



Financial Statements  
2007/2008

# 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 FS1 to FS32 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 2008 and the income and expenditure, changes in capital and reserves and cash flows of the Group and the income and expenditure and changes in capital and reserves of the Board 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 Board Members has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board Members



**Tommy Koh**  
Chairman



**Michael Koh**  
Chief Executive Officer

29 July 2008

# Independent Auditors' Report

Members of the Board  
National Heritage Board

We have audited the financial statements of National Heritage Board (the "Board") and its subsidiaries (the "Group"), which comprise the balance sheets of the Group and the Board as at 31 March 2008, the income and expenditure statement, statement of changes in capital and reserves and cash flow statement of the Group and the income and expenditure statement and statement of changes in capital and reserves of the Board for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS32. The financial statements for the year ended 31 March 2007 were audited by another firm of certified public accountants, whose report dated 13 July 2007 expressed an unqualified opinion on those financial statements. The financial statements for the financial year ended 31 March 2007 did not include the reclassifications as mentioned in note 31 to the financial statements.

## **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Board's management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the National Heritage Board Act, Chapter 196A (the "Act") and Statutory Board Financial Reporting Standards.

Management has acknowledged that its responsibility includes:

- (a) designing, implementing and maintaining internal accounting control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

## **AUDITORS' RESPONSIBILITY**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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.

# Independent Auditors' Report

In our opinion:

- (a) consolidated financial statements of the Group and the balance sheet, income and expenditure statement and statement of changes in capital and reserves of the Board are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards and on such basis present fairly in all material respects the state of affairs of the Group and the Board as at 31 March 2008 and the results and changes in capital and reserves and cash flows of the Group and the results and changes in capital and reserves of the Board for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Board have been properly kept in accordance with the provisions of the Act.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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



**KPMG**

Public Accountants and  
Certified Public Accountants

Singapore  
29 July 2008

# Balance Sheets

Year ended 31 March 2008

As at 31 March 2008

|  | Note | Group              |                    | Board              |                    |
|--|------|--------------------|--------------------|--------------------|--------------------|
|  |      | 2008               | 2007               | 2008               | 2007               |
|  |      | \$                 | \$                 | \$                 | \$                 |
| <b>Non-current assets</b>                          |      |                    |                    |                    |                    |
| Heritage materials                                 | 3    | 166,241,338        | 158,235,121        | 165,246,448        | 157,261,639        |
| Property, plant and equipment                      | 4    | 162,110,971        | 176,147,104        | 161,898,601        | 175,857,157        |
| Subsidiaries                                       | 5    | -                  | -                  | 2                  | 2                  |
| Prepaid leases                                     | 6    | 1,686,034          | 1,750,880          | 1,686,034          | 1,750,880          |
| Available-for-sale investment                      | 7    | 50,000             | 50,000             | 50,000             | 50,000             |
| Held to maturity investment                        | 8    | 206,325            | 210,575            | -                  | -                  |
|  |      | <u>330,294,668</u> | <u>336,393,680</u> | <u>328,881,085</u> | <u>334,919,678</u> |
| <b>Current assets</b>                              |      |                    |                    |                    |                    |
| Inventories  |      | 105,785            | 76,656             | -                  | -                  |
| Other receivables, deposits and prepayments        | 9    | 4,312,882          | 3,063,133          | 4,194,258          | 2,961,168          |
| Grant receivable                                   | 10   | 6,445,628          | 9,024,737          | 6,445,628          | 9,024,737          |
| Cash and cash equivalents                          | 11   | 56,185,767         | 47,388,320         | 49,444,674         | 40,094,768         |
|  |      | <u>67,050,062</u>  | <u>59,552,846</u>  | <u>60,084,560</u>  | <u>52,080,673</u>  |
| <b>Total assets</b>                                |      | <u>397,344,730</u> | <u>395,946,526</u> | <u>388,965,645</u> | <u>387,000,351</u> |
| Capital  | 12   | 5,221,480          | 192,000            | 5,221,480          | 192,000            |
| Heritage capital reserve                           | 13   | 168,516,811        | 160,532,002        | 165,246,448        | 157,261,639        |
| Accumulated surplus                                |      |                    |                    |                    |                    |
| - General fund                                     | 14   | 10,720,348         | 11,662,104         | 9,980,712          | 11,384,331         |
| - Restricted funds                                 | 14   | 4,052,323          | 4,585,591          | -                  | -                  |
| <b>Capital and reserves</b>                        |      | <u>188,510,962</u> | <u>176,971,697</u> | <u>180,448,640</u> | <u>168,837,970</u> |
| Fund managed/held on behalf of others              | 15   | -                  | -                  | 4,052,323          | 4,585,591          |
| Fund's net assets managed/held on behalf of others | 15   | -                  | -                  | (4,052,323)        | (4,585,591)        |
|  |      | <u>-</u>           | <u>-</u>           | <u>-</u>           | <u>-</u>           |
|  |      | <u>188,510,962</u> | <u>176,971,697</u> | <u>180,448,640</u> | <u>168,837,970</u> |
| <b>Non-current liabilities</b>                     |      |                    |                    |                    |                    |
| Deferred capital grants                            | 16   | 163,092,416        | 177,608,037        | 163,092,416        | 177,608,037        |

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

# Balance Sheets (cont'd)

Year ended 31 March 2008

|   | Note | Group<br>2008<br>\$ | Group<br>2007<br>\$ | Board<br>2008<br>\$ | Board<br>2007<br>\$ |
|---|------|---------------------|---------------------|---------------------|---------------------|
| <b>Current liabilities</b>                        |      |                     |                     |                     |                     |
| Other payables                                    | 17   | 11,594,175          | 9,464,500           | 11,288,001          | 9,126,661           |
| Grants received in advance                        | 18   | 21,691,919          | 18,601,124          | 21,691,919          | 18,601,124          |
| Non-government grants received in advance         | 19   | 12,269,498          | 13,301,168          | 12,258,909          | 12,826,559          |
| Short-term borrowings                             | 20   | 185,760             | -                   | 185,760             | -                   |
|   |      | <u>45,741,352</u>   | <u>41,366,792</u>   | <u>45,424,589</u>   | <u>40,554,344</u>   |
| <b>Total liabilities</b>                          |      | <u>208,833,768</u>  | <u>218,974,829</u>  | <u>208,517,005</u>  | <u>218,162,381</u>  |
| <b>Total capital and reserves and liabilities</b> |      | <u>397,344,730</u>  | <u>395,946,526</u>  | <u>388,965,645</u>  | <u>387,000,351</u>  |

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

# Consolidated Income and Expenditure Statements

Year ended 31 March 2008

| Group  | Note | General fund |              | Restricted funds |             | Total        |              |
|--|------|--------------|--------------|------------------|-------------|--------------|--------------|
|  |      | 2008<br>\$   | 2007<br>\$   | 2008<br>\$       | 2007<br>\$  | 2008<br>\$   | 2007<br>\$   |
| <b>Income</b>  |      |              |              |                  |             |              |              |
| Archival services  |      | 630,189      | 591,964      | -                | -           | 630,189      | 591,964      |
| Contributions and donations                                |      | 1,403,113    | 541,445      | 2,750,198        | 5,724,461   | 4,153,311    | 6,265,906    |
| Admission fees   |      | 1,776,168    | 978,631      | -                | -           | 1,776,168    | 978,631      |
| Sponsorship from Singapore Post<br>and other organisations |      | 730,729      | 356,629      | -                | -           | 730,729      | 356,629      |
| Rental income  |      | 3,968,258    | 2,041,317    | -                | -           | 3,968,258    | 2,041,317    |
| Interest income  |      | 727,313      | 1,163,332    | -                | 39,821      | 727,313      | 1,203,153    |
| Agency fees from Preservation<br>of Monuments Board        |      | 314,358      | 284,120      | -                | -           | 314,358      | 284,120      |
| Workshops/Seminars   |      | 274,438      | 272,160      | -                | -           | 274,438      | 272,160      |
| Travelling exhibition                                      |      | 9,476        | 20,589       | -                | -           | 9,476        | 20,589       |
| Consultancy/Project management                             |      | 171,764      | 320,107      | -                | -           | 171,764      | 320,107      |
| Commission/royalties/<br>consignment                       |      | 765,003      | 339,928      | -                | -           | 765,003      | 339,928      |
| Sales at Singapore Philatelic<br>Museum                    |      | 98,253       | 55,477       | -                | -           | 98,253       | 55,477       |
| Others   |      | 223,492      | 72,337       | -                | -           | 223,492      | 72,337       |
|  |      | 11,092,554   | 7,038,036    | 2,750,198        | 5,764,282   | 13,842,752   | 12,802,318   |
| <b>Operating expenditure</b>                               |      |              |              |                  |             |              |              |
| Staff costs  | 21   | (25,421,977) | (20,866,357) | (533,268)        | (434,907)   | (25,955,245) | (21,301,264) |
| Depreciation of property, plant<br>and equipment           | 4    | (27,918,932) | (29,845,113) | (32,972)         | (25,500)    | (27,951,904) | (29,870,613) |
| Rental of premises/equipment                               |      | (9,077,894)  | (9,398,886)  | -                | -           | (9,077,894)  | (9,398,886)  |
| Utilities  |      | (5,437,960)  | (4,774,622)  | -                | -           | (5,437,960)  | (4,774,622)  |
| Exhibition expenses  |      | (5,710,827)  | (3,661,814)  | (2,234,639)      | (809,492)   | (7,945,466)  | (4,471,306)  |
| Repairs and maintenance                                    |      | (5,784,906)  | (4,391,393)  | (38,462)         | (135,038)   | (5,823,368)  | (4,526,431)  |
| Other services and fees                                    |      | (4,362,220)  | (3,980,366)  | (202,972)        | (69,180)    | (4,565,192)  | (4,049,546)  |
| Goods and services tax expenses                            |      | (2,382,329)  | (1,686,077)  | (960)            | -           | (2,383,289)  | (1,686,077)  |
| Supplies and materials                                     |      | (1,923,493)  | (2,192,445)  | (131,041)        | (429,929)   | (2,054,534)  | (2,622,374)  |
| Publicity and public relations                             | 22   | (6,257,440)  | (5,481,693)  | (111,339)        | (4,267,624) | (6,368,779)  | (9,749,317)  |
| Security systems and services                              |      | (1,316,307)  | (979,408)    | -                | (7,000)     | (1,316,307)  | (986,408)    |
| <b>Balance carried forward</b>                             |      | (95,594,285) | (87,258,174) | (3,285,653)      | (6,178,670) | (98,879,938) | (93,436,844) |

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

# Consolidated Income and Expenditure Statements (cont'd)

Year ended 31 March 2008

|   | Note | General fund |              | Restricted funds |             | Total         |              |
|---|------|--------------|--------------|------------------|-------------|---------------|--------------|
|   |      | 2008<br>\$   | 2007<br>\$   | 2008<br>\$       | 2007<br>\$  | 2008<br>\$    | 2007<br>\$   |
| <b>Balance carried forward</b>                          |      | (95,594,285) | (87,258,174) | (3,285,653)      | (6,178,670) | (98,879,938)  | (93,436,844) |
| Staff welfare and development                           |      | (990,098)    | (647,059)    | -                | (500)       | (990,098)     | (647,559)    |
| Transport, postage and communications                   | 22   | (715,919)    | (640,642)    | (3,346)          | (5,608)     | (719,265)     | (646,250)    |
| Freight charges   |      | (151,678)    | (73,345)     | (27,439)         | (90)        | (179,117)     | (73,435)     |
| Board members' allowances                               | 23   | (166,065)    | (23,630)     | -                | -           | (166,065)     | (23,630)     |
| Amortisation of perpaid leases                          | 6    | (64,846)     | (64,849)     | -                | -           | (64,846)      | (64,849)     |
| Foreign exchange loss                                   |      | (48,072)     | (33,215)     | -                | -           | (48,072)      | (33,215)     |
| Property, plant and equipment written off               |      | (30,195)     | (37,027)     | -                | -           | (30,195)      | (37,027)     |
|   |      | (97,761,158) | (88,777,941) | (3,316,438)      | (6,184,868) | (101,077,596) | (94,962,809) |
| <b>Deficit before grants</b>                            |      | (86,668,604) | (81,739,905) | (566,240)        | (420,586)   | (87,234,844)  | (82,160,491) |
| <b>Grants</b>   |      |              |              |                  |             |               |              |
| Deferred capital grants amortised                       |      | 27,918,731   | 29,867,152   | 32,972           | 25,500      | 27,951,703    | 29,892,652   |
| Grants received:  |      |              |              |                  |             |               |              |
| - from Government                                       |      | 57,808,117   | 52,787,209   | -                | -           | 57,808,117    | 52,787,209   |
| - on behalf of Singapore Tyler Print Institute ("STPI") |      | 1,000,000    | 1,524,500    | -                | -           | 1,000,000     | 1,524,500    |
| - on behalf of Malay Heritage Foundation ("MHF")        |      | 483,061      | 224,565      | -                | -           | 483,061       | 224,565      |
| - on behalf of other organisation                       |      | 222,776      | 293,000      | -                | -           | 222,776       | 293,000      |
|   |      | 87,432,685   | 84,696,426   | 32,972           | 25,500      | 87,465,657    | 84,721,926   |
| Grants disbursed:                                       |      |              |              |                  |             |               |              |
| - to STPI   |      | (1,000,000)  | (1,524,500)  | -                | -           | (1,000,000)   | (1,524,500)  |
| - to MHF  |      | (483,061)    | (224,565)    | -                | -           | (483,061)     | (224,565)    |
| - to other organisations                                |      | (222,776)    | (293,000)    | -                | -           | (222,776)     | (293,000)    |
|   |      | (1,705,837)  | (2,042,065)  | -                | -           | (1,705,837)   | (2,042,065)  |
|   |      | 85,726,848   | 82,654,361   | 32,972           | 25,500      | 85,759,820    | 82,679,861   |
| Income tax  | 24   | -            | -            | -                | -           | -             | -            |
| <b>(Deficit)/Surplus for the year</b>                   |      | (941,756)    | 914,456      | (533,268)        | (395,086)   | (1,475,024)   | 519,370      |

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

# Income and Expenditure Statements

Year ended 31 March 2008

| Board  | Note | General fund |              | Restricted funds |             | Total        |              |
|--|------|--------------|--------------|------------------|-------------|--------------|--------------|
|  |      | 2008<br>\$   | 2007<br>\$   | 2008<br>\$       | 2007<br>\$  | 2008<br>\$   | 2007<br>\$   |
| <b>Income</b>  |      |              |              |                  |             |              |              |
| Archival services  |      | 630,189      | 591,964      | -                | -           | 630,189      | 591,964      |
| Contributions and donations                                |      | 1,403,113    | 541,445      | 2,750,198        | 5,724,461   | 4,153,311    | 6,265,906    |
| Admission fees   |      | 1,759,899    | 963,030      | -                | -           | 1,759,899    | 963,030      |
| Sponsorship from Singapore<br>Post and other organisations |      | -            | -            | -                | -           | -            | -            |
| Rental income  |      | 3,968,258    | 2,041,317    | -                | -           | 3,968,258    | 2,041,317    |
| Interest income  |      | 655,858      | 1,096,458    | -                | -           | 655,858      | 1,096,458    |
| Agency fees from Preservation<br>of Monuments Board        |      | 314,358      | 284,120      | -                | -           | 314,358      | 284,120      |
| Workshops/Seminars   |      | 216,982      | 194,558      | -                | -           | 216,982      | 194,558      |
| Travelling exhibition                                      |      | 9,476        | 20,589       | -                | -           | 9,476        | 20,589       |
| Consultancy/Project management                             |      | 126,696      | 261,230      | -                | -           | 126,696      | 261,230      |
| Commission/royalties/<br>consignment                       |      | 729,857      | 286,171      | -                | -           | 729,857      | 286,171      |
| Sales at Singapore Philatelic Museum                       |      | -            | -            | -                | -           | -            | -            |
| Others   |      | 202,906      | 59,981       | -                | -           | 202,906      | 59,981       |
|  |      | 10,017,592   | 6,340,863    | 2,750,198        | 5,724,461   | 12,767,790   | 12,065,324   |
| <b>Operating expenditure</b>                               |      |              |              |                  |             |              |              |
| Staff costs  | 21   | (25,143,610) | (20,561,012) | -                | -           | (25,143,610) | (20,561,012) |
| Depreciation of property,<br>plant and equipment           | 4    | (27,841,356) | (29,765,276) | (32,972)         | (25,500)    | (27,874,328) | (29,790,776) |
| Rental of premises/equipment                               |      | (9,069,301)  | (9,390,018)  | -                | -           | (9,069,301)  | (9,390,018)  |
| Utilities  |      | (5,384,714)  | (4,711,802)  | -                | -           | (5,384,714)  | (4,711,802)  |
| Exhibition expenses  |      | (5,583,741)  | (3,539,285)  | (2,234,639)      | (809,492)   | (7,818,380)  | (4,348,777)  |
| Repairs and maintenance                                    |      | (5,719,533)  | (4,340,780)  | (38,462)         | (135,038)   | (5,757,995)  | (4,475,818)  |
| Other services and fees                                    |      | (4,336,832)  | (3,943,320)  | (202,972)        | (69,180)    | (4,539,804)  | (4,012,500)  |
| Goods and services tax expenses                            |      | (2,382,329)  | (1,686,077)  | (960)            | -           | (2,383,289)  | (1,686,077)  |
| Supplies and materials                                     |      | (1,891,831)  | (2,166,763)  | (131,041)        | (429,929)   | (2,022,872)  | (2,596,692)  |
| Publicity and public relations                             | 22   | (6,248,281)  | (5,468,167)  | (111,339)        | (4,267,624) | (6,359,620)  | (9,735,791)  |
| Security systems and services                              |      | (1,316,307)  | (979,408)    | -                | (7,000)     | (1,316,307)  | (986,408)    |
| <b>Balance carried forward</b>                             |      | (94,917,835) | (86,551,908) | (2,752,385)      | (5,743,763) | (97,670,220) | (92,295,671) |

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

# Income and Expenditure Statements (cont'd)

Year ended 31 March 2008

|   | Note | General fund |              | Restricted funds |             | Total        |              |
|---|------|--------------|--------------|------------------|-------------|--------------|--------------|
|   |      | 2008<br>\$   | 2007<br>\$   | 2008<br>\$       | 2007<br>\$  | 2008<br>\$   | 2007<br>\$   |
| <b>Balance brought forward</b>                          |      | (94,917,835) | (86,551,908) | (2,752,385)      | (5,743,763) | (97,670,220) | (92,295,671) |
| Staff welfare and development                           |      | (971,670)    | (636,969)    | -                | (500)       | (971,670)    | (637,469)    |
| Transport, postage and communications                   | 22   | (697,698)    | (624,261)    | (3,346)          | (5,608)     | (701,044)    | (629,869)    |
| Freight charges   |      | (151,678)    | (73,345)     | (27,439)         | (90)        | (179,117)    | (73,435)     |
| Board members' allowances                               | 23   | (166,065)    | (23,630)     | -                | -           | (166,065)    | (23,630)     |
| Amortisation of prepaid leases                          | 6    | (64,846)     | (64,849)     | -                | -           | (64,846)     | (64,849)     |
| Foreign exchange loss                                   |      | (48,072)     | (33,215)     | -                | -           | (48,073)     | (33,215)     |
| Property, plant and equipment written off               |      | (30,195)     | (37,027)     | -                | -           | (30,194)     | (37,027)     |
|   |      | (97,048,059) | (88,045,204) | (2,783,170)      | (5,749,961) | (99,831,229) | (93,795,165) |
| <b>Deficit before grants</b>                            |      | (87,030,467) | (81,704,341) | (32,972)         | (25,500)    | (87,063,439) | (81,729,841) |
| <b>Grants</b>   |      |              |              |                  |             |              |              |
| Deferred capital grants amortised                       | 16   | 27,918,731   | 29,867,152   | 32,972           | 25,500      | 27,951,703   | 29,892,652   |
| Grants received:  |      |              |              |                  |             |              |              |
| - from Government                                       |      | 57,808,117   | 52,787,209   | -                | -           | 57,808,117   | 52,787,209   |
| - on behalf of Singapore Tyler Print Institute ("STPI") |      | 1,000,000    | 1,524,500    | -                | -           | 1,000,000    | 1,524,500    |
| - on behalf of Malay Heritage Foundation ("MHF")        |      | 483,061      | 224,565      | -                | -           | 483,061      | 224,565      |
| - on behalf of other organisation                       |      | 222,776      | 293,000      | -                | -           | 222,776      | 293,000      |
|   |      | 87,432,685   | 84,696,426   | 32,972           | 25,500      | 87,465,657   | 84,721,926   |
| Less:   |      |              |              |                  |             |              |              |
| Grants disbursed:                                       |      |              |              |                  |             |              |              |
| - to STPI   |      | (1,000,000)  | (1,524,500)  | -                | -           | (1,000,000)  | (1,524,500)  |
| - to MHF  |      | (483,061)    | (224,565)    | -                | -           | (483,061)    | (224,565)    |
| - to other organisations                                |      | (322,776)    | (293,000)    | -                | -           | (322,776)    | (293,000)    |
|   |      | (1,805,837)  | (2,042,065)  | -                | -           | (1,805,837)  | (2,042,065)  |
|   |      | 85,626,848   | 82,654,361   | -                | -           | 85,659,820   | 82,679,861   |
| Income tax  | 24   | -            | -            | -                | -           | -            | -            |
| <b>(Deficit)/Surplus for the year</b>                   |      | (1,403,619)  | 950,020      | -                | -           | (1,403,619)  | 950,020      |

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

# Statement of Changes in Capital and Reserves

Year Ended 31 March 2008

|                                   | Note | Accumulated surplus      |                                      |                       |                           | Total<br>\$ |
|-----------------------------------|------|--------------------------|--------------------------------------|-----------------------|---------------------------|-------------|
|                                   |      | Capital<br>account<br>\$ | Heritage<br>capital<br>reserve<br>\$ | General<br>fund<br>\$ | Restricted<br>funds<br>\$ |             |
| <b>Group</b>                      |      |                          |                                      |                       |                           |             |
| At 1 April 2006                   |      | 192,000                  | 151,977,409                          | 10,747,648            | 4,980,677                 | 167,897,734 |
| Acquisition of heritage materials | 13   | -                        | 8,554,593                            | -                     | -                         | 8,554,593   |
| Surplus/(Deficit) for the year    |      | -                        | -                                    | 914,456               | (395,086)                 | 519,370     |
| At 31 March 2007                  |      | 192,000                  | 160,532,002                          | 11,662,104            | 4,585,591                 | 176,971,697 |
| Acquisition of heritage materials | 13   | -                        | 7,984,809                            | -                     | -                         | 7,984,809   |
| Issue of share capital            | 12   | 5,029,480                | -                                    | -                     | -                         | 5,029,480   |
| Deficit for the year              |      | -                        | -                                    | (941,756)             | (533,268)                 | (1,475,024) |
| At 31 March 2008                  |      | 5,221,480                | 168,516,811                          | 10,720,348            | 4,052,323                 | 188,510,962 |
| <b>Board</b>                      |      |                          |                                      |                       |                           |             |
| At 1 April 2006                   |      | 192,000                  | 148,707,046                          | 10,434,311            | -                         | 159,333,357 |
| Acquisition of heritage materials | 13   | -                        | 8,554,593                            | -                     | -                         | 8,554,593   |
| Surplus for the year              |      | -                        | -                                    | 950,020               | -                         | 950,020     |
| At 31 March 2007                  |      | 192,000                  | 157,261,639                          | 11,384,331            | -                         | 168,837,970 |
| Acquisition of heritage materials | 13   | -                        | 7,984,809                            | -                     | -                         | 7,984,809   |
| Issue of share capital            | 12   | 5,029,480                | -                                    | -                     | -                         | 5,029,480   |
| Deficit for the year              |      | -                        | -                                    | (1,403,619)           | -                         | (1,403,619) |
| At 31 March 2008                  |      | 5,221,480                | 165,246,448                          | 9,980,712             | -                         | 180,448,640 |

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

# Consolidated Cash Flow Statement

Year Ended 31 March 2008

|  | Note | 2008<br>\$          | 2007<br>\$          |
|--|------|---------------------|---------------------|
| <b>Operating activities</b>  |      |                     |                     |
| Deficit before grants  |      | (87,234,844)        | (82,160,491)        |
| Adjustments for:   |      |                     |                     |
| Amortisation of bond premium   |      | 4,250               | -                   |
| Depreciation of property, plant and equipment  |      | 27,951,904          | 29,870,613          |
| Amortisation of prepaid leases   |      | 64,846              | 64,849              |
| Interest income  |      | (727,313)           | (1,203,153)         |
| Contributions and donations transferred from non-government grants received in advance |      | (481,985)           | (3,286,097)         |
| Property, plant and equipment written off  |      | 30,195              | 37,027              |
| Deficit before working capital changes   |      | <u>(60,392,947)</u> | <u>(56,677,252)</u> |
| Changes in working capital:  |      |                     |                     |
| Inventories  |      | (29,129)            | (10,425)            |
| Other receivables, deposits and prepayments  |      | (1,381,798)         | (1,135,452)         |
| Other payables   |      | 2,129,675           | (2,405,373)         |
| <b>Cash flows from operating activities</b>  |      | <u>(59,674,199)</u> | <u>(60,228,502)</u> |
| <b>Investing activities</b>  |      |                     |                     |
| Proceeds from investments  |      | -                   | 1,781,926           |
| Purchase of property, plant and equipment  |      | (13,945,966)        | (32,123,402)        |
| Purchase of heritage materials   |      | (5,641,409)         | (6,773,021)         |
| Acquisition of available-for-sale investment   |      | -                   | (50,000)            |
| Interest received  |      | 859,362             | 991,670             |
| <b>Cash flows from investing activities</b>  |      | <u>(18,728,013)</u> | <u>(36,172,827)</u> |
| <b>Financing activities</b>  |      |                     |                     |
| Issuance of share capital  |      | 5,029,480           | -                   |
| Government grants received   |      | 82,581,822          | 82,322,223          |
| Donations received   |      | 2,108,434           | 1,650,383           |
| Grants released to other organisations   |      | (222,776)           | (293,000)           |
| Grants released to STPI  |      | (1,000,000)         | (1,524,500)         |
| Grants released to MHF   |      | (483,061)           | (224,565)           |
| Donation refund  |      | (1,000,000)         | -                   |
| Drawdown of short-term borrowings  |      | 8,478,060           | -                   |
| Repayment of short-term borrowings   |      | (8,292,300)         | -                   |
| <b>Cash flows from financing activities</b>  |      | <u>87,199,659</u>   | <u>81,930,541</u>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                            |      | 8,797,447           | (14,470,788)        |
| Cash and cash equivalents at beginning of the year                                     |      | 47,388,320          | 61,859,108          |
| <b>Cash and cash equivalents at end of the year</b>                                    | 11   | <u>56,185,767</u>   | <u>47,388,320</u>   |

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

National Heritage Board and its subsidiaries

# Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board members on 29 July 2008.

## 1 DOMICILE AND ACTIVITIES

National Heritage Board (the “Board”) was established on 1 August 1993 under the National Heritage Board Act, Cap. 196A. Its registered office is at 140 Hill Street, #03-02, MICA Building, Singapore 179369 and its principal place of business is in Singapore.

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

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

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

# Notes to the Financial Statements

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 the SPM is restricted to purposes specified in the trust deed and requires the approval of the trustees of the SPM.

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

During the financial year ended 2003 and 2004, the Board approved the set up of the Institute of Public Character (IPC)-Fund National Heritage Fund (“NHF”), as well as the governing instruments of the fund. With effect from 1 August 2003, all donations in support of 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.

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 5.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

The financial statements were previously prepared in accordance with Singapore Financial Reporting Standards (“FRS”). The effect of the transition from FRS to SB-FRS is set out in notes 15 and 29 to the financial statements. Apart from this, there was no other impact on the financial statements in relation to the basis of preparation of the Group’s and Board’s financial statements.

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities as described below.

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

# Notes to the Financial Statements

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 notes 3 in relation to the valuation of heritage materials.

The accounting policies set out below have been applied consistently by the Board to all periods presented in these financial statements.

## 2.2 Foreign currency transactions

Transactions in foreign currencies are translated to Singapore dollars at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Singapore dollars at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to Singapore dollars at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the income and expenditure statement.

## 2.3 Consolidation

### *Subsidiaries*

Subsidiaries are entities controlled by the Board. Control exists when the Board has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account. 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.

### *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.

# Notes to the Financial Statements

## *Accounting for subsidiaries by the Board*

Investments in subsidiaries are stated in the Board's balance sheet at cost less accumulated impairment losses.

## **2.4 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present 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.

## **2.5 Funds**

Assets and liabilities of general fund and restricted funds are pooled in the Balance Sheet.

### *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 income and expenditure statements.

### *Restricted Funds*

Income and expenditure relating to funds set up for specific purpose are accounted for in the "Restricted Funds" column in the income and expenditure statement and disclosed separately in the notes to the financial statement.

## **2.6 Grants**

Government grants and contributions from other organisations are recognised 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 and contributions from other organisations and persons for the purchase of depreciable assets are taken to the Deferred Capital Grant Account. The deferred capital grants are recognised in the income and expenditure statement over the period 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 and contributions from other organisations in the form of heritage materials or donations of such materials are taken to the Heritage Capital Reserve as and when the heritage materials are acquired/received.

Government grants to meet the current year's operating expenses are taken to the income and expenditure statement for the year. Grants are accounted for on an accrual basis.

# Notes to the Financial Statements

## 2.7 Heritage materials

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

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

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

## 2.8 Property, plant and equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the asset.

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 cost of replacing part 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 part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income and expenditure statement as incurred.

Work-in-progress is not depreciated. Depreciation on other property, plant and equipment is recognised in the income and expenditure statement on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each part of an item of property, plant and equipment.

The estimated useful lives 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  |
| Computer                                 | 3 to 5 years  |
| Vehicles                                 | 8 years       |

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate, at each reporting date.

# Notes to the Financial Statements

## 2.9 Financial instruments

### *Non-derivative financial instruments*

Non-derivative financial instruments comprise investments in equity and debt securities, other receivables, cash and cash equivalents, short-term borrowings and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through income and expenditure, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and bank deposits.

### *Held-to-maturity investments*

If the Group has the positive intent and ability to hold debt securities to maturity, they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

### *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 directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the income and expenditure statement.

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 loss.

### *Other*

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

# Notes to the Financial Statements

## *Impairment of financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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 original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income and expenditure statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income and expenditure statement.

Impairment losses in respect of financial assets measured at amortised cost are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Impairment losses once recognised in the income statement in respect of available-for-sale equity securities are not reversed through the income and expenditure statement. Any subsequent increase in fair value of such assets is recognised directly in equity.

## *Capital*

Shares are classified as equity.

Incremental cost directly attributable to the issue of shares are recognised as a deduction from equity.

## **2.10 Impairment – 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the income and expenditure statement.

# Notes to the Financial Statements

The recoverable amount of an asset or cash-generating unit 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 cash-generating unit.

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, if no impairment loss had been recognised.

## 2.11 Leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income and expenditure statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income and expenditure statement as an integral part of the total lease payments made.

Lease payments made in advance are recognised as prepayments on the balance sheets. Such prepayments are released to the income and expenditure statement over the term of the leases.

## 2.12 Employee benefits

### *Defined contribution plans*

As required by law, the Group makes contributions to the state pension scheme, Central Provident Fund ("CPF"). CPF contributions are recognised as compensation expense in the income and expenditure statement as incurred.

### *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or contracture obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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

# Notes to the Financial Statements

## 2.13 Revenue recognition

### *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 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, donations and other sponsorships*

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

### *Donations*

Donations for general purpose are recognised upon receipt.

Donations for specific purposes are recognised in the income and expenditure statements to match with the related costs which they are intended to compensate. Any unutilised donations for the year are taken to the “Non-Government Grants Received in Advance” account.

### *Interest income*

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

## 2.14 Funds managed/held on behalf of others

Funds are set up to account for contributions received from external sources for specific purposes.

The assets and liabilities of these funds held in trust are presented as a line item under the capital and other funds section on the face of the balance sheet of the financial statements as prescribed by SB-FRS Guidance Note 1. Income and expenditure relating to these funds and accounted for directly in these funds. Details of income, expenditure, assets and liabilities are disclosed in note 15.

# Notes to the Financial Statements

## 3 HERITAGE MATERIALS

| Group                        | Note | Asian<br>Civilisations<br>Museum<br>\$ | National<br>Museum of<br>Singapore<br>\$ | Singapore<br>Art<br>Museum<br>\$ | National<br>Archives of<br>Singapore<br>\$ | Art<br>Bank<br>Scheme<br>\$ | Government<br>Institution<br>Scheme<br>\$ | Philatelic<br>Collection<br>\$ | Total<br>\$ |
|------------------------------|------|--|--|----------------------------------|--|-----------------------------|---|--------------------------------|-------------|
| <b>Cost/Valuation</b>        |      |  |  |                                  |  |                             |   |                                |             |
| At 1 April 2006              |      | 49,694,596                             | 30,191,281                               | 64,634,630                       | 2,072,287                                  | 467,425                     | 1,646,827                                 | 965,248                        | 149,672,294 |
| Acquisition                  |      |  |  |                                  |  |                             |   |                                |             |
| - from Government grants     | 13   | 5,191,522                              | 398,905                                  | 1,052,919                        | 21,233                                     | -                           | -   | -                              | 6,664,579   |
| - from Non-Government grants | 13   | 54,525                                 | -  | 45,683                           | -  | -                           | -   | -                              | 100,208     |
| - from Members' Funds of SPM |      | -                                      | -  | -                                | -  | -                           | -   | 8,234                          | 8,234       |
| Donations                    | 13   | 179,125                                | 231,781                                  | 1,378,900                        | -  | -                           | -   | -                              | 1,789,806   |
| At 31 March 2007             |      | 55,119,768                             | 30,821,967                               | 67,112,132                       | 2,093,520                                  | 467,425                     | 1,646,827                                 | 973,482                        | 158,235,121 |
| Acquisition                  |      |  |  |                                  |  |                             |   |                                |             |
| - from Government grants     | 13   | 1,959,766                              | 1,970,118                                | 574,396                          | 6,009                                      | -                           | -   | -                              | 4,510,289   |
| - from Non-Government grants | 13   | 1,100,957                              | -  | 8,755                            | -  | -                           | -   | -                              | 1,109,712   |
| - from Members' Funds of SPM |      | -                                      | -  | -                                | -  | -                           | -   | 21,408                         | 21,408      |
| Donations                    | 13   | 85,591                                 | 118,822                                  | 2,160,395                        | -  | -                           | -   | -                              | 2,364,808   |
| At 31 March 2008             |      | 58,266,082                             | 32,910,907                               | 69,855,678                       | 2,099,529                                  | 467,425                     | 1,646,827                                 | 994,890                        | 166,241,338 |
| At 31 March 2008             |      |  |  |                                  |  |                             |   |                                |             |
| At cost                      |      | 35,302,129                             | 5,747,723                                | 27,001,202                       | 1,623,810                                  | 467,425                     | 1,646,827                                 | 994,890                        | 72,784,006  |
| At valuation                 |      | 22,963,953                             | 27,163,184                               | 42,854,476                       | 475,719                                    | -                           | -   | -                              | 93,457,332  |
|                              |      | 58,266,082                             | 32,910,907                               | 69,855,678                       | 2,099,529                                  | 467,425                     | 1,646,827                                 | 994,890                        | 166,241,338 |
| At 31 March 2007             |      |  |  |                                  |  |                             |   |                                |             |
| At cost                      |      | 32,241,405                             | 3,777,606                                | 26,418,051                       | 1,617,801                                  | 467,425                     | 1,646,827                                 | 973,482                        | 67,142,597  |
| At valuation                 |      | 22,878,363                             | 27,044,361                               | 40,694,081                       | 475,719                                    | -                           | -   | -                              | 91,092,524  |
|                              |      | 55,119,768                             | 30,821,967                               | 67,112,132                       | 2,093,520                                  | 467,425                     | 1,646,827                                 | 973,482                        | 158,235,121 |

# Notes to the Financial Statements

## 3 HERITAGE MATERIALS (CONT'D)

| <b>Board</b>                 | <b>Note</b> | <b>Asian Civilisations Museum</b><br>\$ | <b>National Museum of Singapore</b><br>\$ | <b>Singapore Art Museum</b><br>\$ | <b>National Archives of Singapore</b><br>\$ | <b>Art Bank Scheme</b><br>\$ | <b>Government Institution Scheme</b><br>\$ | <b>Total</b><br>\$ |
|------------------------------|-------------|---|---|-----------------------------------|---|------------------------------|--|--------------------|
| <b>Cost/Valuation</b>        |             |   |   |                                   |   |                              |  |                    |
| At 1 April 2006              |             | 49,694,596                              | 30,191,281                                | 64,634,630                        | 2,072,287                                   | 467,425                      | 1,646,827                                  | 148,707,046        |
| Acquisition                  |             |   |   |                                   |   |                              |  |                    |
| - from Government grants     | 13          | 5,191,522                               | 398,905                                   | 1,052,919                         | 21,233                                      | -                            | -  | 6,664,579          |
| - from Non-Government grants | 13          | 54,525                                  | -   | 45,683                            | -   | -                            | -  | 100,208            |
| Donations                    | 13          | 179,125                                 | 231,781                                   | 1,378,900                         | -   | -                            | -  | 1,789,806          |
| At 31 March 2007             |             | 55,119,768                              | 30,821,967                                | 67,112,132                        | 2,093,520                                   | 467,425                      | 1,646,827                                  | 157,261,639        |
| Acquisition                  |             |   |   |                                   |   |                              |  |                    |
| - from Government grants     | 13          | 1,959,766                               | 1,970,118                                 | 574,396                           | 6,009                                       | -                            | -  | 4,510,289          |
| - from Non-Government grants | 13          | 1,100,957                               | -   | 8,755                             | -   | -                            | -  | 1,109,712          |
| Donations                    | 13          | 85,591                                  | 118,822                                   | 2,160,395                         | -   | -                            | -  | 2,364,808          |
| At 31 March 2008             |             | 58,266,082                              | 32,910,907                                | 69,855,678                        | 2,099,529                                   | 467,425                      | 1,646,827                                  | 165,246,448        |
| At 31 March 2008             |             |   |   |                                   |   |                              |  |                    |
| At cost                      |             | 35,302,129                              | 5,747,723                                 | 27,001,202                        | 1,623,810                                   | 467,425                      | 1,646,827                                  | 71,789,116         |
| At valuation                 |             | 22,963,953                              | 27,163,184                                | 42,854,476                        | 475,719                                     | -                            | -  | 93,457,332         |
|                              |             | 58,266,082                              | 32,910,907                                | 69,855,678                        | 2,099,529                                   | 467,425                      | 1,646,827                                  | 165,246,448        |
| At 31 March 2007             |             |   |   |                                   |   |                              |  |                    |
| At cost                      |             | 32,241,405                              | 3,777,606                                 | 26,418,051                        | 1,617,801                                   | 467,425                      | 1,646,827                                  | 66,169,115         |
| At valuation                 |             | 22,878,363                              | 27,044,361                                | 40,694,081                        | 475,719                                     | -                            | -  | 91,092,524         |
|                              |             | 55,119,768                              | 30,821,967                                | 67,112,132                        | 2,093,520                                   | 467,425                      | 1,646,827                                  | 157,261,639        |

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 2008 and 2007.

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 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 judgment, the Group makes references to action prices of similar assets and offer prices by willing buyers. The amount of recorded heritage assets and heritage capital reserve would differ if the Group made different judgements, resulting in different valuations being determined.

# Notes to the Financial Statements

## 4 PROPERTY, PLANT AND EQUIPMENT

| Group                            | Building improvements<br>\$ | Mechanical & electrical equipment<br>\$ | Audio visual and micrographic equipment<br>\$ | Furniture, fittings and office equipment<br>\$ | Computers<br>\$ | Motor Vehicles<br>\$ | Work-in-progress<br>\$ | Total<br>\$ |
|----------------------------------|-----------------------------|---|---|--|-----------------|----------------------|------------------------|-------------|
| <b>Cost</b>                      |                             |   |   |  |                 |                      |                        |             |
| At 1 April 2006                  | 177,868,875                 | 12,874,262                              | 8,084,697                                     | 10,168,545                                     | 7,837,207       | 234,687              | 95,905,207             | 312,973,480 |
| Additions                        | -                           | 108,493                                 | 427,079                                       | 267,443  | 1,583,979       | -                    | 29,736,408             | 32,123,402  |
| Transfer from work-in-progress   | 124,188,857                 | 181,759                                 | -   | -  | -               | -                    | (124,370,616)          | -           |
| Write-off                        | -                           | (577,358)                               | (161,437)                                     | (36,550)                                       | (408,119)       | -                    | -                      | (1,183,464) |
| At 31 March 2007                 | 302,057,732                 | 12,587,156                              | 8,350,339                                     | 10,399,438                                     | 9,013,067       | 234,687              | 1,270,999              | 343,913,418 |
| Additions                        | 576,750                     | 352,648                                 | 263,160                                       | 1,785,932                                      | 1,428,330       | -                    | 9,539,146              | 13,945,966  |
| Transfer from work-in-progress   | 10,145,494                  | -                                       | -   | -  | -               | -                    | (10,145,494)           | -           |
| Write-off                        | -                           | (7,000)                                 | (21,481)                                      | (61,002)                                       | (161,056)       | (168,787)            | -                      | (419,326)   |
| At 31 March 2008                 | 312,779,976                 | 12,932,804                              | 8,592,018                                     | 12,124,368                                     | 10,280,341      | 65,900               | 664,651                | 357,440,058 |
| <b>Accumulated Depreciation</b>  |                             |   |   |  |                 |                      |                        |             |
| At 1 April 2006                  | 110,518,906                 | 7,885,856                               | 6,060,270                                     | 8,730,997                                      | 5,652,354       | 193,755              | -                      | 139,042,138 |
| Depreciation charge for the year | 25,820,289                  | 1,646,063                               | 447,571                                       | 568,646  | 1,374,401       | 13,643               | -                      | 29,870,613  |
| Write-off                        | -                           | (576,207)                               | (137,904)                                     | (24,211)                                       | (408,115)       | -                    | -                      | (1,146,437) |
| At 31 March 2007                 | 136,339,195                 | 8,955,712                               | 6,369,937                                     | 9,275,432                                      | 6,618,640       | 207,398              | -                      | 167,766,314 |
| Depreciation charge for the year | 23,681,855                  | 1,646,785                               | 440,295                                       | 510,884  | 1,672,085       | -                    | -                      | 27,951,904  |
| Write-off                        | -                           | (7,000)                                 | (21,481)                                      | (58,687)                                       | (160,465)       | (141,498)            | -                      | (389,131)   |
| At 31 March 2008                 | 160,021,050                 | 10,595,497                              | 6,788,751                                     | 9,727,629                                      | 8,130,260       | 65,900               | -                      | 195,329,087 |
| <b>Carrying Amount</b>           |                             |   |   |  |                 |                      |                        |             |
| At 1 April 2006                  | 67,349,969                  | 4,988,406                               | 2,024,427                                     | 1,437,548                                      | 2,184,853       | 40,932               | 95,905,207             | 173,931,342 |
| At 31 March 2007                 | 165,718,537                 | 3,631,444                               | 1,980,402                                     | 1,124,006                                      | 2,394,427       | 27,289               | 1,270,999              | 176,147,104 |
| At 31 March 2008                 | 152,758,926                 | 2,337,307                               | 1,803,267                                     | 2,396,739                                      | 2,150,081       | -                    | 664,651                | 162,110,971 |

# Notes to the Financial Statements

## 4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| Board                            | Building improvements<br>\$ | Mechanical & electrical equipment<br>\$ | Audio visual and micrographic equipment<br>\$ | Furniture, fittings and office equipment<br>\$ | Computers<br>\$ | Motor Vehicles<br>\$ | Work-in-progress<br>\$ | Total<br>\$ |
|----------------------------------|-----------------------------|---|---|--|-----------------|----------------------|------------------------|-------------|
| <b>Cost</b>                      |                             |   |   |  |                 |                      |                        |             |
| At 1 April 2006                  | 177,462,240                 | 12,244,401                              | 8,084,698                                     | 8,553,425                                      | 7,704,445       | 168,787              | 95,905,207             | 310,123,203 |
| Additions                        | -                           | 108,493                                 | 427,079                                       | 267,443  | 1,583,979       | -                    | 29,736,408             | 32,123,402  |
| Transfer from work-in-progress   | 124,188,857                 | 181,759                                 | -   | -  | -               | -                    | (124,370,616)          | -           |
| Write-off                        | -                           | (7,831)                                 | (161,437)                                     | (28,044)                                       | (332,479)       | -                    | -                      | (529,791)   |
| At 31 March 2007                 | 301,651,097                 | 12,526,822                              | 8,350,340                                     | 8,792,824                                      | 8,955,945       | 168,787              | 1,270,999              | 341,716,814 |
| Additions                        | 576,750                     | 352,648                                 | 263,160                                       | 1,785,932                                      | 1,428,330       | -                    | 9,539,146              | 13,945,966  |
| Transfer from work-in-progress   | 10,145,494                  | -                                       | -   | -  | -               | -                    | (10,145,494)           | -           |
| Write-off                        | -                           | (7,000)                                 | (21,481)                                      | (30,274)                                       | (135,726)       | (168,787)            | -                      | (363,268)   |
| At 31 March 2008                 | 312,373,341                 | 12,872,470                              | 8,592,019                                     | 10,548,482                                     | 10,248,549      | -                    | 664,651                | 355,299,512 |
| <b>Accumulated Depreciation</b>  |                             |   |   |  |                 |                      |                        |             |
| At 1 April 2006                  | 110,478,894                 | 7,255,994                               | 6,060,270                                     | 7,117,720                                      | 5,520,912       | 127,855              | -                      | 136,561,645 |
| Depreciation charge for the year | 25,743,105                  | 1,646,063                               | 447,571                                       | 567,071  | 1,373,322       | 13,644               | -                      | 29,790,776  |
| Write-off                        | -                           | (6,679)                                 | (137,904)                                     | (15,705)                                       | (332,476)       | -                    | -                      | (492,764)   |
| At 31 March 2007                 | 136,221,999                 | 8,895,378                               | 6,369,937                                     | 7,669,086                                      | 6,561,758       | 141,499              | -                      | 165,859,657 |
| Depreciation charge for the year | 23,604,671                  | 1,646,785                               | 440,295                                       | 510,732  | 1,671,845       | -                    | -                      | 27,874,328  |
| Write-off                        | -                           | (7,000)                                 | (21,481)                                      | (27,958)                                       | (135,136)       | (141,499)            | -                      | (333,074)   |
| At 31 March 2008                 | 159,826,670                 | 10,535,163                              | 6,788,751                                     | 8,151,860                                      | 8,098,467       | -                    | -                      | 193,400,911 |
| <b>Carrying Amount</b>           |                             |   |   |  |                 |                      |                        |             |
| At 1 April 2006                  | 66,983,346                  | 4,988,407                               | 2,024,428                                     | 1,435,705                                      | 2,183,533       | 40,932               | 95,905,207             | 173,561,558 |
| At 31 March 2007                 | 165,429,098                 | 3,631,444                               | 1,980,403                                     | 1,123,738                                      | 2,394,187       | 27,288               | 1,270,999              | 175,857,157 |
| At 31 March 2008                 | 152,546,671                 | 2,337,307                               | 1,803,268                                     | 2,396,622                                      | 2,150,082       | -                    | 664,651                | 161,898,601 |

# Notes to the Financial Statements

## 5 SUBSIDIARIES

|                                   | Board      |            |
|-----------------------------------|------------|------------|
|                                   | 2008<br>\$ | 2007<br>\$ |
| Unquoted ordinary shares, at cost | 2          | 2          |

Details of the subsidiaries are as follows:

| Name of Company               | Principal Activities | Country of incorporation/<br>principal place of business | Percentage of equity held |           |
|-------------------------------|----------------------|--|---------------------------|-----------|
|                               |                      |  | 2008<br>%                 | 2007<br>% |
| The Museum Shop Pte Ltd *     | Dormant              | Singapore  | 100                       | 100       |
| Singapore Philatelic Museum # | Philatelic           | Singapore  | 100                       | 100       |

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

# Audited by KPMG Singapore

## 6 PREPAID LEASES

|  | Group and Board<br>\$ |
|--|-----------------------|
| <b>Cost</b>                                      |                       |
| At 1 April 2006, 31 March 2007 and 31 March 2008 | 1,945,423             |
| <b>Accumulated amortisation</b>                  |                       |
| At 1 April 2006                                  | 129,694               |
| Amortisation charge for the year                 | 64,849                |
| At 31 March 2007                                 | 194,543               |
| Amortisation charge for the year                 | 64,846                |
| At 31 March 2008                                 | 259,389               |
| <b>Carrying amount</b>                           |                       |
| At 1 April 2006                                  | 1,815,721             |
| At 31 March 2007                                 | 1,750,880             |
| At 31 March 2008                                 | 1,686,034             |

These relate to lease payments made in advance for the use of the land on which the Ford Factory Building museum resides and are recognised in the income and expenditure statements over the term of the lease.

# Notes to the Financial Statements

## 7 AVAILABLE-FOR-SALE INVESTMENT

|                            | <b>Board and Group</b> |             |
|----------------------------|------------------------|-------------|
|                            | <b>2008</b>            | <b>2007</b> |
|                            | \$                     | \$          |
| 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 whose fair value cannot be reliably measured.

## 8 HELD-TO-MATURITY INVESTMENT

|  | <b>Group</b> |             | <b>Board</b> |             |
|--|--------------|-------------|--------------|-------------|
|  | <b>2008</b>  | <b>2007</b> | <b>2008</b>  | <b>2007</b> |
|  | \$           | \$          | \$           | \$          |
| Debentures issued by statutory boards      | 206,325      | 210,575     | -            | -           |
| Market value of statutory board debentures | 209,646      | 209,612     | -            | -           |

The held-to-maturity investments comprise quoted debt instruments, with a notional value of \$200,000 (2007: \$200,000), fixed coupon rate of 5.07% (2007:5.07%) per annum and which will mature on 21 September 2009. Interest is received semi-annually.

## 9 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

|                     | <b>Group</b>     |                  | <b>Board</b>     |                  |
|---------------------|------------------|------------------|------------------|------------------|
|                     | <b>2008</b>      | <b>2007</b>      | <b>2008</b>      | <b>2007</b>      |
|                     | \$               | \$               | \$               | \$               |
| Interest receivable | 85,233           | 217,282          | 71,582           | 203,853          |
| Deposits            | 15,935           | 72,435           | 15,385           | 71,885           |
| Prepayments         | 841,718          | 1,205,706        | 820,139          | 1,185,765        |
| Other receivables   | 3,369,996        | 1,567,710        | 3,287,152        | 1,499,665        |
|                     | <u>4,312,882</u> | <u>3,063,133</u> | <u>4,194,258</u> | <u>2,961,168</u> |

# Notes to the Financial Statements

## 10 GRANT RECEIVABLE

This relates to grants receivable from the Ministry of Information, Communications and the Arts.

## 11 CASH AND CASH EQUIVALENTS

|                        | Group             |                   | Board             |                   |
|------------------------|-------------------|-------------------|-------------------|-------------------|
|                        | 2008<br>\$        | 2007<br>\$        | 2008<br>\$        | 2007<br>\$        |
| Cash and bank balances | 24,849,298        | 15,670,265        | 24,471,733        | 14,826,927        |
| Fixed deposits         | 31,336,469        | 31,718,055        | 24,972,941        | 25,267,841        |
|                        | <u>56,185,767</u> | <u>47,388,320</u> | <u>49,444,674</u> | <u>40,094,768</u> |

The weighted average effective interest rates of fixed deposits as at 31 March 2008 for the Group was 2.03% (2007: 3.21%). The interest rates repriced at intervals of 3 months.

Included in the cash and cash equivalents of the Group is an amount of \$4,052,323 (2007: \$4,585,591) belonging to the Philatelic Fund.

## 12 CAPITAL

|                          | Group<br>No. of shares<br>2008 | Board<br>No. of shares<br>2007 |
|--------------------------|--------------------------------|--------------------------------|
| At beginning of the year | 192,000                        | 192,000                        |
| Issued of shares         | 5,029,480                      | -                              |
| At end of year           | <u>5,221,480</u>               | <u>192,000</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 5,029,480 (2007: Nil) ordinary shares at \$1 each. The shares have been fully paid for and is held by the Minister of Finance, a body incorporated by the Ministry for Finance (Incorporation) Act (Chapter 183, 1985 Revised edition).

The holders of ordinary shares are entitled to returns on equity from time to time.

# Notes to the Financial Statements

## 13 HERITAGE CAPITAL RESERVE

|   | Note | Group       |             | Board       |             |
|---|------|-------------|-------------|-------------|-------------|
|   |      | 2008<br>\$  | 2007<br>\$  | 2008<br>\$  | 2007<br>\$  |
| Heritage materials:   |      |             |             |             |             |
| At beginning of the year  |      | 157,261,639 | 148,707,046 | 157,261,639 | 148,707,046 |
| Acquisitions  |      |             |             |             |             |
| - from Government grants  | 3&18 | 4,510,289   | 6,664,579   | 4,510,289   | 6,664,579   |
| - from non-Government grants  | 3&19 | 1,109,712   | 100,208     | 1,109,712   | 100,208     |
| - donations   | 3    | 2,364,808   | 1,789,806   | 2,364,808   | 1,789,806   |
|   |      | 7,984,809   | 8,554,593   | 7,984,809   | 8,554,593   |
| Balance at end of the year  |      | 165,246,448 | 157,261,639 | 165,246,448 | 157,261,639 |
| Philatelic assets transferred from Infocomm Development Authority of Singapore: |      |             |             |             |             |
| Balance at beginning and at end of the year                                     |      | 3,270,363   | 3,270,363   | -           | -           |
|   |      | 168,516,811 | 160,532,002 | 165,246,448 | 157,261,639 |

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

## 14 ACCUMULATED SURPLUS

### (a) General Fund

Income and expenditure relating to the main activities of the Group and Board are accounted for through the general fund in the income and expenditure statements.

### (b) Restricted Funds

The Group's and Board's restricted funds comprise donations received for specific purposes for which there are restrictions on the Group and Board in relation to the application of those funds.

During the year, the Group and the Board received donations for major programmes including Singapore Heritage Festival, Feng Zhengjie Exhibition, Nalanda Trail Exhibition, Lourve Exhibition, Daniel Libeskind Exhibition, Singapore Season 2007 and Snuff Bottle Exhibition and Catalogue.

In the previous year, donations received were for major programmes including Singapore History Documentary project, Singapore Heritage Festival, Singapore Encyclopedia project, National Museum Opening Festival and All the Best Exhibition.

# Notes to the Financial Statements

## 15 FUNDS MANAGED/HELD ON BEHALF OF OTHERS

With the adoption of SB-FRS by the Board during the financial year, the Board has applied SB-FRS Guidance Note 1 – Accounting and Disclosure for Funds, Grants, Accumulated Surplus and Reserves which has affected the presentation of amounts held on behalf of third parties and agency funds held in trust of other agencies.

Amounts held on behalf of agencies have now been presented as a separate line item on the face of the balance sheet of the Board. In the previous years, the amounts held on behalf of other agencies were presented in the Board's balance sheet as cash and cash equivalents and Philatelic Fund. For consistency in presentation of the comparative figures, the assets and liabilities have been removed from the Board's balance sheet and presented as required under SB-FRS.

The trust funds comprise the Philatelic fund which is established for the purpose of promoting philately, managing the philatelic archival materials, and establishing and managing a postal museum, the Singapore Philatelic Museum. Any use of the Philatelic fund 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 by a subsidiary of the Group, the Singapore Philatelic Museum.

The excess of the trust funds' assets over liabilities is set out below:

|                                    | <b>Board</b>     |                  |
|------------------------------------|------------------|------------------|
|                                    | <b>2008</b>      | <b>2007</b>      |
|                                    | <b>\$</b>        | <b>\$</b>        |
| Accumulated surplus as at 1 April  | 4,585,591        | 4,980,677        |
| <b>Income</b>                      |                  |                  |
| Interest income                    | -                | 39,821           |
| <b>Expenditure</b>                 |                  |                  |
| Other operating expenses           | (533,268)        | (434,907)        |
| Net deficit for the year           | (533,268)        | (395,086)        |
| Accumulated surplus as at 31 March | <u>4,052,323</u> | <u>4,585,591</u> |
| Represented by:                    |                  |                  |
| Cash and cash equivalents          | 4,052,323        | 4,585,591        |
| <b>Net Assets</b>                  | <u>4,052,323</u> | <u>4,585,591</u> |

# Notes to the Financial Statements

The effect of restating comparative figures of the Board as at 31 March 2007 is to decrease the assets and liabilities as follows:

|                           | <b>Board<br/>2007<br/>\$</b> |
|---------------------------|------------------------------|
| <b>Assets</b>             |                              |
| Cash and cash equivalents | <u>4,585,591</u>             |
| Represented by:           |                              |
| Philatelic fund           | <u>4,585,591</u>             |

As at 31 March 2008, the above net assets and Philatelic fund amounting to \$4,052,323 (2007: \$4,585,591) are reflected in the equity section of the Board's financial statements.

## 16 DEFERRED CAPITAL GRANTS

|   | <b>Note</b> | <b>Group and Board<br/>2008<br/>\$</b> | <b>2007<br/>\$</b> |
|---|-------------|--|--------------------|
| Balance at beginning of year                              |             | 177,608,037                            | 175,377,288        |
| Add:  |             |  |                    |
| Grants received for capital expenditure transferred from: |             |  |                    |
| - Government grants                                       | 18          | 12,887,675                             | 32,123,401         |
| - Non-government grants                                   | 19          | 548,407                                | -                  |
|   |             | <u>13,436,082</u>                      | <u>32,123,401</u>  |
| Less:   |             |  |                    |
| Grants taken to income and expenditure statements         |             |  |                    |
| - depreciation of property, plant and equipment           |             | 27,856,662                             | 29,790,776         |
| - amortisation of prepaid leases                          |             | 64,846                                 | 64,849             |
| - on write off of property, plant and equipment           |             | 30,195                                 | 37,027             |
|   |             | <u>27,951,703</u>                      | <u>29,892,652</u>  |
| Balance at end of year                                    |             | <u>163,092,416</u>                     | <u>177,608,037</u> |

# Notes to the Financial Statements

## 17 OTHER PAYABLES

|  | Group             |                  | Board             |                  |
|--|-------------------|------------------|-------------------|------------------|
|  | 2008<br>\$        | 2007<br>\$       | 2008<br>\$        | 2007<br>\$       |
| Accruals for staff costs                                     | 4,523,499         | 2,655,364        | 4,523,499         | 2,655,364        |
| Donations and operating grant payable to STPI                | -                 | 283,500          | -                 | 283,500          |
| GST payable  | -                 | 137,093          | -                 | 137,093          |
| Amount payable to main contractors re-development of museums | 96,875            | 1,212,518        | 96,875            | 1,212,518        |
| Other payables   | 6,973,801         | 5,176,025        | 6,667,627         | 4,838,186        |
|  | <u>11,594,175</u> | <u>9,464,500</u> | <u>11,288,001</u> | <u>9,126,661</u> |

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

## 18 GRANTS RECEIVED IN ADVANCE – BOARD AND GROUP

| Notes  | Total              |                    | Capital Grant      |                    | Operating Grant    |                    |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | 2008<br>\$         | 2007<br>\$         | 2008<br>\$         | 2007<br>\$         | 2008<br>\$         | 2007<br>\$         |
| Balance at beginning of year                             | 18,601,124         | 20,871,417         | 10,269,983         | 11,584,386         | 8,331,141          | 9,287,031          |
| Grants received during the year                          | 79,624,886         | 82,322,223         | 4,101,371          | 37,480,753         | 75,523,515         | 44,841,470         |
|  | <u>98,226,010</u>  | <u>103,193,640</u> | <u>14,371,354</u>  | <u>49,065,139</u>  | <u>83,854,656</u>  | <u>54,128,501</u>  |
| Amounts transferred to Heritage Capital Reserve          | 13 (4,510,289)     | (6,664,579)        | (4,455,227)        | (6,643,345)        | (55,062)           | (21,234)           |
| Amounts transferred to Deferred Capital Grants           | 16 (12,887,675)    | (32,123,401)       | (4,899,013)        | (30,675,894)       | (7,988,662)        | (1,447,507)        |
| Amounts transferred to Income and Expenditure Statements | (59,136,127)       | (45,804,536)       | (1,152,686)        | (1,475,917)        | (57,983,441)       | (44,328,619)       |
|  | <u>21,691,919</u>  | <u>18,601,124</u>  | <u>3,864,428</u>   | <u>10,269,983</u>  | <u>17,827,491</u>  | <u>8,331,141</u>   |
| Total grants received since establishment                | <u>910,512,262</u> | <u>830,887,376</u> | <u>400,122,737</u> | <u>396,021,366</u> | <u>510,389,525</u> | <u>434,866,010</u> |

The balance of \$3,864,428 (2007: \$10,269,983) in capital grants as at 31 March 2008 comprises amounts earmarked for projects-in-progress as well as amounts earmarked for projects where progress has been slightly delayed.

# Notes to the Financial Statements

## 19 NON-GOVERNMENT GRANTS RECEIVED IN ADVANCE

|  | Group          |             | Board       |             |
|--|----------------|-------------|-------------|-------------|
|  | 2008<br>\$     | 2007<br>\$  | 2008<br>\$  | 2007<br>\$  |
| Balance at beginning of year                             | 13,301,168     | 15,057,090  | 12,826,559  | 15,031,120  |
| Add:   |                |             |             |             |
| Grants received during the year                          | 2,108,434      | 1,630,383   | 2,108,204   | 1,181,744   |
|  | 15,409,602     | 16,687,473  | 14,934,763  | 16,212,864  |
| Less:  |                |             |             |             |
| Amounts transferred to Heritage Capital Reserve          | 13 (1,109,712) | (100,208)   | (1,109,712) | (100,208)   |
| Amounts transferred to Income and Expenditure Statements | (481,985)      | (3,286,097) | (17,735)    | (3,286,097) |
| Amounts transferred to Deferred Capital Grants           | 16 (548,407)   | -           | (548,407)   | -           |
| Refund to donors   | (1,000,000)    | -           | (1,000,000) | -           |
| Balance at end of year                                   | 12,269,498     | 13,301,168  | 12,258,909  | 12,826,559  |

## 20 SHORT-TERM BORROWINGS

Pursuant to the debt-equity framework which is effective from 1 September 2004, the Group and the Board borrowed \$8,478,060 for the funding of certain development projects from the Development Bank of Singapore, of which \$8,292,300 had been repaid during the year.

As at 31 March 2008, the borrowings are unsecured, bear interest at 3.04% per annum and have been repaid subsequent to the financial year-end.

## 21 STAFF COSTS

|  | Group      |            | Board      |            |
|--|------------|------------|------------|------------|
|  | 2008<br>\$ | 2007<br>\$ | 2008<br>\$ | 2007<br>\$ |
| Key management personnel   |            |            |            |            |
| - short-term employee benefits   | 2,659,304  | 2,215,792  | 2,272,769  | 1,863,297  |
| - post-employment benefits   | -          | 21,779     | -          | 21,779     |
| Other employees  |            |            |            |            |
| - short-term employee benefits   | 22,745,266 | 18,618,693 | 22,320,166 | 18,230,936 |
| - post-employment benefits   | 550,675    | 445,000    | 550,675    | 445,000    |
|  | 25,955,245 | 21,301,264 | 25,143,610 | 20,561,012 |
| Employer's contribution to Central Provident Fund included in short-term employee benefits | 2,966,216  | 2,267,069  | 2,869,399  | 2,192,206  |

# Notes to the Financial Statements

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 Principal/Chief Executive Officer, Deputy Principals and Directors are considered key management personnel of the Group.

## 22 PUBLICITY AND PUBLIC RELATIONS AND TRANSPORT, POSTAGE AND COMMUNICATIONS

|                     | Group      |            | Board      |            |
|---------------------|------------|------------|------------|------------|
|                     | 2008<br>\$ | 2007<br>\$ | 2008<br>\$ | 2007<br>\$ |
| Overseas travelling | 282,585    | 171,492    | 279,976    | 169,829    |
| Entertainment       | 51,468     | 69,874     | 44,843     | 60,012     |

## 23 BOARD MEMBERS' ALLOWANCES

|  | Allowance per annum |                  |
|--|---------------------|------------------|
|  | Main Board<br>\$    | Sub-boards<br>\$ |
| Chairman   | 15,000              | -                |
| <b>Non-Public Sector Officers</b>                    |                     |                  |
| Chairman, Exco/Audit Committee                       | 11,250              | -                |
| Member of Exco/Audit Committee Chairman of Sub-board | 7,500               | -                |
| Members  | 3,750               | 1,875            |
| <b>Public Sector Officers</b>                        |                     |                  |
| Deputy Chairman                                      | 11,250              | -                |
| Member of Exco/Audit Committee Chairman of Sub-board | 7,500               | -                |
| Members  | 3,750               | 1,850            |

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

## 24 INCOME TAX

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

The subsidiary company, 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.

# Notes to the Financial Statements

## 25 PROJECTS MANAGED FOR OTHER ORGANISATIONS

During the year, the Board manages projects that were funded by the ASEAN Committee on Culture and Information. Funds totalling \$1,358,226 (2007: 1,291,091) were received as at 31 March 2008 and the outstanding fund balance on these projects as at 31 March 2008 was \$24,660 (2007: \$nil). These projects were not reflected in the financial statements of the Board.

## 26 NATIONAL HERITAGE FUND

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

|                                    | 2008<br>\$       | 2007<br>\$       |
|------------------------------------|------------------|------------------|
| Balance at beginning of year       | 4,224,376        | 2,743,320        |
| Donations received during the year | 4,567,968        | 3,578,058        |
| Less: expenditure during the year  | (4,112,119)      | (2,097,002)      |
| Balance at end of year             | <u>4,680,225</u> | <u>4,224,376</u> |

## 27 COMMITMENTS

The Group and the Board have the following commitments as at 31 March 2008.

|                                     | Group      |            | Board      |            |
|-------------------------------------|------------|------------|------------|------------|
|                                     | 2008<br>\$ | 2007<br>\$ | 2008<br>\$ | 2007<br>\$ |
| (a) <b>Capital commitments</b>      |            |            |            |            |
| - contracted but not provided for   | 1,430,314  | 4,896,783  | 1,430,314  | 4,896,783  |
| - authorised but not contracted for | 11,801,260 | 22,960,000 | 11,801,260 | 22,960,000 |

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

The operating lease commitments relate to lease 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 30 April 2008 and 14 February 2011 and the current rent payable on the leases range from \$120 to \$148,167 per month and photocopier is under a lease of 5 years.

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

|                     | Group and Board  |                  |
|---------------------|------------------|------------------|
|                     | 2008<br>\$       | 2007<br>\$       |
| Within 1 year       | 7,225,366        | 8,152,714        |
| Within 2 to 5 years | <u>2,782,412</u> | <u>6,382,388</u> |

There are no commitments after 5 years in respect of operating leases with a term of more than one year.

# Notes to the Financial Statements

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

|                     | <b>Group and Board</b> |             |
|---------------------|------------------------|-------------|
|                     | <b>2008</b>            | <b>2007</b> |
|                     | <b>\$</b>              | <b>\$</b>   |
| Within 1 year       | 2,296,007              | 719,880     |
| Within 2 to 5 years | 2,020,476              | 726,863     |

There are no commitments after 5 years in respect of operating leases with a term of more than one year.

## 28 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.

#### *Credit risk*

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

The maximum exposure to credit risk is represented by the carrying amounts of its financial assets in the balance sheets.

#### *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. The Group's funds are placed mainly in bank deposits which have high liquidity.

#### *Interest rate risk*

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

#### *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.

# Notes to the Financial Statements

## Fair value

### *Investments in debt securities*

The fair value of held-to-maturity investments is determined by reference to their quoted bid prices at the reporting date.

### *Other*

The notional 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.

## 29 CHANGES IN ACCOUNTING POLICIES

With the adoption of SB-FRS by the Group during the financial year, the Group 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.

Except as disclosed above and in Note 14 and 15, there were no other impact on the financial statements following the transition from FRS to SB-FRS in relation to the basis of preparation of the Group's financial statements.

## 30 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The Group and the Board have not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued as of the balance sheet date but are not yet effective:

|                |   |
|----------------|---|
| SB-FRS 108     | Operating Segments  |
| INT SB-FRS 112 | Service Concession Arrangements   |
| INT SB-FRS 113 | Customer Loyalty Programmes   |
| INT SB-FRS 114 | The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction and interpretations. |

The Group is evaluating the initial application of the above standards (and its consequential amendments and interpretations) for the impact on the Group's financial statements.

The Group have not considered the impact of accounting standards issued after the balance sheet date.

# Notes to the Financial Statements

## 31 COMPARATIVES

The financial statements for the year ended 31 March 2007 were audited by another firm of Certified Public Accountants.

In the previous year,

(a) the income and expenditure of restricted funds had not been separately disclosed; and

(b) the lease payments made in advance for the use of land (note 6) had been included as part of property, plant and equipment.

The effects of the above resulted in the re-presentation of comparative figures in the income and expenditure statements. Certain comparative figures in the balance sheet have also been reclassified to be consistent with current year's presentation and as a result of the adoption of SB-FRS (note 15) as follows:-

|                               | Group              |  | Board              |  |
|-------------------------------|--------------------|--|--------------------|--|
|                               | 2008<br>(restated) | 2007<br>(as<br>previously<br>restated) | 2008<br>(restated) | 2007<br>(as<br>previously<br>restated) |
|                               | \$                 | \$                                     | \$                 | \$                                     |
| <b>Assets</b>                 |                    |  |                    |  |
| Property, plant and equipment | 176,147,104        | 177,897,984                            | 175,857,157        | 177,608,037                            |
| Cash and cash equivalents     | -                  | -                                      | 40,094,768         | 44,680,359                             |
| Prepaid leases                | 1,750,880          | -                                      | 1,750,880          | -                                      |
|                               | <u>177,897,984</u> | <u>177,897,984</u>                     | <u>217,702,805</u> | <u>222,288,396</u>                     |
| <b>Capital and reserves</b>   |                    |  |                    |  |
| Philatelic fund               | -                  | -                                      | -                  | 4,585,591                              |



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# National Heritage Board



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