

FINANCIAL STATEMENTS

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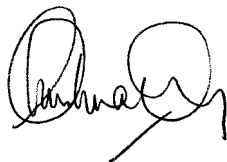
**NOTES TO THE
FINANCIAL
STATEMENTS**

STATEMENT BY BOARD OF MEMBERS

In our opinion, the financial statements set out on pages 72 to 96 are drawn up so as to present fairly, in all material respects, the state of affairs of the Group and of the Board as at 31 March 2008 and of the results and changes in equity of the Group and of the Board and the cash flows of the Group for the year ended on that date in accordance with the provisions of the National Parks Board Act, Chapter 198A and Statutory Board Financial Reporting Standards.

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

On behalf of the Board of Members



Mrs Christina Ong
Chairman



Ng Lang
Chief Executive Officer

Singapore
18 August 2008

INDEPENDENT AUDITORS' REPORT

Members of the Board
National Parks Board

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of National Parks Board (the Board) and its subsidiary (the Group), which comprise the balance sheets of the Group and the Board as at 31 March 2008, the statements of income and expenditure of the Group and the Board, statements of changes in equity of the Group and the Board, and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 72 to 96.

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 Parks Board Act, Chapter 198A (the Act) and Statutory Board Financial Reporting Standards.

Management has acknowledged that its responsibility includes:

- (a) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- (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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion:

- (a) the consolidated financial statements of the Group, and the balance sheet, statement of income and expenditure and statement of changes in equity 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 of the Board as at 31 March 2008, and the results and changes in equity of the Group and of the Board and the cash flows of the Group for the year ended on that date; and
- (b) the accounting and other records, including records of all assets of the Board whether purchased, donated or otherwise, 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 receipts, expenditure and investment of monies and the acquisition and disposal of assets by the Board during the year have not been in accordance with the provisions of the Act.



KPMG

Public Accountants and
Certified Public Accountants
Singapore
18 August 2008

BALANCE SHEETS

AS AT 31 MARCH 2008

	Note	Group		Board	
		2008 \$	2007 \$	2008 \$	2007 \$
Non-current assets					
Property, plant and equipment	3	154,828,607	164,615,542	154,828,607	164,615,542
Investment in subsidiary	4	–	–	2	2
Loan to subsidiary	5	–	–	–	–
Other investments	6	311	311	–	–
		154,828,918	164,615,853	154,828,609	164,615,544
Current assets					
Trade and other receivables	7	26,132,337	8,189,757	26,251,008	8,416,885
Cash and cash equivalents	8	28,470,345	33,349,254	28,372,954	33,106,195
		54,602,682	41,539,011	54,623,962	41,523,080
Total assets		209,431,600	206,154,864	209,452,571	206,138,624
Capital and other funds					
Capital account	9	4,528,275	4,528,275	4,528,275	4,528,275
Accumulated surplus		7,191,840	5,956,574	7,191,840	5,956,575
		11,720,115	10,484,849	11,720,115	10,484,850
Fund held in trust	10	4,387,483	3,010,592	4,387,483	3,010,592
Garden City Fund's net assets managed	10	(4,387,483)	(3,010,592)	(4,387,483)	(3,010,592)
		–	–	–	–
Total capital and other funds		11,720,115	10,484,849	11,720,115	10,484,850
Non-current liabilities					
Deferred capital grants	11	154,707,822	164,441,552	154,707,822	164,441,552
Deferred revenue	12	1,965,280	2,048,613	1,965,280	2,048,613
		156,673,102	166,490,165	156,673,102	166,490,165
Current liabilities					
Trade and other payables	13	37,850,939	26,862,427	37,871,910	26,846,186
Government capital grants	14	957,670	1,036,736	957,670	1,036,736
Government operating grants	15	1,076,751	–	1,076,751	–
Other government grants	16	798,534	990,778	798,534	990,778
Deferred revenue	12	83,333	83,333	83,333	83,333
Contribution to Consolidated Fund	17	271,156	206,576	271,156	206,576
		41,038,383	29,179,850	41,059,354	29,163,609
Total liabilities		197,711,485	195,670,015	197,732,456	195,653,774
Total capital and other funds and liabilities		209,431,600	206,154,864	209,452,571	206,138,624

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

STATEMENTS OF INCOME AND EXPENDITURE

YEAR ENDED 31 MARCH 2008

	Note	Group		Board	
		2008 \$	2007 \$	2008 \$	2007 \$
Operating income					
Rental income		6,308,397	5,139,893	6,308,397	5,139,893
Admission charges		1,584,035	1,597,874	1,584,035	1,597,874
Fines and forfeitures		469,868	444,008	469,868	444,008
Agency fees		569,505	673,636	569,505	673,636
Interest income		607,120	863,443	666,688	922,596
Miscellaneous income	18	2,625,093	2,587,762	2,515,319	2,152,739
		12,164,018	11,306,616	12,113,812	10,930,746
Operating expenditure					
Staff costs	19	(54,481,663)	(44,605,649)	(54,396,437)	(44,137,337)
Maintenance and improvement of parks		(50,366,930)	(48,080,144)	(50,366,930)	(48,080,144)
General and administrative expenses		(23,570,667)	(25,486,096)	(23,605,688)	(25,479,776)
Depreciation of property, plant and equipment	3	(9,897,272)	(9,254,425)	(9,897,272)	(9,245,795)
		(138,316,532)	(127,426,314)	(138,266,327)	(126,943,052)
Deficit from operations					
	20	(126,152,514)	(116,119,698)	(126,152,515)	(116,012,306)
Government operating grants	15	115,740,127	107,425,697	115,740,127	107,425,697
Other grants:					
– government agencies	16	1,452,339	161,510	1,452,339	161,510
– non-government		132,300	25,257	132,300	25,257
Deferred capital grants amortised	11	10,334,170	9,432,724	10,334,170	9,432,724
Surplus before contribution to Consolidated Fund					
		1,506,422	925,490	1,506,421	1,032,882
Contribution to Consolidated Fund	17	(271,156)	(206,576)	(271,156)	(206,576)
Surplus for the year					
		1,235,266	718,914	1,235,265	826,306

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

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2008

	Capital account \$	Accumulated surplus \$	Total \$
Group			
At 1 April 2006	4,528,275	5,237,660	9,765,935
Surplus for the year/Total recognised income for the year	–	718,914	718,914
At 31 March 2007	4,528,275	5,956,574	10,484,849
At 1 April 2007	4,528,275	5,956,574	10,484,849
Surplus for the year/Total recognised income for the year	–	1,235,266	1,235,266
At 31 March 2008	4,528,275	7,191,840	11,720,115
Board			
At 1 April 2006	4,528,275	5,130,269	9,658,544
Surplus for the year/Total recognised income for the year	–	826,306	826,306
At 31 March 2007	4,528,275	5,956,575	10,484,850
At 1 April 2007	4,528,275	5,956,575	10,484,850
Surplus for the year/Total recognised income for the year	–	1,235,265	1,235,265
At 31 March 2008	4,528,275	7,191,840	11,720,115

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

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2008

	Note	2008 \$	2007 \$
Operating activities			
Deficit from operations		(126,152,514)	(116,119,698)
Adjustments for:			
Depreciation of property, plant and equipment		9,897,272	9,254,425
Loss on disposal of property, plant and equipment		50,290	196,837
Property, plant and equipment written off		302,050	–
Amortisation of lease premium received in advance		(83,333)	(83,333)
Interest income		(607,120)	(863,443)
		(116,593,355)	(107,615,212)
Changes in working capital:			
Trade and other receivables		(892,611)	(366,154)
Payables and accruals		10,434,738	391,829
Rental and other deposits		314,782	(570,450)
Cash used in operations		(106,736,446)	(108,159,987)
Contribution to Consolidated Fund paid		(206,576)	(326,707)
Cash flows from operating activities		(106,943,022)	(108,486,694)
Investing activities			
Proceeds from disposal of property, plant and equipment		137,763	48,081
Purchase of property, plant and equipment		(4,754,601)	(13,702,510)
Interest received		605,935	889,925
Amounts due from:			
– Ministry of National Development		(17,034,039)	(1,971,155)
– Garden City Fund		43,310	(79,490)
Cash flows from investing activities		(21,001,632)	(14,815,149)
Financing activities			
Grants received		122,826,753	117,640,106
Amounts due to:			
– Ministry of National Development		239,046	(109,983)
– Garden City Fund		(54)	(3,917)
Cash flows from financing activities		123,065,745	117,526,206
Net decrease in cash and cash equivalents		(4,878,909)	(5,775,637)
Cash and cash equivalents at beginning of the year		33,349,254	39,124,891
Cash and cash equivalents at end of the year	8	28,470,345	33,349,254

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Members on 18 August 2008.

1 DOMICILE AND ACTIVITIES

National Parks Board (the Board) is a statutory board established under the National Parks Board Act (Chapter 198A) (the Act). The Act sets out the Board's functions, and provides that the Board may, for the purposes of this Act, carry on such activities as appear to the Board to be advantageous, necessary or convenient for it to carry on for or in connection with the discharge of its duties and functions under this Act and, in particular, may exercise any of the powers specified in the Second Schedule to the Act. The Board is under the purview of Ministry of National Development; and the Minister for National Development may, after consultation with the Board, give to the Board such directions, not inconsistent with the provisions of the Act, as he thinks fit, as to the exercise of the functions of the Board under the Act, and the Board shall give effect to all such directions. The Board is also required to implement policies and policy changes as determined by other Government ministries such as the Ministry of Finance from time to time.

The Board has its registered office at Singapore Botanic Gardens, 1 Cluny Road, Singapore 259569.

The principal activities of the Board are to develop, manage and promote the National Parks and Nature Reserves as valuable reserves for recreation, conservation, research and education and to develop, upgrade, manage and maintain the public parks, open spaces on behalf of the Government.

The principal activities of the subsidiary are described in note 4 to the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Act 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 effects of the transition from FRS to SB-FRS are set out in note 22.

The financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities which are stated at amortised cost. The financial statements are presented in Singapore dollars which is the Board's functional currency.

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

The 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 is included in note 23.

The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Consolidation

Business combinations

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is measured at cost less accumulated impairment losses. Goodwill arising on the acquisition of subsidiaries is presented as intangible assets.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to the income statement in the period of the acquisition.

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 presently are 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 the Board.

Transactions eliminated on consolidation

Intra-group balances, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Accounting for subsidiary by the Board

Investment in subsidiary is stated in the Board's balance sheet at cost less accumulated impairment losses.

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

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

The 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 statement of income and expenditure as incurred.

Depreciation is recognised in the statement of income and expenditure on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

Building, structures, capital and other improvements	20 years
Office equipment, furniture and fittings	5 to 10 years
Laboratory and gardening equipment	7 years
Motor vehicles	8 to 10 years

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Property, plant and equipment (Cont'd)

The cost of the leasehold land is amortised over the remaining period of between 87 to 93 years from the date the terms and conditions for vesting the land were finalised.

Depreciation is not provided on construction-in-progress. Fully depreciated assets still in use are retained in the financial statements. Property, plant and equipment costing less than \$1,000 each are charged to the statement of income and expenditure in the year of purchase.

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

2.4 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investment in equity securities, trade and other receivables, cash and cash equivalents, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, 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 settlement date, i.e., the date that an asset is delivered to or by the Group. 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.

Available-for-sale financial assets

The Group's investment in equity securities is 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 statement of income and expenditure.

Others

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

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

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. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.5 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 largely are independent from other assets and groups. Impairment losses are recognised in the statement of income and expenditure unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity.

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 or amortisation, if no impairment loss had been recognised.

2.6 Employee benefits

Defined contribution plans

Contributions to defined contribution pension plans are recognised as an expenditure in the statement of income and expenditure as incurred.

Defined benefits plans

Obligations in respect of state-managed pension schemes are calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounted to determine the present value. The discount rate is the yield at the balance sheet date on 5-year Singapore Government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in the statement of income and expenditure in the period in which they arise.

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 constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.7 Leases

When entities within the Group is a lessee of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the statement of income and expenditure on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income and expenditure as an integral part of the total lease payment made. Contingent rentals are charged to the statement of income and expenditure in the accounting period in which they are incurred.

When entities within the Group is a lessor of an operating lease

Assets leased out under operating leases are included in property, plant and equipment and are stated at cost less accumulated depreciation and impairment losses. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term of the operating lease with the lessee.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.8 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

2.9 Income recognition

Income comprises the fair value of the consideration received or receivable for the rendering of services, net of goods and services tax, rebates and discounts.

Rental income

Rental income receivable under operating leases is recognised in the statement of income and expenditure on a straight-line basis over the term of the lease.

Admission charges

Admission charges are recognised upon the sale of admission tickets to visitors.

Fines and forfeitures

Fines and forfeitures are recognised on the issuance of the notice of offence to offenders.

Agency fees

Where it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be reliably measured, agency fees are recognised over the period in which the services are completed.

Interest income

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

Miscellaneous income

Miscellaneous income comprising income derived from consultancy fees, sale of publications, souvenirs and orchid plantlets, course fees, and park usage and barbeque permit fees are recognised in the period in which they are earned. Liquidated damages are recognised as income when the right to claim such liquidated damages from contractors are established. Fines collected from contractors whose work resulted in damage to trees and plants are recognised upon issuance of the notice of offence.

2.10 Grants

The value of land at the Singapore Botanic Gardens and the Fort Canning Park that vested in the Board when it was established in June 1990 was taken to the deferred capital grants account. The value of all other assets net of liabilities transferred from the former Parks and Recreation Department of Ministry of National Development (PRD) to the Board in June 1990 and July 1996 amounting to \$4,528,275 was taken to the capital account.

Government grants for the purchase or construction of depreciable assets are first taken to the grants received in advance account when received and transferred to the deferred capital grants account as and when they are utilised. Contributions from other organisations for similar purpose and donations of depreciable assets are taken directly to the deferred capital grants account.

Deferred capital grants are recognised in the statement of income and expenditure over the periods necessary to match the depreciation of the assets purchased, constructed or donated except for the value of assets net of liabilities transferred from the former PRD when the Board was established in June 1990 and when PRD merged with the Board in July 1996. Upon the disposal of these assets, the balance of the related deferred capital grants is recognised in the statement of income and expenditure to match the net book value of the assets disposed off.

Government grants and grants from other organisations to meet current year's operating expenditure are recognised as income in the same year. Operating and capital grants are recognised only when there is reasonable assurance that the Board will comply with the conditions attaching to them and the grant will be received, and are accounted for on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.11 Garden City Fund

The assets and liabilities of Garden City Fund held in trust by the Board is 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 the Garden City Fund are accounted for directly in the fund. Details of income, expenditure, assets and liabilities of the fund are disclosed in the notes to the financial statements.

2.12 Contribution to Consolidated Fund

Contribution to consolidated fund is provided on an accrual basis.

2.13 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of income and expenditure except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investment in subsidiary to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

3 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land \$	Building, structures, capital and other improvements \$	Office equipment furniture and fittings \$	Laboratory and gardening equipment \$	Motor vehicles \$	Construction- in-progress \$	Total \$
Cost							
At 1 April 2006	60,935,129	95,582,910	27,118,625	1,043,515	4,311,973	39,411,637	228,403,789
Additions	-	-	4,526,765	80,611	123,431	8,971,703	13,702,510
Transfers	-	39,073,452	409,670	-	-	(39,483,122)	-
Disposals	-	(48,000)	(2,380,488)	(30,423)	(593,333)	-	(3,052,244)
At 31 March 2007	60,935,129	134,608,362	29,674,572	1,093,703	3,842,071	8,900,218	239,054,055
Additions	-	-	1,352,926	104,713	23,300	3,273,662	4,754,601
Transfers	-	10,346,026	(2,628,357)	-	-	(7,717,669)	-
Transfer to direct development projects	-	-	-	-	-	(4,154,161)	(4,154,161)
Disposals/ Write-off	-	-	(485,970)	(35,508)	(982,377)	(302,050)	(1,805,905)
At 31 March 2008	60,935,129	144,954,388	27,913,171	1,162,908	2,882,994	-	237,848,590
Accumulated depreciation and impairment losses							
At 1 April 2006	6,464,917	36,507,553	22,065,884	647,667	2,305,393	-	67,991,414
Depreciation charge for the year	656,236	6,274,725	1,830,221	89,624	403,619	-	9,254,425
Disposals	-	(7,400)	(2,220,502)	(28,228)	(551,196)	-	(2,807,326)
At 31 March 2007	7,121,153	42,774,878	21,675,603	709,063	2,157,816	-	74,438,513
Depreciation charge for the year	656,236	7,377,117	1,441,290	93,081	329,548	-	9,897,272
Disposals/ Write-off	-	-	(470,136)	(34,054)	(811,612)	-	(1,315,802)
At 31 March 2008	7,777,389	50,151,995	22,646,757	768,090	1,675,752	-	83,019,983
Carrying amount							
At 1 April 2006	54,470,212	59,075,357	5,052,741	395,848	2,006,580	39,411,637	160,412,375
At 31 March 2007	53,813,976	91,833,484	7,998,969	384,640	1,684,255	8,900,218	164,615,542
At 31 March 2008	53,157,740	94,802,393	5,266,414	394,818	1,207,242	-	154,828,607

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

3 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Board	Leasehold land \$	Building, structures, capital and other improvements \$	Office equipment furniture and fittings \$	Laboratory and gardening equipment \$	Motor vehicles \$	Construction- in-progress \$	Total \$
Cost							
At 1 April 2006	60,935,129	95,582,910	27,037,326	1,043,515	4,311,973	39,411,637	228,322,490
Additions	–	–	4,553,144	80,611	123,431	8,971,703	13,728,889
Transfers	–	39,073,452	409,670	–	–	(39,483,122)	–
Disposals	–	(48,000)	(2,353,606)	(30,423)	(593,333)	–	(3,025,362)
At 31 March 2007	60,935,129	134,608,362	29,646,534	1,093,703	3,842,071	8,900,218	239,026,017
Additions	–	–	1,352,926	104,713	23,300	3,273,662	4,754,601
Transfers	–	10,346,026	(2,628,357)	–	–	(7,717,669)	–
Transfer to direct development projects	–	–	–	–	–	(4,154,161)	(4,154,161)
Disposals/ Write-off	–	–	(485,970)	(35,508)	(982,377)	(302,050)	(1,805,905)
At 31 March 2008	60,935,129	144,954,388	27,885,133	1,162,908	2,882,994	–	237,820,552
Accumulated depreciation and impairment losses							
At 1 April 2006	6,464,917	36,507,553	22,024,377	647,667	2,305,393	–	67,949,907
Depreciation charge for the year	656,236	6,274,725	1,821,591	89,624	403,619	–	9,245,795
Disposals	–	(7,400)	(2,198,403)	(28,228)	(551,196)	–	(2,785,227)
At 31 March 2007	7,121,153	42,774,878	21,647,565	709,063	2,157,816	–	74,410,475
Depreciation charge for the year	656,236	7,377,117	1,441,290	93,081	329,548	–	9,897,272
Disposals/ Write-off	–	–	(470,136)	(34,054)	(811,612)	–	(1,315,802)
At 31 March 2008	7,777,389	50,151,995	22,618,719	768,090	1,675,752	–	82,991,945
Carrying amount							
At 1 April 2006	54,470,212	59,075,357	5,012,949	395,848	2,006,580	39,411,637	160,372,583
At 31 March 2007	53,813,976	91,833,484	7,998,969	384,640	1,684,255	8,900,218	164,615,542
At 31 March 2008	53,157,740	94,802,393	5,266,414	394,818	1,207,242	–	154,828,607

Assets under construction transferred to direct development projects relate to capital expenditure incurred on behalf of the Ministry of National Development to be funded by direct development grants receivable from the Ministry of National Development.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

4 INVESTMENT IN SUBSIDIARY

	Board	
	2008 \$	2007 \$
Unquoted equity investment, at cost	2	2

Details of the subsidiary are as follows:

Name of subsidiary	Principal activities	Place of incorporation and business	Equity interest held	
			2008 %	2007 %
Singapore Garden City Pte. Ltd.	Landscape planning, advisory services and business consulting services	Singapore	100	100

5 LOAN TO SUBSIDIARY

	Board	
	2008 \$	2007 \$
Loan to subsidiary	1,200,000	1,200,000
Allowance for impairment loss	(1,200,000)	(1,200,000)
	-	-

The loan to subsidiary is unsecured, bears interest at 5% (2007: 5%) per annum and is repayable by April 2009.

6 OTHER INVESTMENTS

	Group	
	2008 \$	2007 \$
Unquoted equity shares available-for-sale, at cost	311	311

Unquoted equity shares are carried at cost as their fair values cannot be reliably measured since the probabilities of the various estimates within the range cannot be reasonably assessed.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

7 TRADE AND OTHER RECEIVABLES

	Group		Board	
	2008 \$	2007 \$	2008 \$	2007 \$
Trade receivables	5,143,193	2,900,603	5,105,595	2,866,750
Allowance for impairment loss	(2,338,005)	(42,605)	(2,304,152)	(8,752)
Net trade receivables	2,805,188	2,857,998	2,801,443	2,857,998
Receivables from Ministry of National Development (non-trade)	21,416,559	4,382,520	21,416,559	4,382,520
Receivables from other Government agencies (non-trade)	65,754	–	65,754	–
Amount due from Garden City Fund (non-trade)	36,180	79,490	36,180	79,490
Interest receivable	1,996	8,510	1,996	8,510
Other receivables	86,174	90,642	86,174	90,642
Deposits	82,576	83,150	82,327	83,150
Prepayments	1,637,910	687,447	1,637,910	684,463
	26,132,337	8,189,757	26,128,343	8,186,773
Amount due from subsidiary (non-trade)	–	–	714,379	749,668
Allowance for impairment loss	–	–	(591,714)	(519,556)
	–	–	122,665	230,112
	26,132,337	8,189,757	26,251,008	8,416,885

Except for amounts owing from a tenant totalling \$2,348,230 (2007: \$1,284,833), there is no other significant concentration of credit risk relating to trade receivables. The Group's historical experience in the collection of trade receivables falls within the recorded allowances and management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

Receivables from Ministry of National Development comprise primarily direct development grants receivable by the Board. These amounts are unsecured and interest-free, and are repayable on demand.

Non-trade amounts due from other Government agencies, Garden City Fund and the subsidiary are unsecured and interest-free, and are repayable on demand.

8 CASH AND CASH EQUIVALENTS

	Group		Board	
	2008 \$	2007 \$	2008 \$	2007 \$
Cash at bank and in hand	7,422,159	12,577,094	7,324,768	12,334,035
Deposits with financial institutions	21,048,186	20,772,160	21,048,186	20,772,160
	28,470,345	33,349,254	28,372,954	33,106,195

The effective interest rates of deposits with financial institutions are between 0.5% to 2.25% (2007: 0.325% to 2.625%) per annum. Interest rates reprise at intervals of 7 days to 12 months (2007: 7 days to 12 months).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

9 CAPITAL ACCOUNT

Capital account represents the value of assets net of liabilities transferred from the former PRD of Ministry of National Development when the Board was established in June 1990 and when PRD merged with the Board in July 1996. It excludes the leasehold land which was acquired via Government capital grants.

10 GARDEN CITY FUND

The Board established the Garden City Fund on 1 July 2002 to enhance the enjoyment of the garden city in areas where there is no government funding. The Garden City Fund is managed, administered and controlled by the Garden City Fund Management Committee (the Committee), although the Board has the authority to remove any member from the Committee, and provide directions and guidelines on the conduct of meetings and other matters relating to the proceedings of the Committee.

The Garden City Fund comprises the Garden City Endowment Fund (GCEF) and the Garden City Non-Endowment Fund (GCNEF). The GCNEF comprises all monies transferred from the specific funds of the Board upon the formation of the Garden City Fund on 1 July 2002 and all other contributions to the GCNEF.

The GCNEF and the income from the GCEF will be used to further the objectives of the Garden City Fund.

Upon dissolution of the Garden City Fund, the remaining monies in the fund shall be donated to charitable organisations which have been designated as Institutions of a Public Character under the Income Tax Act (Chapter 134) and registered under the Charities Act (Chapter 37).

The following financial information represents GCNEF. There has been no contribution to the GCEF since establishment.

	Group and Board	
	2008	2007
	\$	\$
Donations received	2,318,714	1,877,261
Sales of publications/souvenirs	148,936	58,178
Interest income	52,671	65,590
	2,520,321	2,001,029
Printing and stationery	318,972	132,120
Maintenance	11,960	4,670
Horticultural works	123,666	31,705
Publicity and outreach activities	131,347	190,534
Professional fees	5,646	55
Depreciation of plant and equipment	8,376	6,319
Rental expenses	9,644	3,210
Training and courses	86,110	108,174
Enhancements of parks/facilities	60,018	1,021,165
Signboards	215,271	66,142
Library operating expenses	169,415	98,354
Others	3,005	5,632
	1,143,430	1,668,080

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

10 GARDEN CITY FUND (Cont'd)

	Group and Board	
	2008	2007
	\$	\$
Surplus for the year	1,376,891	332,949
Accumulated fund at beginning of the year	3,010,592	2,677,643
Accumulated fund at end of the year	4,387,483	3,010,592
Represented by:		
Non-current asset		
Plant and equipment	36,976	37,683
Current assets		
Trade receivables	12,272	9,749
Other receivables	10,614	8,415
Cash and cash equivalents	4,394,951	3,263,281
	4,417,837	3,281,445
Current liabilities		
Trade payables	21,756	210,973
Other payables	45,574	97,563
	67,330	308,536
Net assets	4,387,483	3,010,592

11 DEFERRED CAPITAL GRANTS

	Note	Group and Board	
		2008	2007
		\$	\$
At 1 April		164,441,552	160,145,387
Capital grants utilised during the year	14	2,245,694	8,971,703
Amounts transferred from Government operating grants utilised during the year	15	2,300,622	4,757,186
Amounts transferred from other Government grants utilised during the year	16	208,285	-
		169,196,153	173,874,276
Deferred capital grants amortised during the year		(10,334,170)	(9,432,724)
Amount utilised transferred to direct development grants	3	(4,154,161)	-
At 31 March (including grants-in-kind less amortisation)		154,707,822	164,441,552
Total capital grants received (excluding grants-in-kind transferred from Garden City Fund) and utilised since establishment		193,590,036	188,835,435

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

12 DEFERRED REVENUE

	Group and Board	
	2008	2007
	\$	\$
Lease premium received in advance	2,048,613	2,131,946
Within 12 months	83,333	83,333
After 12 months	1,965,280	2,048,613
	2,048,613	2,131,946

The lease premium received in advance represents the unamortised balances of lease premium received in advance from a tenant.

13 TRADE AND OTHER PAYABLES

	Group		Board	
	2008	2007	2008	2007
	\$	\$	\$	\$
Trade payables	10,309,913	8,042,750	10,309,913	8,042,750
GST payable	1,370,440	411,247	1,369,341	405,053
Other payables	1,016,292	501,070	1,016,292	496,761
Accrued operating expenses	13,330,532	9,197,033	13,325,246	9,191,295
Payables to Ministry of National Development (non-trade)	1,112,693	873,647	1,112,693	873,647
Amount due to Garden City Fund (non-trade)	2,195	2,249	2,195	2,249
Amount due to subsidiary (non-trade)	–	–	27,356	–
Rental and other deposits	1,952,662	1,637,880	1,952,662	1,637,880
Liability for defined benefits obligations	6,868,000	4,565,301	6,868,000	4,565,301
Accrual for unutilised leave	1,888,212	1,631,250	1,888,212	1,631,250
	37,850,939	26,862,427	37,871,910	26,846,186

Payables to Ministry of National Development comprise primarily state revenue collections received on behalf of the Ministry. The amounts are unsecured and interest-free, and are repayable on demand.

Non-trade amount due to Garden City Fund was unsecured and interest-free, and was fully repaid during the year.

Non-trade amount due to the subsidiary is unsecured and interest-free, and is repayable on demand.

Liability for defined benefits obligations

Certain employees of the Board are entitled to select one of the following state-managed pension schemes upon retirement:

- (i) Annual pension payments;
- (ii) Reduced pension together with gratuity payment upon retirement; or
- (iii) Lump sum gratuity payment upon retirement.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

13 TRADE AND OTHER PAYABLES (Cont'd)

Liability for defined benefits obligations (Cont'd)

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

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

Movements in liability for defined benefits obligations are as follows:

	Group and Board	
	2008	2007
	\$	\$
At 1 April	4,565,301	4,412,273
Accrual for the year	3,045,758	620,963
Benefits paid	(743,059)	(467,935)
At 31 March	6,868,000	4,565,301

Amounts recognised in the statement of income and expenditure are as follows:

	Group and Board	
	2008	2007
	\$	\$
Current service costs	454,000	620,963
Past service costs	2,405,758	–
Interest on obligations	186,000	–
	3,045,758	620,963

Principal assumptions at the balance sheet date are as follows:

	Group and Board	
	2008	2007
Discount rate	3.0%	2.8%
Future salary increases	3.0%	3.0%

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

For the split of defined benefit obligations between the Singapore Government and the Group, the assumption that the active pensionable officers have a historical average annual salary increase of 4% since joining the Government Service has been made.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

14 GOVERNMENT CAPITAL GRANTS

	Note	Group and Board	
		2008	2007
		\$	\$
At 1 April		1,036,736	236,621
Grants received		2,174,327	9,518,261
Grants receivable		–	250,673
Amounts utilised and transferred to deferred capital grants	11	(2,245,694)	(8,971,703)
(Decrease)/Increase in accrued interest on capital grants received		(7,699)	2,884
At 31 March		957,670	1,036,736

15 GOVERNMENT OPERATING GRANTS

	Note	Group and Board	
		2008	2007
		\$	\$
At 1 April		–	5,238,583
Grants received		119,117,500	106,944,300
Amounts transferred to deferred capital grants	11	(2,300,622)	(4,757,186)
Amounts taken to statement of income and expenditure		(115,740,127)	(107,425,697)
		1,076,751	–

Total operating grants received less transferred to deferred capital grants since establishment are \$999,503,777 (2007: \$882,686,899).

16 OTHER GOVERNMENT GRANTS

	Note	Group and Board	
		2008	2007
		\$	\$
At 1 April		990,778	–
Grants received		1,402,626	1,152,288
Grants receivable		65,754	–
Amounts transferred to deferred capital grants	11	(208,285)	–
Amounts taken to statement of income and expenditure		(1,452,339)	(161,510)
At 31 March		798,534	990,778

Other Government grants comprise grants received from other Government agencies.

17 CONTRIBUTION TO CONSOLIDATED FUND

With effect from 1 April 2003, the Board is required to make contribution to the Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act, Chapter 319A. Contribution for the financial year is determined based on 18% (2007: 20%) of the net surplus for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

18 MISCELLANEOUS INCOME

	Group		Board	
	2008 \$	2007 \$	2008 \$	2007 \$
Liquidated damages	103,742	110,151	103,742	110,151
Course fees	551,692	543,616	551,692	543,616
Barbeque permit fees	393,425	369,303	393,425	369,303
Park usage fees	353,640	–	353,640	–
Consultancy fees	104,029	446,465	–	–
Earthfill charges	–	105,107	–	105,107
Tour fees	86,258	79,512	86,258	79,512
Events income	382,303	644,694	382,303	644,694
Others	650,004	288,914	644,259	300,356
	2,625,093	2,587,762	2,515,319	2,152,739

19 STAFF COSTS

	Group		Board	
	2008 \$	2007 \$	2008 \$	2007 \$
Wages and salaries	45,106,526	37,539,115	45,030,489	37,112,325
Contributions to defined contribution plans	5,116,829	3,997,731	5,108,076	3,959,235
Retrenchment benefits	–	1,485,568	–	1,485,568
Pension costs	3,045,758	620,963	3,045,758	620,963
Other staff benefits	1,212,550	962,272	1,212,114	959,246
	54,481,663	44,605,649	54,396,437	44,137,337

There are currently 18 (2007: 20) employees of the Board who are under pension schemes other than the Central Provident Fund. The pension amount to be paid to each employee upon retirement under this scheme is dependent on, among other factors, the number of years of service and the last drawn salary. The pension costs are shared between the Board and the Accountant-General's Department in accordance with the Fourth Schedule of the Act.

20 DEFICIT FROM OPERATIONS

The following items have been included in arriving at deficit from operations:

	Group		Board	
	2008 \$	2007 \$	2008 \$	2007 \$
Property, plant and equipment written off	302,050	–	302,050	–
Loss on disposal of property, plant and equipment	50,290	196,837	50,290	192,054
Allowance for impairment losses made/(written back):				
– Trade receivables	2,300,000	(5,231)	2,300,000	(5,231)
– Amount due from subsidiary	–	–	72,158	68,241
Bad debts written back	–	(21,904)	–	(21,904)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

21 INCOME TAX EXPENSE

The Board is exempted from income tax under Section 13(1)(e) of the Income Tax Act, Chapter 134, and is required to make contributions to the Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act, Chapter 319A, as mentioned in note 17 to the financial statements.

No tax provision is made by the subsidiary as it is in a tax loss position and has unutilised tax losses and temporary differences from capital allowances available for set-off against future taxable income.

Reconciliation of effective tax rate

	Group	
	2008	2007
	\$	\$
Surplus for the year	1,235,266	718,914
Tax calculated using Singapore tax rate of 18% (2007: 18%)	222,348	129,405
Income not subject to tax	(235,336)	(161,019)
Deferred tax assets not recognised	12,988	31,614
	-	-

The following temporary differences have not been recognised:

	Group	
	2008	2007
	\$	\$
Unutilised tax losses	1,719,360	1,647,206
Excess of tax written down value of plant and equipment	1,290	1,290
	1,720,650	1,648,496

The unutilised tax losses and temporary differences from capital allowances do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because of the uncertainty over which future taxable profit will be available against which the subsidiary can utilise the benefits.

22 CHANGES IN ACCOUNTING POLICIES

With the adoption of SB-FRS by the Group during the financial year, the Group has applied (i) SB-FRS Guidance Note 1 Accounting and Disclosure for Funds, Grants, Accumulated Surplus and Reserves which has affected the presentation of agency funds held in trust of other Government bodies and (ii) SB-FRS 24 Related Party Disclosures which has affected the disclosure of transactions and balances with other state-controlled entities.

SB-FRS Guidance Note 1

Accounting and Disclosure for Funds, Grants, Accumulated Surplus and Reserves

Amounts held in trust and net assets of Garden City Fund have now been presented in the capital and other funds section on the face of the balance sheet. The income and expenditure have been separately disclosed in note 10 to the financial statements. In the previous year, the amounts held in trust and net assets of Garden City Fund were presented in the assets section on the face of the balance sheet.

The adoption of SB-FRS Guidance Note 1 did not give rise to any adjustment in relation to the Group's opening accumulated surplus or current year's surplus. Certain comparatives, as explained above, have been reclassified to conform to the current year's presentation.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

22 CHANGES IN ACCOUNTING POLICIES (Cont'd)

SB-FRS 24

Related Party Disclosures

Transactions with Government agencies under the purview of the Ministry of National Development have now been excluded from the related party transactions disclosure as permitted by SB-FRS 24. In the previous year, such transactions have been disclosed as related party transactions in the financial statements.

Except as described above, 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.

23 ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key source of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Depreciation of and impairment loss on property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. Depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Impairment losses would be made for property, plant and equipment whenever there is objective evidence that the assets are impaired. The required level of impairment losses to be made is estimated by reference to the estimated value in use or price quotations from independent third parties.

Impairment loss on trade receivables

The Group evaluates whether there is any objective evidence that trade receivables are impaired and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

Valuation of defined benefits obligations

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

The valuation of the defined benefits obligations is determined using the projected unit credit method. The most recent full actuarial valuation of the defined benefits obligations was carried out as at 1 April 2007 and this has been updated on an approximate basis to 31 March 2008.

The assumptions which have the most significant effect on the results of the valuation are those relating to discount rate, future salary increase rate, pre-retirement mortality and historical average annual salary increase rate. The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions, which due to the timescale covered, may not necessary borne out in practice. The present value of the liabilities is derived from cash flows projections over long periods and is inherently uncertain.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

24 COMMITMENTS

As at the balance sheet date, the Group and the Board have the following commitments:

	Group and Board	
	2008	2007
	\$	\$
Contracted but not provided for	194,202,012	49,332,468
Less: Direct development expenditure to be reimbursed by Ministry of National Development	(194,094,372)	(46,132,868)
	107,640	3,199,600
Authorised but not contracted for	911,015,812	274,956,387
Less: Direct development expenditure to be reimbursed by Ministry of National Development	(907,889,855)	(272,507,390)
	3,125,957	2,448,997
	3,233,597	5,648,597
Non-cancellable operating lease commitments:		
– within 1 year	244,440	198,000
– after 1 year but within 5 years	244,440	–
	488,880	198,000

As at the balance sheet date, the Group and the Board have the following non-cancellable operating lease receivables:

	Group and Board	
	2008	2007
	\$	\$
Within 1 year	5,578,586	3,708,884
After 1 year but within 5 years	14,517,022	12,421,695
After 5 years	56,400,000	59,280,000
	76,495,608	75,410,579

The above amounts exclude operating lease premium received in advance of \$2,048,613 (2007: \$2,131,946) (refer to note 12 to the financial statements).

25 RELATED PARTIES

Key management personnel compensation

Key management personnel of the Group and the Board are those persons having the responsibility for planning, directing and controlling the activities of the Group and of the Board. These key management personnel comprise members of the Board and Executive Management Team of the Group and of the Board.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

25 RELATED PARTIES (Cont'd)

Key management personnel compensation (Cont'd)

Key management personnel compensation comprises:

	Group		Board	
	2008 \$	2007 \$	2008 \$	2007 \$
Short-term employee benefits	1,095,160	909,219	1,073,353	833,908
Post employment benefits	406,000	251,960	406,000	251,960
	1,501,160	1,161,179	1,479,353	1,085,868

Other related party transactions

For the purposes of these financial statements, related parties include the Board's supervisory ministry, Ministry of National Development, Garden City Fund and the Board's subsidiary.

Except as disclosed elsewhere in the financial statements, transactions with related parties (excluding other state-controlled entities) carried out on terms agreed between the parties are as follows:

	Group	
	2008 \$	2007 \$
Garden City Fund		
Purchase of publications/souvenirs	6,802	16,938
	Board	
	2008 \$	2007 \$
Garden City Fund		
Purchase of publications/souvenirs	6,802	16,938
Subsidiary		
Support services income	7,560	16,263
Interest income	60,164	59,499
Rental and related income	–	12,085
Purchase of fixed assets	–	28,597

26 FINANCIAL RISK MANAGEMENT

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 management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Group has a credit policy in place which established credit limits for customers and monitors their balances on an ongoing basis. Cash and fixed deposits are placed with banks and financial institutions which are regulated.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

26 FINANCIAL RISK MANAGEMENT (Cont'd)

Credit Risk (Cont'd)

At the balance sheet date, except for receivables due from Ministry of National Development, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

The Group has minimal exposure to liquidity risk as the Group's operations are funded by Government grants. The Group has ensured that sufficient liquidity through highly liquid assets in the form of cash and short term deposits are maintained at all times to meet its financial obligations.

Interest rate risk

Interest-earning financial assets of the Group are mainly cash and cash equivalents which are all short term. Any future variations in interest rates will not have a material impact on the results of the Group. The Group does not have any interest-bearing financial liabilities.

Foreign currency risk

The Group has minimal exposure to foreign exchange risk as majority of its transactions are denominated in the Singapore dollars, which is also the functional currency of the Board and its subsidiary.

Estimating the fair values

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

27 CONTINGENT LIABILITIES

At the balance sheet date, there were the following contingent liabilities relating to various claims that have been made against the Group and the Board in respect of third parties damages. These claims have been referred to the insurers for their assessments.

	Group and Board	
	2008	2007
	\$	\$
Claims not provided for	575,867	526,000

28 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

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

SB-FRS 108	<i>Operating Segments</i>
INT SB-FRS 112	<i>Service Concession Arrangements</i>
INT SB-FRS 113	<i>Customer Loyalty Programmes</i>
INT SB-FRS 114	<i>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>

The initial application of these standards (and their consequential amendments) and interpretations is not expected to have any material impact on the Group's financial statements. The Group has not considered the impact of accounting standards issued after the balance sheet date.