heritage materials are subject to write-off according to the Board's policy and Nil (2010: \$12,000) for the Board and Nil (2010: \$12,090) for the Group were written-off during the year in accordance to the Board's policy. In the current year, \$89,070 (2010: Nil) of heritage materials purchased using government grants was returned for the Board and the Group and refund was received. In the prior year, donated heritage materials of \$14,920,040 were returned to the donor upon their subsequent request in November 2009. There was no return of donated heritage materials for the financial year ended 31 March 2011.

Source of estimation uncertainty and judgment

Heritage assets received by the Group as donations are recognised at the valuation determined by the Group's panel of valuers consisting of professional staff at the time of receipt of the assets. Significant judgement is required in determining the valuation of the donated heritage assets. In making the judgement, the Group makes references to auction prices and transacted prices of similar assets. The amount of recorded heritage assets and accumulated surplus would differ if the Group made different judgements, resulting in different valuations being determined.

5 Property, Plant and Equipment

Group	Note	Mechanical and electrical equipment		Audio visual and micrographic equipment	Furniture, fittings and office equipment	Computers	Motor vehicles	Work-in-progress	Total
		Building improvements	\$	\$	\$				
Cost									
At 1 April 2009		322,926,844	13,005,879	8,622,134	10,149,387	11,213,281	65,900	3,584,372	369,567,797
Transfer from PMB	13	-	-	-	96,020	62,866	-	-	158,886
Additions		658,903	57,484	89,712	420,669	693,663	-	32,525,449	34,445,880
Transfer from work-in-progress		20,451,897	-	-	-	-	-	(20,451,897)	-
Write-offs		(141,605)	(7,800)	(202,136)	(215,874)	(1,169,708)	-	-	(1,737,123)
At 31 March 2010		343,896,039	13,055,563	8,509,710	10,450,202	10,800,102	65,900	15,657,924	402,435,440
Additions		184,484	320,071	489,807	1,101,597	381,829	-	18,440,048	20,917,836
Transfer from work-in-progress		1,089,860	-	269,554	114,478	1,933,838	-	(3,407,730)	-
Transfer to Ministry of Information, Communications and the Arts	18	-	-	-	-	-	-	(25,720,883)	(25,720,883)
Write-offs		-	(107,063)	(156,721)	(12,393)	(1,611,137)	-	-	(1,887,314)
At 31 March 2011		345,170,383	13,268,571	9,112,350	11,653,884	11,504,632	65,900	4,969,359	395,745,079
Accumulated Depreciation									
At 1 April 2009		185,328,630	11,136,041	6,976,831	7,871,059	9,665,878	65,900	-	221,044,339
Transfer from PMB	13	-	-	-	64,413	43,168	-	-	107,581
Depreciation charge for the year		25,208,192	544,640	438,245	558,706	1,441,757	-	-	28,191,540
Write-offs		(98,713)	(6,725)	(199,211)	(159,191)	(1,151,388)	-	-	(1,615,228)
At 31 March 2010		210,438,109	11,673,956	7,215,865	8,334,987	9,999,415	65,900	-	247,728,232
Depreciation charge for the year		26,852,488	609,852	544,124	705,996	1,405,061	-	-	30,117,521
Write-offs		-	(106,788)	(155,916)	(12,393)	(1,575,085)	-	-	(1,850,182)
At 31 March 2011		237,290,597	12,177,020	7,604,073	9,028,590	9,829,391	65,900	-	275,995,571
Carrying Amount									
At 1 April 2009		137,598,214	1,869,838	1,645,303	2,278,328	1,547,403	-	3,584,372	148,523,458
At 31 March 2010		133,457,930	1,381,607	1,293,845	2,115,215	800,687	-	15,657,924	154,707,208
At 31 March 2011		107,879,786	1,091,551	1,508,277	2,625,294	1,675,241	-	4,969,359	119,749,508

Board	Note	Mechanical and electrical equipment		Audio visual and micrographic equipment	Furniture, fittings and office equipment	Computers	Work-in-progress	Total
		Building improvements	\$	\$	\$			
Cost								
At 1 April 2009		322,520,209	12,945,545	8,622,135	8,971,568	11,184,264	3,584,372	367,828,093
Transfer from PMB	13	-	-	-	96,020	62,866	-	158,886
Additions		404,598	57,484	89,712	392,348	693,666	32,468,782	34,106,590
Transfer from work-in-progress		20,451,897	-	-	-	-	(20,451,897)	-
Write-offs		(141,605)	(7,800)	(202,136)	(187,553)	(1,169,708)	-	(1,708,802)
At 31 March 2010		343,235,099	12,995,229	8,509,711	9,272,383	10,771,088	15,601,257	400,384,767
Additions		155,771	320,071	489,807	1,101,597	366,855	18,440,048	20,874,149
Transfer from work-in-progress		1,033,190	-	269,554	114,478	1,933,838	(3,351,060)	-
Transfer to Ministry of Information, Communications and the Arts	18	-	-	-	-	-	(25,720,883)	(25,720,883)
Write-offs		-	(107,063)	(156,721)	(12,393)	(1,611,137)	-	(1,887,314)
At 31 March 2011		344,424,060	13,208,237	9,112,351	10,476,065	11,460,644	4,969,362	393,650,719
Accumulated Depreciation								
At 1 April 2009		185,057,068	11,075,707	6,976,831	6,693,244	9,636,860	-	219,439,710
Transfer from PMB	13	-	-	-	64,413	43,168	-	107,581
Depreciation charge for the year		25,116,880	544,640	438,245	555,461	1,441,757	-	28,096,983
Write-offs		(98,713)	(6,725)	(199,211)	(155,946)	(1,151,388)	-	(1,611,983)
At 31 March 2010		210,075,235	11,613,622	7,215,865	7,157,172	9,970,397	-	246,032,291
Depreciation charge for the year		26,691,411	609,852	544,124	705,996	1,404,646	-	29,956,029
Write-offs		-	(106,788)	(155,916)	(12,393)	(1,575,085)	-	(1,850,182)
At 31 March 2011		236,766,646	12,116,686	7,604,073	7,850,775	9,799,958	-	274,138,138
Carrying Amount								
At 1 April 2009		137,463,141	1,869,838	1,645,304	2,278,324	1,547,404	3,584,372	148,388,363
At 31 March 2010		133,159,864	1,381,607	1,293,846	2,115,211	800,691	15,601,257	154,352,476
At 31 March 2011		107,657,414	1,091,551	1,508,278	2,625,290	1,660,686	4,969,362	119,512,581

The amount of property, plant and equipment that has been fully depreciated for the Board and the Group as at 31 March was \$118,328,158 (: \$109,506,016) and \$119,661,229 (: \$111,647,327) respectively.

6 Subsidiaries

	Board	
	2011	2010
	\$	\$
Unquoted ordinary shares, at cost	2	2

Details of the subsidiaries are as follows:

Name of Company	Principal Activities	Country of Incorporation/ Principal Place of Business	Percentage of Equity Held	
			2011 %	2010 %
The Museum Shop Pte Ltd *	Dormant	Singapore	100	100
Singapore Philatelic Museum #	Philatelic	Singapore	100	100
The National Art Gallery, Singapore #	Arts and culture	Singapore	100	100

* Not required to be audited by law in the country of incorporation

Audited by KPMG LLP

7 Prepaid Leases

	Group and Board \$
Cost	
At 1 April 2009, 31 March 2010 and 31 March 2011	1,945,423
Accumulated amortisation	
At 1 April 2009	324,235
Amortisation charge for the year	64,846
At 31 March 2010	389,081
Amortisation charge for the year	64,846
At 31 March 2011	453,927
Carrying amount	
At 1 April 2009	1,621,188
At 31 March 2010	1,556,342
At 31 March 2011	1,491,496

These relate to lease payments made in advance for the use of the land on which the Ford Factory Building museum resides. The amortisation of the prepaid lease is recognised in the statement of comprehensive income (surplus or deficit) over the term of the lease.

8 Available-for-Sale Investment

	Group and Board	
	2011	2010
	\$	\$
Unquoted equity securities	50,000	50,000

The Group states its unquoted equity securities at cost less impairment losses as these securities do not have a quoted market price in an active market and hence its fair value cannot be measured reliably.

9 Other Receivables, Deposits and Prepayments

	Group		Board	
	2011	2010	2011	2010
	\$	\$	\$	\$
Grant receivable	36,023,916	-	36,023,916	-
Interest receivable	70,414	108,556	62,456	98,262
Other receivables (net)	1,896,122	2,754,785	1,790,436	2,653,604
Deposits	667,413	587,737	527,181	497,377
Loans and receivables	38,657,865	3,451,078	38,403,989	3,249,243
Prepayments	326,234	1,594,065	299,781	1,588,083
	<u>38,984,099</u>	<u>5,045,143</u>	<u>38,703,770</u>	<u>4,837,326</u>

The maximum exposure to credit risk for other receivables (excluding deposits and prepayments) at reporting date is represented by the carrying amount of the respective financial assets in the statement of financial position.

The Group's exposure to credit risk arises through its loans and receivables. Concentration of credit risk relating to loans and receivables is limited due to the Group's many varied debtors. Based on the Group's historical experience in the collection of accounts receivable, management believes that no additional allowance is required beyond amounts provided for on the outstanding balances.

Impairment losses

The ageing of loans and receivables at reporting date is:

	Gross 2011 \$	Impairment 2011 \$	Gross 2010 \$	Impairment 2010 \$
Group				
Not past due	38,357,272	-	2,964,198	-
Past due 0 – 30 days	211,503	-	314,241	-
Past due 31 – 365 days	89,090	-	165,453	-
More than one year	-	-	7,186	-
	<u>38,657,865</u>	<u>-</u>	<u>3,451,078</u>	<u>-</u>
Board				
Not past due	38,113,722	-	2,790,220	-
Past due 0 – 30 days	211,185	-	304,834	-
Past due 31 – 365 days	79,082	-	147,003	-
More than one year	-	-	7,186	-
	<u>38,403,989</u>	<u>-</u>	<u>3,249,243</u>	<u>-</u>

Movements in allowance for doubtful receivables during the financial year are as follows:

	2010 \$	2010 \$
At 1 April	-	40,260
Allowance utilised during the year	-	(40,260)
At 31 March	<u>-</u>	<u>-</u>

10 Cash and Cash Equivalents

	Group		Board	
	2011 \$	2010 \$	2011 \$	2010 \$
Cash and bank balances	92,716,791	81,098,892	86,247,255	78,273,276
Fixed deposits	2,745,106	31,621,687	-	24,793,771
	<u>95,461,897</u>	<u>112,720,579</u>	<u>86,247,255</u>	<u>103,067,047</u>
Less: Cash managed by AGD through Centralised Liquidity Management	(91,223,163)	(82,440,473)		
Cash and cash equivalents in the consolidated statement of cash flows	<u>4,238,734</u>	<u>30,280,106</u>		

The weighted average effective interest rate per annum of fixed deposits at the reporting date was 0.4% (2010: 0.4%). Interest rates reprice upon maturity of the fixed deposits, which are rolled-over at intervals of three, six or twelve months.

11 Capital Account

	Group and Board No. of Shares 2011	No. of shares 2010
At beginning of the year	40,771,505	27,571,795
Issued of shares	21,419,954	13,199,710
At end of year	<u>62,191,459</u>	<u>40,771,505</u>

The capital account represents equity injections by the Ministry of Finance ("MOF") in its capacity as shareholder under the debt-equity framework for statutory boards, implemented with effect from 1 September 2004. Under this framework, capital projects will be partially funded by MOF as equity injection, and the remaining through loans or general funds of the Board.

During the year, the Board issued 21,419,954 (2010: 13,199,710) shares at \$1 each. The shares have been fully paid for and are held by the MOF, a body incorporated by the Ministry for Finance (Incorporation) Act (Chapter 183, 1985 Realised edition). The holders of shares are entitled to returns on equity from time to time.

Capital management

Capital consists of capital account, heritage capital reserve and accumulated surplus of the Group. The Board's objectives when managing capital is to maintain a strong capital base so as to sustain its operations and the future development of the Board. The capital structure of the Board mainly consists of capital received from its equity holder and grants from the government.

There were no changes in the Board's approach to capital management during the year. The Board is not subject to any externally imposed capital requirements.

12 Heritage Capital Reserve

	Note	Group		Board	
		2011 \$	2010 \$	2011 \$	2010 \$
At beginning of the year		89,677,379	258,393,016	89,677,469	258,228,236
Changes in accounting policy		-	(168,807,943)	-	(168,643,163)
At beginning of the year, as restated		<u>89,677,379</u>	<u>89,585,073</u>	<u>89,677,469</u>	<u>89,585,073</u>
Acquisitions from government grants	4	41,962	104,396	41,962	104,396
Return of heritage materials purchased using government grants	4 16&17	(89,070) (47,108)	- 104,396	(89,070) (47,108)	- 104,396
Heritage materials purchased using government grants written-off	4	-	(12,090)	-	(12,000)
At end of the year		<u>89,630,271</u>	<u>89,677,379</u>	<u>89,630,361</u>	<u>89,677,469</u>
Philatelic assets transferred from Infocomm Development Authority of Singapore:					
Balance at beginning and at end of the year		3,270,363	3,270,363	-	-
		<u>92,900,634</u>	<u>92,947,742</u>	<u>89,630,361</u>	<u>89,677,469</u>

The heritage capital reserve comprises grants from the Government utilised for the purchase of heritage materials, contributions from other organisations and persons in the form of heritage materials for the establishment of the Board (see note 3) and philatelic assets of the subsidiary transferred from Infocomm Development Authority of Singapore (“IDA”) as a member of the subsidiary from 1995 to 2001.

13 Accumulated Surplus

(a) General Fund - others

Income and expenditure relating to the main activities of the Group and Board are accounted for through the general fund in the Group’s and the Board’s statements of comprehensive income. General fund (others) excludes income and expenditure relating to general fund (heritage materials and property, plant and equipment) as stipulated below.

With effect from 1 July 2009, under the direction of MICA, the Preservation of Monuments Board (PMB) was merged with the Board as part of an on-going move for the smaller statutory boards to merge with larger ones to facilitate the pooling of resources and expertise for greater efficiency. As both the Board and PMB are statutory boards under the MICA, the assets and liabilities are accounted for from the date that the common control business combination occurs.

The impact of the merger of PMB with the Board has the following effect on the Board and the Group’s financial statements:

	\$
Plant and equipment	51,305
Other receivables	307,953
Cash and cash equivalents	4,092,033
Other payables	(727,587)
Deferred capital grants	(51,305)
Grants received in advance	(1,000,000)
Deferred donations	(1,618,630)
Accumulated surplus – General fund - others	<u>1,053,769</u>

(b) General Fund – donated heritage materials and property, plant and equipment

Income and expenditure relating to donation-in-kind (comprising heritage materials and property, plant and equipment), as well as non-government grants used for the purchase of heritage materials and property, plant and equipment are accounted for through this fund in the Group’s and the Board’s statements of comprehensive income. Heritage materials received by the Group as donations are not intended for trading or for sale.

(c) Restricted Funds

The Group's restricted funds comprise donations received for specific purposes for which there are restrictions on the Group in relation to the application of those funds. This includes specific donations received for exhibitions and programs as well as for the philatelic fund. The basis of accounting in relation to these funds is as stipulated in notes 2 and 3. Funds related to the Singapore Philatelic fund and the National Art Gallery Fund are included in the Group's restricted funds but not in the Board's restricted funds as they are funds held by a subsidiary of the Group but constitute trust funds at the Board.

Restricted funds comprise the following:

Name of Fund	Purpose
Singapore Philatelic Fund	Promoting and stimulating an interest in philately, managing the philatelic archival materials, and establishing and managing a postal museum, the Singapore Philatelic Museum
National Art Gallery Pre-opening Fund	For the pre-opening operating expenditure of the National Art Gallery, Singapore to build Singapore as a regional hub for visual arts and to focus on the display, promotion, research and study of Southeast Asian art, including Singapore art.
Heritage Institution Fund	Supporting the redevelopment of the 3 heritage institutions (HIs), namely the Malay Heritage Centre (MHC), Sun Yat Sen Nanyang Memorial Hall (SYSNMH) and the proposed Indian Heritage Centre (IHC), as well as the operations of the HIs to ensure the long-term sustainability of the different institutions.
Other Funds	Set up for purposes relating to the Board and the Group's operations

The breakdown of the income, expenditure, assets and liabilities of the restricted funds for the Group are as follows:

Group	Singapore Philatelic Fund		National Art Gallery Fund		Heritage Institution Funds		Other Funds		Total	
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
Income										
Contribution and cash donations	-	-	281,623	-	3,498	17,242	2,589,111	3,135,489	2,874,232	3,152,731
Admission fees	-	-	-	-	43,369	87,736	-	-	43,369	87,736
Rental income	-	-	-	-	8,707	16,007	-	-	8,707	16,007
Interest income	15,237	102,840	9,601	-	-	-	-	-	24,838	102,840
Workshop/Seminars	-	-	-	-	17,068	53,967	-	-	17,068	53,967
Commission/royalties/consignment	-	-	-	-	-	5	-	-	-	5
Others	-	-	16,089	-	1,158	3,544	-	-	17,247	3,544
	15,237	102,840	307,313	-	73,800	178,501	2,589,111	3,135,489	2,985,461	3,416,830
Expenditure										
Staff costs	-	-	(4,243,441)	(1,911,902)	(1,500,964)	(1,145,177)	-	-	(5,744,405)	(3,057,079)
Depreciation of property, plant and equipment	-	-	(93,190)	(17,373)	(40,686)	(6,885)	(202,351)	(201,829)	(336,227)	(226,087)
Rental of premises/equipment	-	-	(537,956)	(241,218)	(55,078)	(41,188)	-	-	(593,034)	(282,406)
Utilities	-	-	(16,780)	(6,402)	(190,566)	(145,763)	-	-	(207,346)	(152,165)
Exhibition expenses	-	-	(281,104)	-	(143,429)	(270,263)	(1,546,539)	(1,780,411)	(1,971,072)	(2,050,674)
Repairs and maintenance	-	-	(107,980)	(7,671)	(289,241)	(205,163)	(36,151)	(660,162)	(433,372)	(873,996)
Other services and fees	-	-	(731,915)	(2,316,339)	(120,745)	(60,182)	(435,687)	(287,807)	(1,288,347)	(2,664,328)
Goods and services tax expenses	-	-	(704)	(403,780)	-	-	(4,997)	(862)	(5,701)	(404,642)
Supplies and materials	-	-	(287,786)	(105,301)	(72,468)	(28,600)	(107,207)	(11,474)	(467,461)	(145,375)
Publicity and public relations	-	-	(746,477)	(12,254)	(339,652)	(174,129)	(436,823)	(360,071)	(1,522,952)	(546,454)
Security systems and services	-	-	(97,794)	(2,383)	(137,212)	(70,925)	-	(5,595)	(235,006)	(78,903)
Staff welfare and development	-	-	(55,874)	(33,730)	(12,874)	(4,710)	(6,198)	(5,906)	(74,946)	(44,346)
Transport, postage and communications	-	-	(190,451)	(38,120)	(65,647)	(22,178)	(15,109)	(9,655)	(271,207)	(69,953)
Freight charges	-	-	(3,096)	(1,870)	(112)	(1)	(400)	(13,546)	(3,608)	(15,417)
Fixed assets written-off	-	-	-	(25,076)	-	-	-	-	-	(25,076)
	-	-	(7,394,548)	(5,123,419)	(2,968,674)	(2,176,164)	(2,791,462)	(3,337,318)	(13,154,684)	(10,636,901)
Surplus/(Deficit) before grants										
Grants received from Government	15,237	102,840	(7,087,235)	(5,123,419)	(2,894,874)	(1,997,663)	(202,351)	(201,829)	(10,169,223)	(7,220,071)
Deferred capital grants amortised	-	-	7,025,641	5,080,970	2,854,188	1,990,778	-	-	9,879,829	7,071,748
Net surplus/(deficit) for the year	-	-	93,190	42,449	40,686	6,885	202,351	201,829	336,227	251,163
Accumulated surplus at 1 April	15,237	102,840	31,596	-	-	-	-	-	46,833	102,840
Accumulated surplus at 31 March	4,155,163	4,052,323	-	-	-	-	-	-	4,155,163	4,052,323
Represented by:										
Cash and cash equivalents	4,170,400	4,155,163	2,229,169	2,172,479	-	-	-	-	6,399,569	6,327,642
Less: grants received in advance	-	-	(2,197,573)	(2,172,479)	-	-	-	-	(2,197,573)	(2,172,479)
	4,170,400	4,155,163	31,596	-	-	-	-	-	4,201,996	4,155,163

The breakdown of the income, expenditure, assets and liabilities of the restricted funds for the Board are as follows:

Board	Heritage Institution Funds		Other Funds		Total	
	2011	2010	2011	2010	2011	2010
Income	\$	\$	\$	\$	\$	\$
Contribution and cash donations	3,498	17,242	2,589,111	3,135,489	2,592,609	3,152,731
Admission fees	43,369	87,736	-	-	43,369	87,736
Rental income	8,707	16,007	-	-	8,707	16,007
Workshop/Seminars	17,068	53,967	-	-	17,068	53,967
Commission/royalties/consignment	-	5	-	-	-	5
Others	1,158	3,544	-	-	1,158	3,544
	<u>73,800</u>	<u>178,501</u>	<u>2,589,111</u>	<u>3,135,489</u>	<u>2,662,911</u>	<u>3,313,990</u>
Expenditure						
Staff costs	(1,500,964)	(1,145,177)	-	-	(1,500,964)	(1,145,177)
Depreciation of property, plant and equipment	(40,686)	(6,885)	(202,351)	(201,829)	(243,037)	(208,714)
Rental of premises/equipment	(55,078)	(41,188)	-	-	(55,078)	(41,188)
Utilities	(190,566)	(145,763)	-	-	(190,566)	(145,763)
Exhibition expenses	(143,429)	(270,263)	(1,546,539)	(1,780,411)	(1,689,968)	(2,050,674)
Repairs and maintenance	(289,241)	(206,163)	(36,151)	(660,162)	(325,392)	(866,325)
Other services and fees	(120,745)	(60,182)	(435,687)	(287,807)	(556,432)	(347,989)
Goods and services tax expenses	-	-	(4,997)	(862)	(4,997)	(862)
Supplies and materials	(72,468)	(28,600)	(107,207)	(11,474)	(179,675)	(40,074)
Publicity and public relations	(339,652)	(174,129)	(436,823)	(360,071)	(776,475)	(534,200)
Security systems and services	(137,212)	(70,925)	-	(5,595)	(137,212)	(76,520)
Staff welfare and development	(12,874)	(4,710)	(6,198)	(5,906)	(19,072)	(10,616)
Transport, postage and communications	(65,647)	(22,178)	(15,109)	(9,655)	(80,756)	(31,833)
Freight charges	(112)	(1)	(400)	(13,546)	(512)	(13,547)
	<u>(2,968,674)</u>	<u>(2,176,164)</u>	<u>(2,791,462)</u>	<u>(3,337,318)</u>	<u>(5,760,136)</u>	<u>(5,513,482)</u>
Deficit before grants	<u>(2,894,874)</u>	<u>(1,997,663)</u>	<u>(202,351)</u>	<u>(201,829)</u>	<u>(3,097,225)</u>	<u>(2,199,492)</u>
Grants received from Government	2,854,188	1,990,778	-	-	2,854,188	1,990,778
Deferred capital grants amortised	40,686	6,885	202,351	201,829	243,037	208,714
Net deficit for the year	-	-	-	-	-	-
Accumulated surplus at 1 April	-	-	-	-	-	-
Accumulated surplus at 31 March	-	-	-	-	-	-

14 Deferred Capital Grants

	Note	Group		Board	
		2011 \$	2010 \$	2011 \$	2010 \$
Balance at beginning of the year, as previously stated		126,477,781	143,663,627	126,180,937	143,663,627
Changes in accounting policy		-	(1,875,701)	-	(1,875,701)
Balance at beginning of the year, as restated		126,477,781	141,787,926	126,180,937	141,787,926
Add:					
Transfer from Preservation of Monuments Board	13	-	51,305	-	51,305
Grants received for capital expenditure transferred from Government grants	16&17	3,704,852	12,915,679	3,661,165	12,601,462
Less:					
Grants taken to statement of comprehensive income					
- depreciation of property, plant and equipment		30,105,890	28,114,357	29,956,029	28,096,983
- amortisation of prepaid leases		64,846	64,846	64,846	64,846
- on write-offs of property, plant and equipment		-	97,926	-	97,927
		30,170,736	28,277,129	30,020,875	28,259,756
Balance at end of the year		100,011,897	126,477,781	99,821,227	126,180,937

15 Other Payables

	Group		Board	
	2011 \$	2010 \$	2011 \$	2010 \$
Accruals for staff costs	8,498,722	5,740,321	7,769,058	5,318,346
Other payables	19,107,125	13,852,852	18,418,308	13,335,744
	27,605,847	19,593,173	26,187,366	18,654,090

Other payables mainly comprise amounts due to vendors for exhibition expenses, purchase of heritage materials and maintenance services.

The contractual undiscounted cash flows of other payables are equivalent to their carrying amount and are expected to occur within one year.

16 Grants Received in Advance – Board

	Note	Total		Capital Grant		Operating Grant	
		2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
Balance at beginning of the year		46,512,409	33,268,875	1,903,700	7,425,095	44,608,709	25,843,780
Transfer from PMB	13	-	1,000,000	-	-	-	1,000,000
Grants received during the year		113,280,158	100,237,364	-	6,370,677	113,280,158	93,866,687
		159,792,567	134,506,239	1,903,700	13,795,772	157,888,867	120,710,467
Amounts transferred to heritage capital reserve	12	47,108	(104,396)	61,357	(87,518)	(14,249)	(16,878)
Amounts transferred to deferred capital grants	14	(3,661,165)	(12,601,462)	(49,955)	(10,856,925)	(3,611,210)	(1,744,537)
Amounts transferred to statement of comprehensive income		(93,771,039)	(75,287,972)	(79,695)	(947,629)	(93,691,344)	(74,340,343)
Balance at end of the year		62,407,471	46,512,409	1,835,407	1,903,700	60,572,064	44,608,709
Total grants received since establishment		1,215,549,104	1,102,268,946	414,893,485	414,893,485	800,655,619	687,375,461

The balance of \$1,835,407 (2010: \$1,903,700) in capital grants as at 31 March 2011 comprises amounts earmarked for projects-in-progress as well as amounts earmarked for projects where progress has been slightly delayed.

17 Grants Received in Advance – Group

	Note	Total		Capital Grant		Operating Grant	
		2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
Balance at beginning of the year		48,284,549	33,268,875	1,903,700	7,425,095	46,380,849	25,843,780
Transfer from PMB	13	-	1,000,000	-	-	-	1,000,000
Grants received during the year		121,705,827	108,570,191	-	6,370,677	121,705,827	102,199,514
		169,990,376	142,839,066	1,903,700	13,795,772	168,086,676	129,043,294
Amounts transferred to heritage capital reserve	12	47,108	(104,396)	61,357	(87,518)	(14,249)	(16,878)
Amounts transferred to deferred capital grants	14	(3,704,852)	(12,915,679)	(49,955)	(10,856,925)	(3,654,897)	(2,058,754)
Amounts transferred to consolidated statement of comprehensive income		(102,484,722)	(81,534,442)	(79,695)	(947,629)	(102,405,027)	(80,586,813)
Balance at end of the year		63,847,910	48,284,549	1,835,407	1,903,700	62,012,503	46,380,849
Total grants received since establishment		1,232,486,581	1,110,780,754	414,893,485	414,893,485	817,593,096	695,887,269

The balance of \$1,835,407 (2010: \$1,903,700) in capital grants as at 31 March 2011 comprises amounts earmarked for projects-in-progress as well as amounts earmarked for projects where progress has been slightly delayed.

18 Deferred Donations

Note	Group			Board		
	2011 \$	2010 \$ (restated)	2009 \$ (restated)	2011 \$	2010 \$ (restated)	2019 \$ (restated)
At beginning of the year	30,893,921	12,349,992	12,269,498	30,834,870	12,340,320	12,258,909
Add:						
Transfer from PMB	13 -	1,618,630	-	-	1,618,630	-
Donations received during the year	8,925,737	18,882,006	3,606,795	8,723,285	18,399,419	3,246,796
	<u>39,819,658</u>	<u>32,850,628</u>	<u>15,876,293</u>	<u>39,558,155</u>	<u>32,358,369</u>	<u>15,505,705</u>
Less:						
Amounts transferred to the statements of comprehensive income	(916,359)	(1,956,707)	(3,526,301)	(579,264)	(1,523,499)	(3,165,385)
Amounts transferred to Ministry of Information, Communications and the Arts	(25,720,883)	-	-	(25,720,883)	-	-
Refund to donors	(20,244)	-	-	(20,244)	-	-
At end of the year	<u>13,162,172</u>	<u>30,893,921</u>	<u>12,349,992</u>	<u>13,237,764</u>	<u>30,834,870</u>	<u>12,340,320</u>

Included in deferred donations as at 31 March 2010 are donations received from Tote Board for the development of the National Art Gallery ("NAG") amounting to \$17,171,795. The relevant restrictions and conditions attached to this donation are stated in note 31.

On 19 October 2010, Singapore Land Authority ("SLA") informed the Ministry of Information, Communications and the Arts ("MICA") that the NAG site has been allocated and handed over to MICA. Donations previously utilised and capitalised by the Board as development cost amounting to \$25,720,883 was accordingly transferred from the Board to MICA.

The Board will continue to oversee the development of NAG until its completion and act as an agent to MICA to operate the funds from Tote Board in relation to the development of NAG. Any existing unutilised new donations from Tote Board will be held in trust by the Board on behalf of MICA. \$18,006,009 of unutilised donations are held in trust by the Group and Board as at 31 March 2011. The restrictions and conditions attached to this donation as stated in note 31 ceased to be applicable to the Group and Board upon the establishment of the above arrangement in the current financial year.

The remaining deferred donations mainly relate to donations received for specific purposes such as for exhibitions or purchase of certain heritage materials. In accordance with the Charities (Institutions of a Public Character) Regulations 2007 section 11, paragraph 7, any unutilised specific donations is to be refunded to the donor or be used for purposes approved by the Sector Administrator. As such, the recognition of such donations are deferred until the Board and the Group have control of these donations.

19 Net Assets of Trust Funds

The basis of accounting in relation to trust funds is stipulated in notes 2 and 3.

The nature of the trust funds of the Board is as below:

- (a) Philatelic fund which is established for the purpose of promoting and stimulating an interest in philately, managing the philatelic archival materials, and establishing and managing a postal museum, the Singapore Philatelic Museum. Any use of the philatelic fund which is not in accordance with the purposes and guidelines requires the prior approval of the Board. The philatelic fund has been presented as a restricted fund in the Group's consolidated financial statements as the fund is held on behalf for a subsidiary of the Group, Singapore Philatelic Museum.
- (b) Funds that are held on behalf of the ASEAN Committee ("ASEAN COCI") as the Board manages projects on Culture and Information, on behalf of and which are funded by the ASEAN Committee.
- (c) National Art Gallery Pre-opening Fund that is held on behalf of its subsidiary, The National Art Gallery, Singapore for the use in the operating activities of the subsidiary.
- (d) National Art Gallery Development Fund that is held on behalf of the Ministry of Information, Communications and the Arts for use in the development of the National Art Gallery (note 18).

The Group's trust funds solely comprise funds that are held on behalf of the ASEAN committee and the National Art Gallery Development Fund.

The break-down below of the income, expenditure and assets of the trust funds have been prepared from the records of the trust funds and reflect only the transactions handled by the Board and the Group.

Board	Philatelic Fund		ASEAN COCI Fund		National Art Gallery Pre-opening Fund		National Art Gallery Development Fund		Total	
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
Statement of comprehensive income of Trust Funds										
Income										
Contributions and cash donations	-	-	-	-	281,623	-	-	-	281,623	-
Interest income	15,237	102,840	-	-	9,601	-	-	-	24,838	102,840
Others	-	-	-	104,508	16,089	-	-	-	16,089	104,508
	<u>15,237</u>	<u>102,840</u>	<u>-</u>	<u>104,508</u>	<u>307,313</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>322,550</u>	<u>207,348</u>
Expenditure										
Staff costs	-	-	-	-	(4,243,441)	(1,911,902)	-	-	(4,243,441)	(1,911,902)
Depreciation of property, plant and equipment	-	-	-	-	(93,190)	(17,373)	-	-	(93,190)	(17,373)
Rental of premises/ equipment	-	-	-	-	(537,956)	(241,218)	-	-	(537,956)	(241,218)
Utilities	-	-	-	-	(16,780)	(6,402)	-	-	(16,780)	(6,402)
Exhibition expenses	-	-	-	-	(281,104)	-	-	-	(281,104)	-
Repairs and maintenance	-	-	-	-	(107,980)	(7,671)	-	-	(107,980)	(7,671)
Other services and fees	-	-	(1,527)	(81,385)	(1,492,516)	(2,568,339)	-	-	(1,494,043)	(2,649,724)
Goods and services tax expenses	-	-	-	-	(704)	(403,780)	-	-	(704)	(403,780)
Supplies and materials	-	-	-	-	(287,786)	(105,301)	-	-	(287,786)	(105,301)
Publicity and public relations	-	-	-	-	(746,477)	(12,254)	-	-	(746,477)	(12,254)
Security systems and services	-	-	-	-	(97,794)	(2,383)	-	-	(97,794)	(2,383)
Staff welfare and development	-	-	-	-	(55,874)	(33,730)	-	-	(55,874)	(33,730)
Transport, postage and communications	-	-	-	-	(190,451)	(38,120)	-	-	(190,451)	(38,120)
Freight charges	-	-	-	-	(3,096)	(1,870)	-	-	(3,096)	(1,870)
Fixed assets written-off	-	-	-	-	-	(25,076)	-	-	-	(25,076)
	<u>-</u>	<u>-</u>	<u>(1,527)</u>	<u>(81,385)</u>	<u>(8,155,149)</u>	<u>(5,375,419)</u>	<u>-</u>	<u>-</u>	<u>(8,156,676)</u>	<u>(5,456,804)</u>
Surplus/(Deficit) before grants										
Grants received from Government	15,237	102,840	(1,527)	23,123	(7,847,836)	(5,375,419)	-	-	(7,834,126)	(5,249,456)
Deferred capital grants amortised	-	-	-	-	7,786,242	5,332,970	-	-	7,786,242	5,332,970
Net surplus/(deficit) for the year	15,237	102,840	(1,527)	23,123	31,596	-	-	-	45,306	125,963
Return of funds	-	-	(25,290)	(10,811)	-	-	-	-	(25,290)	(10,811)
Accumulated surplus at 1 April	4,155,163	4,052,323	26,817	14,505	-	-	-	-	4,181,980	4,066,828
Accumulated surplus at 31 March	<u>4,170,400</u>	<u>4,155,163</u>	<u>-</u>	<u>26,817</u>	<u>31,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,201,996</u>	<u>4,181,980</u>
Represented by:										
Assets										
Plant and equipment	-	-	-	-	190,671	240,174	-	-	190,671	240,174
Deposits and other receivables	-	-	-	-	140,809	119,810	18,749,313	-	18,890,122	119,810
Cash and cash equivalents	4,170,400	4,155,163	-	26,817	2,293,210	2,222,484	781,418	-	7,245,028	6,404,464
	<u>4,170,400</u>	<u>4,155,163</u>	<u>-</u>	<u>26,817</u>	<u>2,624,690</u>	<u>2,582,468</u>	<u>19,530,731</u>	<u>-</u>	<u>26,325,821</u>	<u>6,764,448</u>
Liabilities										
Deferred capital grants	-	-	-	-	190,671	240,174	-	-	190,671	240,174
Provision for restoration cost	-	-	-	-	82,550	79,527	-	-	82,550	79,527
Other payables and accrued operating expenses	-	-	-	-	1,150,667	440,627	1,524,722	-	2,675,389	440,627
Grants received in advance	-	-	-	-	1,144,956	1,772,140	-	-	19,150,965	1,772,140
Donations received in advance	-	-	-	-	24,250	50,000	18,006,009	-	24,250	50,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,593,094</u>	<u>2,582,468</u>	<u>19,530,731</u>	<u>-</u>	<u>22,123,825</u>	<u>2,582,468</u>
Net assets	<u>4,170,400</u>	<u>4,155,163</u>	<u>-</u>	<u>26,817</u>	<u>31,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,201,996</u>	<u>4,181,980</u>

Group	ASEAN COCI Fund		Development Fund		Total	
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
Statement of comprehensive income of Trust Funds						
Income						
Others	-	104,508	-	-	-	104,508
Expenditure						
Other services and fees	(1,527)	(81,385)	-	-	(1,527)	(81,385)
Surplus/(Deficit) before grants						
Grants received from Government	(1,527)	23,123	-	-	(1,527)	23,123
Net surplus/(deficit) for the year	-	(10,811)	-	-	-	(10,811)
Return of funds	(1,527)	12,312	-	-	(1,527)	12,312
Accumulated surplus at 1 April	(25,290)	-	-	-	(25,290)	-
Accumulated surplus at 31 March	26,817	14,505	-	-	26,817	14,505
Represented by:						
Assets						
Deposits and other receivables	-	-	18,749,313	-	18,749,313	-
Cash and cash equivalents	-	26,817	781,418	-	781,418	26,817
	-	26,817	19,530,731	-	19,530,731	26,817
Liabilities						
Other payables and accrued operating expenses	-	-	1,524,722	-	1,524,722	-
Donations received in advance	-	-	18,006,009	-	18,006,009	-
	-	-	19,530,731	-	19,530,731	-
Net assets	-	26,817	-	-	-	26,817

20 Staff Costs

	Group		Board	
	2011 \$	2010 \$	2011 \$	2010 \$
Key management personnel				
- short-term employee benefits	3,946,149	2,869,954	3,122,632	2,181,748
Other employees				
- short-term employee benefits	35,151,457	27,339,428	30,765,611	25,325,591
- post-employment benefits	3,912	3,912	3,912	3,912
	<u>39,101,518</u>	<u>30,213,294</u>	<u>33,892,155</u>	<u>27,511,251</u>
Employer's contribution to Central Provident Fund included in short-term employee benefits	3,219,810	3,512,818	2,778,686	2,164,739

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The Chief Executive Officer and Directors are considered key management personnel of the Group.

21 Publicity and Public Relations and Transport, Postage and Communications

	Group		Board	
	2011 \$	2010 \$	2011 \$	2010 \$
Travel-related expenses	725,350	284,642	554,578	257,419
Entertainment	57,107	60,038	48,967	51,875

22 Board Members' Allowances

	Group (2011)		Group (2010)	
	Main Board \$	Sub-boards \$	Main Board \$	Sub-boards \$
Chairman	15,000	-	15,000	-
Non-Public Sector Officers				
Chairman of Exco/Audit Committee	11,250	-	11,250	-
Member of Exco/Audit Committee and Chairman of Sub-boards	7,500	-	7,500	-
Members	3,750	1,875	3,750	1,875
Public Sector Officers				
Member of Exco/audit Committee and Chairman of Sub-boards	7,500	-	7,500	-
Members	3,750	1,875	3,750	1,875

National Heritage Board (referred to as "Main Board") has four sub-boards, namely Asia Civilization Museums Board, National Archives of Singapore Board, National Museum of Singapore Board and Singapore Art Museum Board (referred to as "Sub-boards").

23 Surplus/(Deficit) for the Year Before Income Tax

The following items have been included in arriving at surplus/(deficit) for the year before income tax:

	Group		Board	
	2011	2010	2011	2010
	\$	\$	\$	\$
Amortisation of bond premium	-	2,085	-	-

24 Income Tax Expense

The National Heritage Board is a tax-exempted institution under the provisions of the Income Tax Act (Cap. 134, 2004 Revised Edition).

The subsidiary, Singapore Philatelic Museum ("SPM"), is registered as a charity under the Charity Act 1994. Prior to the Year of Assessment 2008, the Company is exempted from tax as at least 80% of its income is applied for charitable purposes. With effect from Year of Assessment 2008, the Company will enjoy automatic income tax exemption without being required to meet the 80% spending rule.

The subsidiary, The National Art Gallery ("TNAGS"), which is incorporated on 16 January 2009 was also registered as a charity under the Charity Act 1994, and will enjoy automatic income tax exemption without being required to meet the 80% spending rule.

25 Net surplus for the year before donations-in-kind, heritage materials/property, plant and equipment acquired using cash donations, heritage materials returned to a donor and donated heritage materials written off

	Group		Board	
	2011	2010	2011	2010
	\$	(restated) \$	\$	(restated) \$
Net surplus/(deficit) for the year	5,239,833	(12,014,939)	5,622,039	(12,274,166)
Less:				
Donations-in-kind	(4,525,402)	(1,658,263)	(4,525,402)	(1,655,763)
Heritage materials/property, plant and equipment acquired using cash donations	(644,687)	(255,303)	(644,687)	(255,303)
Add:				
Return of heritage materials to donors	-	14,920,040	-	14,920,040
Donated heritage materials written back	-	(230)	-	(230)
	69,744	991,305	451,950	734,578

26 National Heritage Fund

As at 31 March, receipts and utilisation of donations whereby tax-deductions are available are as follows:

	Group and Board	
	2011	2010
	\$	\$
At 1 April	6,194,771	6,581,225
Add:		
Donations received during the year	3,806,608	2,200,875
Less:		
Expenditure during the year	(2,502,237)	(2,587,329)
Refund to donors	(45,244)	-
At 31 March	<u>7,453,898</u>	<u>6,194,771</u>

27 Preservation of Monuments Fund

As at 31 March, receipts and utilisation of donations whereby tax-deductions are available are as follows:

	Group and Board	
	2011	2010
	\$	\$
At 1 April	2,064,978	-
Add:		
Transfer from PMB	-	1,618,630
Donations received during the year	448,115	1,101,510
Less:		
Expenditure during the year	(453,837)	(655,162)
At 31 March	<u>2,059,256</u>	<u>2,064,978</u>

28 Commitments

As at 31 March, the Group and the Board have the following commitments are as follows:

	Group		Board	
	2011	2010 (restated)	2011	2010 (restated)
	\$	\$	\$	\$
(a) Capital commitments				
- contracted but not provided for	1,862,506	351,263	1,862,506	351,263
- authorised but not contracted for	22,915,379	25,509,137	22,915,379	25,509,137
	<u>22,915,379</u>	<u>25,509,137</u>	<u>22,915,379</u>	<u>25,509,137</u>

(b) Operating lease commitments where the Group is the lessee

The operating lease commitments relate to the leasing of office premises at the various museums, other heritage organisations and photocopiers. The leases of the office premises at various museums and other heritage organisations will expire between 21 July 2011 and 31 March 2014 and the current rent payable on the leases range from \$120 to \$182,465 per month and the photocopier is under a lease of 5 years.

At the reporting date, the commitments in respect of such cancellable operating leases were as follows:

	Group	
	2011	2010
	\$	\$
Not later than one year	10,182,153	11,521,147
Later than one year but not later than five years	3,775,384	9,880,040
	<hr/>	<hr/>
	Board	
	2011	2010
	\$	\$
Not later than one year	9,625,419	11,131,905
Later than one year but not later than five years	3,304,461	9,168,815
	<hr/>	<hr/>

(c) Operating lease commitments where the Group is the lessor

These lease commitments refers to rental income received from tenants carrying out businesses in the various museums and office premises. At the reporting date, the commitments in respect of such cancellable operating leases with a term of more than one year were as follows:

	Group and Board	
	2011	2010
	\$	\$
Not later than one year	1,439,892	1,286,067
Later than one year but not later than five years	768,465	1,142,032
	<hr/>	<hr/>

29 Related Party Transactions

For the purpose of these financial statements, parties are considered to be related to the Board if the Board 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 Board and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. With the adoption of SB-FRS by the Board, the Board need not comply with the requirements of paragraphs 17 to 22 of SB-FRS 24 with respect to the disclosures of transactions and balances with parent Ministry and other state-controlled entities.

During the financial year, other than as disclosed elsewhere in the financial statements, there are no other significant transactions with related parties which were carried out in the normal course of business.

30 Financial Risk Management

Financial risk management objectives and policies

Risk management is integral to the whole activities of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Group continually monitors its risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and receivables.

As at reporting date, the Group has no significant concentrations of credit risk. Cash and cash equivalents are placed with financial institutions which are regulated. The cash with Accountant-General's Department (AGD) under Centralised Liquidity Management are placed with high credit quality financial institutions, and are available upon request.

Liquidity risk

The Group receives its funds from the Government of Singapore which are drawn down on a regular basis to meet its funding requirements, as well as donations from foundations, corporations and individuals. All excess cash from the Group's bank accounts are aggregated and centrally managed by the AGD on a daily basis.

The cash under Centralised Liquidity Management is separately disclosed in note 10 as "Cash managed by AGD through Centralised Liquidity Management".

Cash managed by AGD refers to the cash that are managed by AGD under CLM as set out in the Accountant-General's Circular No. 4/2009 Centralised Liquidity Management for Statutory Boards and Ministries.

The interest rate of cash with AGD, defined as the ratio of the interest earned to the average cash balance range from 0.44% to 0.67%. (2010: 0.02% to 0.17%)

Interest rate risk

Exposure to interest rate risk relate primarily to the interest-earning financial assets of the Group which mainly comprise fixed deposits. Hence, any variations in interest rates will not have a material impact on the results of the Group.

The interest rate 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.

At the end of the reporting period, the Group does not have significant exposure to interest rate risk

Foreign currency risk

The Group has exposure 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. As at the reporting date, the Group did not have significant exposure to foreign currency risk.

Estimation of fair values*Available-for-sale investments*

The unquoted equity securities are stated at cost less impairment losses as these securities do not have a quoted market price in an active market and its fair value cannot be measured reliably.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including other receivables, deposits and prepayments, cash and cash equivalents and other payables) are assumed to approximate their fair values because of the short period to maturity.

Financial instruments by category

Set out below is a comparison by category of carrying amounts of all the Group's and Board's financial instruments that are carried in the financial statements:

Group	Note	Available-for-sale investment	Loans and receivables	Other financial liabilities	Total
		2011 \$	2010 \$	2011 \$	2010 \$
2011					
Assets					
Available-for-sale investment	8	50,000	-	-	50,000
Other receivables and deposits	9	-	38,657,865	-	38,657,865
Cash and cash equivalents	10	-	95,461,897	-	95,461,897
		<u>50,000</u>	<u>134,119,762</u>	<u>-</u>	<u>134,169,762</u>
Liabilities					
Other payables	15	-	-	27,605,847	27,605,847
2010					
Assets					
Available-for-sale investment		50,000	-	-	50,000
Other receivables and deposits		-	3,451,078	-	3,451,078
Cash and cash equivalents		-	112,720,579	-	112,720,579
		<u>50,000</u>	<u>116,171,657</u>	<u>-</u>	<u>116,221,657</u>
Liability					
Other payables		-	-	19,593,173	19,593,173

Board	Note	Available-for-sale investment	Loans and receivables	Other financial liabilities	Total
		2011	2010	2011	2010
		\$	\$	\$	\$
2011					
Assets					
Available-for-sale investment	8	50,000	-	-	50,000
Other receivables and deposits	9	-	38,403,989	-	38,403,989
Cash and cash equivalents	10	-	86,247,255	-	86,247,255
		50,000	124,651,244	-	124,701,244
Liabilities					
Other payables	15	-	-	26,187,366	26,187,366
2010					
Assets					
Available-for-sale investment	8	50,000	-	-	50,000
Other receivables and deposits	9	-	3,249,243	-	3,249,243
Cash and cash equivalents	10	-	103,067,047	-	103,067,047
		50,000	106,316,290	-	106,366,290
Liabilities					
Other payables	15	-	-	18,654,090	18,654,090

31 Donations – Conditional Promises

As at 31 March 2011, these donations are classified as trust funds of the Group and Board as the National Art Gallery site was allocated and handed over to MICA during the current financial year. The conditions below ceased to be applicable to the Group and Board. Please refer to note 18 for further information.

At 31 March 2010, the amount of conditional promises to give donations to the Group and the Board are as follows:

	2010
	\$
Group and Board	
Less than one year	29,455,000
Later than one year but not more than five years	251,670,000
More than five years	1,703,105
	<hr/>

The donations are only received or receivable if the following conditions are met:

For every disbursement of donations

- (a) Upon receiving the cashflow projection signed by the Permanent Secretary of MICA, or his Authorised Representative that has to be first approved by Tote Board, showing the projected disbursement for the current period, reconciled against the actual expenditure for the immediate past period and the projected disbursement for the next period; and
- (b) Certification by an architect or building professional for the value of the works done, signed by the Permanent Secretary of MICA, or his Authorised Representative;

At the completion of the building and construction of the National Art Gallery

- (a) Report and certification by an architect or building professional that the project has been duly completed, signed by the Permanent Secretary of MICA, or his Authorised Representative.

Such conditional promise to give donations is also subjected to the following restrictions:

- (a) In the event that the donation is not fully exhausted at the end of the funding period i.e. financial year ended 31 March 2016, the surplus funds accruing to the Board (to be pro-rated based on the Board's share of the total project cost, where applicable), if already disbursed, must be returned to the donor;
- (b) In the event that the project is cancelled, all the donations that were previously disbursed are to be returned to Tote Board;
- (c) All donations are to be applied to the development cost of the National Art Gallery; and
- (d) Tote Board shall not be liable for any commitments entered into by MICA/NHB in the expectation of the receipt of funds from Tote Board.

32 Prior Year Adjustment

During the current financial year, the Board has assessed the restrictions and conditions attached to certain deferred donations and determined that these restrictions and conditions are under the Board's purview and it is probable that they would have been met when the related projects expired. Deferred donations amounting to \$194,956 and \$1,809,408 should be recorded as donation income in the financial year ended 31 March 2010 and financial years prior to 1 April 2009 when the attached conditions and restrictions expired.

In accordance with SB-FRS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the effect of this omission of recognition of the donation income constitutes a prior period error and has been accounted for retrospectively by adjusting the opening balance of accumulated surplus as at 1 April 2009 and 1 April 2010.

The impact of the above error on the Group and Board's financial statements is as follows:

Group and Board	Increase / (decrease)	
	2010	2009
	\$	\$
Statement of financial position		
Deferred donations	194,956	1,809,408
General fund – others	194,956	1,809,408
<hr/>		
Statement of comprehensive income		
Contributions and cash donations	194,956	1,809,408
<hr/>		



61 Stamford Road
#03-08 Stamford Court
Singapore 178892
www.nhb.gov.sg