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sentosa

10/11 FINANCIAL REPORT

Sentosa Development Corporation
and its Subsidiaries

Annual Financial Statements
31 March 2011

Index

Independent Auditors' Report

To the Board Members of Sentosa Development Corporation

Report on the Consolidated Financial Statements

We have audited the accompanying financial statements of Sentosa Development Corporation ("the Corporation") and its subsidiaries (collectively, "the Group"), set out on pages 2 to 63, which comprise the balance sheets of the Group and the Corporation as at 31 March 2011, the statements of comprehensive income of the Group and the Corporation for the financial year ended 31 March 2011, the statements of changes in equity of the Group and the Corporation, and the statement of cash flow of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Sentosa Development Corporation Act (Chapter 291) (the "Act") and Statutory Board Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

Opinion

In our opinion,

(a) the financial statements are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards and so as to give a true and fair view of the state of affairs of the Board as at 31 March 2011 and of the results, changes in equity and cash flow of the Board for the year then ended on that date; and

(b) the accounting and other records, and the registers required by the Act to be kept by the Board have been properly kept in accordance with the provisions of the Act.

During the course of our audit, nothing came to our notice that caused us to believe that the receipt, expenditure and investments 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Corporation and by the subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

ERNST & YOUNG LLP
Public Accountants and Certified Public Accountants
Singapore
30 June 2011

Statements of Comprehensive Income

For the financial year ended 31 March 2011

	Note	Group 2011 $	Group 2010 $	Corporation 2011 $	Corporation 2010 $
Income					
Land sale		22,000,000	16,417,000	22,000,000	16,417,000
Admission fees and packages		74,804,911	44,101,058	61,899,436	43,868,958
Rental and hiring of facilities	3	22,967,583	20,410,939	24,822,338	22,225,787
Interest income		14,223,073	13,892,886	14,186,044	13,859,076
Other income	4	62,901,630	63,117,477	43,229,148	42,612,158
		196,897,197	157,939,360	166,136,966	138,982,979
Expenditure					
Cost of land sale		2,396,357	1,409,116	2,726,357	1,548,258
Cost of sale on admission fees and packages		8,025,077	8,524,704	12,178,258	10,463,082
Staff costs	5	58,065,264	43,129,647	47,460,240	38,608,631
Depreciation of property, plant and equipment	10	52,105,590	52,103,323	46,447,204	50,521,871
Amortisation of land premium	11	2,180,743	2,440,392	2,180,743	2,440,392
Repairs and maintenance		14,960,969	15,699,795	13,980,288	14,892,229
Publicity and promotion		15,245,171	14,306,553	12,992,486	13,811,740
Inventories used		15,679,727	9,549,218	4,008,157	3,731,972
Interest expense		240,240	685	–	685
(Write-back)/provision for development charges	6	(17,270,000)	100,000,000	(17,270,000)	100,000,000
Cove infrastructure expenditure	6	–	31,990,402	–	32,097,515
General and administrative expenses	6	24,161,579	28,809,806	20,387,720	24,831,447
		175,790,717	307,963,641	145,091,453	292,947,822
Surplus/(deficit) before Government Grants		21,106,480	(150,024,281)	21,045,513	(153,964,843)
Deferred capital grants amortised	24	2,416,110	2,416,113	2,416,110	2,416,113
Share of results of an associate	13	–	(864,224)	–	–
Share of results of a joint venture	14	1,277,254	91,554	–	–
Surplus/(deficit) before taxation and contribution to Consolidated Fund		24,799,844	(148,380,838)	23,461,623	(151,548,730)
Taxation	7	990,630	(643,100)	–	–
Contribution to Consolidated Fund	8	(3,643,561)	–	(3,643,561)	–
Net surplus/(deficit) for the year, net of taxation and contribution to Consolidated Fund		22,146,913	(149,023,938)	19,818,062	(151,548,730)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Comprehensive Income

for the financial year ended 31 March 2011

	Note	Group 2011 $	Group 2010 $	Corporation 2011 $	Corporation 2010 $
Other comprehensive (expenses)/income:					
Reclassification adjustment for gain included in income and expenditure	29	(442,370)	–	–	–
Net fair value gain on available-for-sale financial asset	29	–	442,370	–	–
Revaluation on acquisition of a subsidiary	30	–	16,176,290	–	–
Other comprehensive (expenses)/income for the year, net of tax		(442,370)	16,618,660	–	–
Total comprehensive income/(expenses) for the year		21,704,543	(132,405,278)	19,818,062	(151,548,730)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

as at 31 March 2011

	Note	Group 2011 $	Group 2010 $	Corporation 2011 $	Corporation 2010 $
ASSETS					
Non-current assets					
Heritage materials	9	–	26,398,500	–	–
Property, plant and equipment	10	736,567,910	689,492,198	648,131,538	619,005,236
Land premium	11	20,566,527	28,674,822	20,566,527	28,674,822
Investments in subsidiaries	12	–	–	34,767,622	34,767,622
Investment in an associate	13	–	–	–	–
Investments in joint ventures	14	16,020,701	14,743,447	–	–
Investments	15	–	3,043,983	–	2,000,000
		773,155,138	762,352,950	703,465,687	684,447,680
Current assets					
Investments	15	2,000,000	–	2,000,000	–
Inventories	16	7,887,484	10,174,992	5,673,522	7,816,294
Trade and other receivables	17	29,422,001	22,114,052	39,755,895	32,633,038
Prepayments		1,090,709	570,955	469,896	333,676
Loan receivable from a subsidiary	18	–	–	–	26,398,500
Cash and bank balances	19	2,390,715,824	2,361,144,137	2,372,575,065	2,337,838,244
		2,431,116,018	2,394,004,136	2,420,474,378	2,405,019,752
Total assets		3,204,271,156	3,156,357,086	3,123,940,065	3,089,467,432
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	20	179,848,185	126,677,761	223,772,065	172,474,815
Loans and borrowings	21	16,564,674	32,107,238	–	26,398,500
Specific fund	22	663,550	1,045,176	663,550	1,045,176
Provision for cove infrastructure	23	14,945,221	17,966,000	14,945,221	17,966,000
Deferred capital grants	24	2,416,110	2,416,113	2,416,110	2,416,113
Deferred income	25	5,816,145	11,893,553	5,816,145	11,893,553
Provision for contribution to Consolidated Fund	8	3,643,561	–	3,643,561	–
Income tax payable		469,202	727,806	–	–
		224,366,648	192,833,647	251,256,652	232,194,157
Net current assets		2,204,749,370	2,201,170,489	2,167,217,726	2,172,825,595
Non-current liabilities					
Other payables	20	938,754	1,101,480	18,129	63,715
Loans and borrowings	21	163,108	–	–	–
Provision for cove infrastructure	23	219,646,002	219,054,855	219,646,002	218,926,088
Deferred capital grants	24	11,476,525	13,892,632	11,476,525	13,892,632
Deferred income	25	49,777,617	52,443,762	49,777,617	52,443,762
Deferred tax liabilities	26	970,198	1,802,949	–	–
		282,972,204	288,295,678	280,918,273	285,326,197
Total liabilities		507,338,852	481,129,325	532,174,925	517,520,354
Net assets		2,696,932,304	2,675,227,761	2,591,765,140	2,571,947,078

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets
as at 31 March 2011 (cont'd)

	Note	Group 2011 $	Group 2010 $	Corporation 2011 $	Corporation 2010 $
EQUITY AND LIABILITIES (CONT'D)					
Equity					
Capital account	27	3,590,495	3,590,495	3,590,495	3,590,495
Accumulated surplus					
- General fund	28 (a)	2,532,551,085	2,517,289,494	2,443,560,211	2,430,627,471
- Restricted funds	28 (b)	144,614,434	137,729,112	144,614,434	137,729,112
		2,677,165,519	2,655,018,606	2,588,174,645	2,568,356,583
Fair value reserve	29	–	442,370	–	–
Revaluation reserve	30	16,176,290	16,176,290	–	–
Total equity		2,696,932,304	2,675,227,761	2,591,765,140	2,571,947,078
Total equity and liabilities		3,204,271,156	3,156,357,086	3,123,940,065	3,089,467,432

Dr Loo Choon Yong
Chairman

Jennie Chua Kheng Yeng
Board member

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity
for the financial year ended 31 March 2011

Group	Capital account (Note 27) $	General fund $	Restricted funds $	Accumulated surplus (Note 28) $	Capital reserve $	Fair value reserve (Note 29) $	Revaluation reserve (Note 30) $	Total equity $
2011								
Balance at 1 April 2010	3,590,495	2,517,289,494	137,729,112	2,655,018,606	–	442,370	16,176,290	2,675,227,761
Total comprehensive income/(expenses) for the financial year	–	22,146,913	–	22,146,913	–	(442,370)	–	21,704,543
Transfer to restricted funds	–	(6,885,322)	6,885,322	–	–	–	–	–
Balance at 31 March 2011	3,590,495	2,532,551,085	144,614,434	2,677,165,519	–	–	16,176,290	2,696,932,304
2010								
Balance at 1 April 2009, as previously reported	3,590,495	2,668,446,408	131,900,772	2,800,347,180	3,662,141	33,223	–	2,807,633,039
Adjustments to initial accounting for a business combination	–	3,695,364	–	3,695,364	(3,662,141)	(33,223)	–	–
Balance at 1 April 2009, restated	3,590,495	2,672,141,772	131,900,772	2,804,042,544	–	–	–	2,807,633,039
Total comprehensive (expenses)/income for the financial year	–	(149,023,938)	–	(149,023,938)	–	442,370	16,176,290	(132,405,278)
Transfer to restricted funds	–	(5,828,340)	5,828,340	–	–	–	–	–
Balance at 31 March 2010	3,590,495	2,517,289,494	137,729,112	2,655,018,606	–	442,370	16,176,290	2,675,227,761

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 March 2011 (con't)

Corporation	Capital account (Note 27) $	General fund $	Restricted funds $	Accumulated surplus (Note 28) $	Total equity $
2011					
Balance at 1 April 2010	3,590,495	2,430,627,471	137,729,112	2,568,356,583	2,571,947,078
Total comprehensive income for the financial year	–	19,818,062	–	19,818,062	19,818,062
Transfer to restricted funds	–	(6,885,322)	6,885,322	–	–
Balance at 31 March 2011	3,590,495	2,443,560,211	144,614,434	2,588,174,645	2,591,765,140
2010					
Balance at 1 April 2009	3,590,495	2,588,004,541	131,900,772	2,719,905,313	2,723,495,808
Total comprehensive expenses for the financial year	–	(151,548,730)	–	(151,548,730)	(151,548,730)
Transfer to restricted funds	–	(5,828,340)	5,828,340	–	–
Balance at 31 March 2010	3,590,495	2,430,627,471	137,729,112	2,568,356,583	2,571,947,078

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flow

for the financial year ended 31 March 2011

	Group 2011 $	Group 2010 $
Cash flow from operating activities		
Surplus/(deficit) before taxation and contribution to Consolidated Fund	24,799,844	(148,380,838)
Adjustments for :		
Interest expense	240,240	685
Interest income	(14,223,073)	(13,892,886)
Depreciation of property, plant and equipment	52,105,590	52,103,323
Amortisation of land premium	2,180,743	2,440,392
Gain on disposal of property, plant and equipment	(186,713)	(259,360)
Gain on disposal of available-for-sale financial assets	(479,489)	–
Property, plant and equipment written off	103,500	2,332,423
Inventories written off	–	24,483
Bad debts written off	2,721	15,535
(Write-back)/impairment loss on doubtful trade receivables, net	(272,912)	640,424
Gain on bargain purchase	–	(4,731,949)
Deferred income recognised	(8,743,553)	(12,269,035)
Share of results of an associate	–	864,224
Share of results of a joint venture	(1,277,254)	(91,554)
Dividend income from quoted equity securities	(20,320)	(32,186)
Deferred capital grants amortised	(2,416,110)	(2,416,113)
Surplus/(deficit) before working capital changes	51,813,214	(123,652,432)
Decrease in inventories	2,287,508	1,260,931
(Increase)/decrease in trade and other receivables, and prepayments	(4,082,157)	9,893,476
Increase/(decrease) in trade and other payables	52,459,804	(188,760,327)
(Decrease)/increase in provision for cove infrastructure	(2,429,632)	26,100,451
Cash flow generated from/(used in) operations	100,048,737	(275,157,901)
Tax paid	(100,725)	(277,876)
Net cash flow generated from/(used in) operating activities	99,948,012	(275,435,777)
Cash flow from investing activities		
Interest received	10,732,295	14,131,851
Purchase of property, plant and equipment	(103,257,717)	(53,856,648)
Proceeds from disposal of property, plant and equipment	5,052,640	1,620,344
Proceeds from disposal of available-for-sale financial assets	1,081,102	–
Refund on land premium	5,927,552	–
Dividend received	20,320	32,186
Net cash outflow on acquisition of a subsidiary (Note 12)	–	(8,031,488)
Net cash flow used in investing activities	(80,443,808)	(46,103,755)
Cash flow from financing activities		
Proceeds from loans and borrowings	18,129,359	5,708,738
Repayment of loans and borrowings	(7,503,693)	–
Interest paid	(240,240)	(685)
Net cash flow generated from financing activities	10,385,426	5,708,053
Net increase/(decrease) in cash and cash equivalents	29,889,630	(315,831,479)
Cash and cash equivalents at beginning of year	2,359,908,567	2,675,740,046
Cash and cash equivalents at end of year (Note 19)	2,389,798,197	2,359,908,567

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements
- 31 March 2011

2. Summary of significant accounting policies (cont'd)

2.3 ***Change in accounting estimate***

During the financial year, the Group received a cash refund of $5,927,552 from the Singapore Land Authority ("SLA") in relation to land premium paid in prior years. The refund arose from SLA's finalisation of the Group's estimated golf course land area. The revised change was applied prospectively to the net carrying value of land premium without adjustments to previously reported amounts. The change in accounting estimate decreased the current year's amortisation charged to income and expenditure statement by approximately $259,650.

2.4 ***Standards issued but not yet effective***

The Group and the Corporation have not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual period beginning on or after
Revised SB-FRS 24, Related Party Disclosures	1 January 2011
INT SB-FRS 119, Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Amendments to INT SB-FRS 114, Prepayments of a Minimum Funding Requirement	1 January 2011
Amendments to SB-FRS 101, Limited Exemption from Comparative SB-FRS 107, Disclosures for First-time Adopters	1 July 2010
Improvements to SB-FRS issued in 2010:	
Traditional requirements for amendments arising as a result of SB-FRS 27, Consolidated and Separate Financial Statements	1 July 2010
Amendments to SB-FRS 1, Presentation of Financial Statements	1 January 2011
Amendments to SB-FRS 34, Interim Financial Reporting	1 January 2011
Amendments to SB-FRS 101, First-time Adoption of Statutory Board Financial Reporting Standards	1 January 2011
Amendments to SB-FRS 103, Business Combinations	1 July 2010
Amendments to SB-FRS 107, Financial Instruments: Disclosures	1 January 2011
Amendments to INT SB-FRS 113, Customer Loyalty Programmes	1 January 2011

Except for the revised SB-FRS 24, the Board members expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised SB-FRS 24 is described below.

Notes to the Financial Statements
- 31 March 2011

2. Summary of significant accounting policies (cont'd)

2.4 ***Standards issued but not yet effective (cont'd)***

<u>Revised SB-FRS 24, *Related Party Disclosures*</u>

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. In addition, the revised SB-FRS 24 also exempts statutory boards from disclosing specific related party transactions when their disclosure of such specific related party transactions could be detrimental to the national interest. The Group is currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transaction. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in FY2012.

2.5 ***Significant accounting estimates and judgements***

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) ***Useful lives of property, plant and equipment***

The cost of property, plant and equipment is depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 103 (2010: 3 to 103) years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

A 5% (2010: 5%) difference in the expected useful lives of these assets from management's estimates would result in approximately 12% (2010: 2%) variance in the Group's net surplus/(deficit) for the year.

The carrying amounts of the Group's and the Corporation's property, plant and equipment as at 31 March 2011 are disclosed in Note 10 to the financial statements.

(ii) ***Impairment of non-financial assets***

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

Notes to the Financial Statements
- 31 March 2011

2. Summary of significant accounting policies (cont'd)

2.5 ***Significant accounting estimates and judgements (cont'd)***

(a) ***Key sources of estimation uncertainty (cont'd)***

(ii) ***Impairment of non-financial assets (cont'd)***

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Further details of the key assumptions applied in the impairment assessment are given in the various notes to the financial statements.

(iii) ***Impairment of loans and receivables***

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's loans and receivables at the balance sheet date are disclosed in Note 17 to the financial statements.

(iv) ***Provision for cove infrastructure***

There is a present, legal and constructive obligation for the provision of infrastructure and amenities to purchasers of the Cove land, for which management expects to incur the expenditure.

Provision for cove infrastructure is based on the most reliable estimates using comparable tendered contracts and quotes where available.

(v) ***Provision for development charges***

In estimating provision for development charges, management had relied on Interim Orders received from the Urban Redevelopment Authority, computation formulae from the Chief Valuer's Office, as well as available enhanced and baseline rates for development charges. The carrying amount of provision for development charges of the Group and the Corporation at the balance sheet date was $76,000,000 (2010: $21,470,000).

Notes to the Financial Statements
- 31 March 2011

2. Summary of significant accounting policies (cont'd)

2.5 Significant accounting estimates and judgements (cont'd)

(a) Key sources of estimation uncertainty (cont'd)

(vi) ***Cost of land premium***

Cost of land premium is capitalised in accordance with the accounting policy in Note 2.16. Initial capitalisation of costs is based on golf course land area estimated by Singapore Land Authority ("SLA"). During the year, the Club had accounted for the change in the cost of land premium as a change in accounting estimate arising from SLA's finalisation of the Club's estimated land area. The change in accounting estimate is disclosed in Note 2.3.

(vii) ***Income taxes***

Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's provision for taxation and deferred tax liabilities as at 31 March 2011 were $469,202 (2010: $727,806) and $970,198 (2010: $1,802,949) respectively.

(b) ***Judgements made in applying accounting policies***

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the consolidated financial statements.

(i) ***Operating lease commitments – as lessor***

The Group has entered into lease agreements with tenants on its leasehold land, buildings, attractions and facilities. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these assets and so accounted for the contracts as operating leases.

(ii) ***Held-to-maturity investments***

The Group follows the guidance of SB-FRS 39 on classifying non-derivatives financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity, other than for specific circumstances explained in SB-FRS 39, it will be required to classify these investments as available-for-sale. The investments would therefore be measured at fair value, instead of at amortised cost.

Notes to the Financial Statements
- 31 March 2011

2. Summary of significant accounting policies (cont'd)

2.6 ***Basis of consolidation***

Business combinations from 1 January 2010

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Corporation. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in income and expenditure.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in income and expenditure on the acquisition date.

Notes to the Financial Statements
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2. Summary of significant accounting policies (cont'd)

2.7 ***Foreign currency***

The Group's consolidated financial statements are presented in Singapore dollars, which is also the parent Corporation's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are measured in the respective functional currencies of the Corporation and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the income and expenditure statement.

2.8 ***Revenue***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

(a) ***Land sale***

Revenue from sale of land is recognised on the sale sites for which sales agreements have been concluded.

(b) ***Admission fees and packages***

Income from admission fees and packages is recognised on sale and presentation of admission tickets and packages, net of discount.

(c) ***Rental and hiring of facilities***

Rental income is recognised based on the terms of the tenancy agreements.

Lease income from operating leases is recognised on a straight-line basis over the lease terms on ongoing leases. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease terms on a straight-line basis.

Notes to the Financial Statements
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2. Summary of significant accounting policies (cont'd)

2.8 ***Revenue (cont'd)***

(d) ***Club membership - related income***

Club membership entrance fee is recognised on a straight-line basis over the remaining lease term of the land occupied by the Club.

Transfer fees on club membership are recognised on approval of transfer.

Nominee registration fees for two nominees are recognised on acceptance of the first nominee by the General Committee of the Club or upon the expiration of three months from admission of the Club Member, whichever is earlier.

Golf course income, representing income from green fees and fees from other social facilities provided by the Club, are recognised when services have been rendered, and accepted by customers.

Income from subscription fees are recognised on an accrual basis.

(e) ***Sales of merchandise***

Revenue from sale of merchandise is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer, net of trade discounts. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(f) ***Service, development, and project management fees***

Service, development, and project management fees are recognised as revenue when services are rendered, and accepted by customers.

(g) ***Food and beverage***

Revenue from sale of food and beverage is recognised upon sales made to customers, net of discounts.

(h) ***Interest income***

Interest income is recognised using the effective interest method.

(i) ***Sponsorship income***

Sponsorship income from public entities and private third parties are recognised at fair value as income as and when it is reasonably certain that they will be received and conditions for receipt have been met.

(j) ***Maintenance fund contributions***

Maintenance fund contributions are recognised on an accrual basis.

(k) ***Dividend income***

Dividend income is recognised when the Group's right to receive payment is established.

Notes to the Financial Statements
- 31 March 2011

2. Summary of significant accounting policies (cont'd)

2.9 ***Cost of sales***

Cost of land sale is calculated using percentage of saleable gross floor area.

Cost of admission fees and packages comprises cost of island partners' attractions based on agreed settlement rates, logistics and other direct costs incurred in organising the events and packages.

2.10 ***Employee benefits***

(a) ***Defined contribution plan***

In Singapore, as required by the law, the Group makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. CPF contributions are recognised as an expense in the period in which the related services are performed.

(b) ***Employee leave entitlement***

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.11 ***Borrowing costs***

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.12 ***Government grants***

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

Government grants for the establishment of the Corporation are taken to the capital account.

Government grants and contributions for the purchase of depreciable property, plant and equipment are taken to the deferred capital grants account. The deferred capital grants are recognised in the statement of income and expenditure over the periods necessary to match the depreciation and gain or loss on disposal of the property, plant and equipment purchased with the grants.

Government grants relating to Jobs Credit Scheme are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants relating to Jobs Credit Scheme are deducted in reporting the related expenses.

Notes to the Financial Statements
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2. Summary of significant accounting policies (cont'd)

2.13 ***Heritage materials and heritage grant***

In accordance with SB-FRS 20 paragraph 24, heritage materials purchased by the Group are initially accounted for at cost less heritage grant received. Subsequent to recognition, heritage materials are measured at cost less any accumulated impairment losses.

Heritage grant received is recognised when there is reasonable assurance that the Group has complied with the conditions attached to the heritage materials and that the grant is received or becomes receivable.

2.14 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.11. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use, and includes the costs of dismantlement, removal or restoration, the obligation for which the Group incurs as a consequence of installing the asset. Expenditure for additions, improvements and renewals are capitalised, and expenditure for maintenance and repairs are recognised in the income and expenditure.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of income and expenditure in the financial year the asset is derecognised.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

Notes to the Financial Statements
- 31 March 2011

2. Summary of significant accounting policies (cont'd)

2.15 ***Depreciation of property, plant and equipment***

Depreciation of property, plant and equipment begins when it is available for use and is computed on a straight-line basis over their estimated useful lives as follows:

Leasehold land and improvements to land	-	10 to 103 years or over remaining lease terms
Buildings, attractions, facilities and renovations	-	3 years or over remaining lease terms

Plant and machinery, operating equipment and other assets, comprising:

(i)	Plant and machinery	-	5 to 10 years
(ii)	Cable car system		
	- property (operational)	-	10 to 25 years
	- plant and machinery	-	3 to 20 years
(iii)	Motor vehicles	-	5 years
(iv)	Furniture and fittings	-	3 to 5 years
(v)	Computer equipment	-	3 years

Development projects-in-progress are not depreciated until commissioned as these assets are not available for use.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets. Assets costing less than $1,000 per item are charged to the statement of income and expenditure.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively if appropriate, to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

2.16 ***Land premium***

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases.

Land premium for land use rights is stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged to the statement of income and expenditure on a straight-line basis over the lease term.

2.17 ***Investments in subsidiaries***

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Corporation's separate financial statements, investments in subsidiaries are accounted for at cost less any accumulated impairment losses.

Notes to the Financial Statements
- 31 March 2011

2. Summary of significant accounting policies (cont'd)

2.18 ***Investment in an associate***

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investment in an associate is accounted for using the equity method. Under the equity method, the investment in an associate is measured in the Group's balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate.

Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of results of the associate in the period in which the investment is acquired.

The income and expenditure reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associates is shown on the face of income and expenditure after tax and non-controlling interests in the subsidiaries of associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income and expenditure.

When the financial statements of the associate used in applying the equity method are prepared as of a different reporting date from that of the Group, adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Group. Where necessary, adjustments are made to bring the accounting policies to be in line with those of the Group.

In the Corporation's separate financial statements, the investment in an associate is accounted for at cost less any accumulated impairment losses.

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in the income and expenditure.

Notes to the Financial Statements
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2. Summary of significant accounting policies (cont'd)

2.19 ***Investments in joint ventures***

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interests in joint ventures using the equity method, from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint ventures. Under the equity method, the investments in joint ventures is carried in the Group's balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint ventures.

Any excess of the Group's share of the net fair value of the joint ventures' identifiable assets, liabilities and contingent liabilities over the cost of the investments is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of results of the joint ventures in the period in which the investments are acquired.

Where the Group's share of losses in the joint ventures equals or exceeds its interests in the joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its joint ventures. The Group determines at each balance sheet date whether there is any objective evidence that the investments in the joint ventures are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint ventures and their carrying value and recognises the amount in the income and expenditure.

The financial statements of the joint ventures of the Group are prepared as of the same reporting date as the Group unless it is impracticable to do so. When the financial statements of those joint ventures used in applying the equity method are prepared as of a different reporting date from that of the Group, adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Group. Where necessary, adjustments are made to bring the accounting policies to be in line with those of the Group.

2.20 ***Financial assets***

Initial recognition and measurement

Financial assets are recognised on the balance sheets when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group does not have any financial assets designated as fair value through income and expenditure. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through income and expenditure, directly attributable transaction costs.

Notes to the Financial Statements
- 31 March 2011

2. Summary of significant accounting policies (cont'd)

2.20 ***Financial assets (cont'd)***

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) ***Loans and receivables***

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of income and expenditure when the loans and receivables are derecognised or impaired, and through the amortisation process.

(b) ***Held-to-maturity investments***

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the assets to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the statement of income and expenditure when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(c) ***Available-for-sale financial assets***

Available-for-sale financial assets include equity securities. Equity investments classified as available-for-sale are those, which are neither classified as held-for-trading, nor designated at fair value through income and expenditure. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset, except for impairment losses, are recognised in other comprehensive income, except that 'impairment' losses are recognised in income and expenditure. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to income and expenditure as a reclassification adjustment when the financial asset is derecognised.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in income and expenditure.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Notes to the Financial Statements
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2. Summary of significant accounting policies (cont'd)

2.21 ***Inventories***

Inventories comprise land held for sale, consumables and spare parts, merchandise, and food and beverage products. Inventories are stated at the lower of cost and net realisable value.

Cost of land held for sale includes land alienation costs, development costs, interest and other related expenditure to bring the land to a saleable condition.

Consumables and spare parts, and food and beverage products are stated at lower of cost and net realisable value. The cost of inventories is determined on a first-in-first-out basis.

Merchandise is stated at the lower of cost and net realisable value. The cost of inventories is determined on a weighted average basis.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.22 ***Impairment of assets***

(a) ***Impairment of financial assets***

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the income and expenditure.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income and expenditure.

Notes to the Financial Statements
- 31 March 2011

2. Summary of significant accounting policies (cont'd)

2.22 ***Impairment of assets (cont'd)***

(a) ***Impairment of financial assets (cont'd)***

Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in income and expenditure, is transferred from other comprehensive income and recognised in income and expenditure. Reversals of impairment losses in respect of equity instruments are not recognised in income and expenditure; increase in their fair value after impairment are recognised directly in other comprehensive income.

(b) ***Impairment of non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows expected to be generated by the asset 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. These calculations are combined by valuation multiples, or other available fair value indicators. Impairment losses are recognised in income and expenditure.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the income and expenditure.

Notes to the Financial Statements
- 31 March 2011

2. Summary of significant accounting policies (cont'd)

2.23 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand, cash held with banks and Accountant-General's Department ("AGD"), and short-term deposits that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purposes of the consolidated statement of cash flow, cash and cash equivalents are presented net of cash and cash equivalents held on behalf of the Government-related specific funds, which form an integral part of the Group's cash management.

2.24 ***Financial liabilities***

Initial recognition and measurement

Financial liabilities within the scope of SB-FRS 39 are recognised on the balance sheets when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are initially recognised at fair value, and, in the case of other financial liabilities, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in income and expenditure when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income and expenditure.

2.25 ***Provisions***

Provisions are recognised by the Group when a present obligation (legal or constructive) arises as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

Notes to the Financial Statements
- 31 March 2011

2. Summary of significant accounting policies (cont'd)

2.26 ***Specific fund***

Specific fund is set up to account for funds received from the Government for specific purposes to be incurred on behalf of the Government.

2.27 ***Provision for contribution to Consolidated Fund***

This represents the provision for contribution to be made to the Consolidated Fund in accordance with the Statutory Corporations (Contribution to Consolidated Fund) Act (Chapter 319A).

2.28 ***Deferred income***

Deferred income comprises the following:

(a) Unamortised portion of the membership entrance fees, which is amortised and recognised as income on a straight-line basis over the remaining lease term of the land occupied by the Club;

(b) Premium received in respect of long-term leases, which is amortised and recognised as income on a straight-line basis over the period of the respective leases; and

(c) Service income and development fee in respect of long-term leases, which is amortised and recognised as income on the basis so as to match the related costs.

2.29 ***Taxes***

(a) ***Current income tax***

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

(b) ***Deferred tax***

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income and expenditure; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associate and joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Financial Statements
- 31 March 2011

2. Summary of significant accounting policies (cont'd)

2.29 ***Taxes (cont'd)***

(b) ***Deferred tax (cont'd)***

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income and expenditure; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associate and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred income tax relating to items recognised outside income and expenditure is recognised outside income and expenditure. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Notes to the Financial Statements
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2. Summary of significant accounting policies (cont'd)

2.29 ***Taxes (cont'd)***

(c) ***Goods and services tax***

Revenues, expenses and assets are recognised net of the amount of goods and services tax except:

- Where the goods and services tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of goods and services tax included.

The net amount of goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheets.

2.30 ***Leases***

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT SB-FRS 104.

(a) ***As lessee***

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to income and expenditure. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in income and expenditure on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) ***As lessor***

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.8(c). Contingent rents are recognised as revenue in the period in which they are earned.

Notes to the Financial Statements
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2. Summary of significant accounting policies (cont'd)

2.31 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheets of the Group and the Corporation, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.32 ***Related parties***

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries,
(i) controls, is controlled by, or is under common control with, the Group;
(ii) has an interest in the Group that gives it significant influence over the Group; or
(iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a joint venture in which the Group is a venturer;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

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3. Rental and hiring of facilities

	Group		Corporation	
	2011	**2010**	**2011**	**2010**
	$	$	$	$
Rental income	22,463,597	19,906,953	24,318,352	21,721,801
Lease income amortised (Note 25)	503,986	503,986	503,986	503,986
	22,967,583	20,410,939	24,822,338	22,225,787

4. Other income

	Group		Corporation	
	2011	**2010**	**2011**	**2010**
	$	$	$	$
Club membership-related income	24,731,855	22,028,624	24,731,855	22,028,624
Sales of merchandise, net of discounts	7,888,920	5,723,631	–	–
Service and development fees (Note 25)	4,527,408	8,052,889	4,527,408	8,052,889
Project management fees	549,442	735,612	427,472	499,732
Sponsorship income	366,842	134,021	65,390	134,021
Food and beverage	15,351,411	9,501,637	4,761,367	3,006,725
Gain on disposal of property, plant and equipment	186,713	259,360	111,760	3,898
Gain on disposal of available-for-sale financial asset	479,489	–	–	–
Unrealised exchange gain	1,009	511,215	1,009	511,215
Maintenance fund contribution	1,875,262	1,310,507	1,875,262	1,310,507
Liquidated damages	4,363,851	3,436,227	4,363,851	3,436,227
Dividend income from quoted equity securities	20,320	32,186	–	–
Amount due to a statutory board written-off	–	2,062,413	–	–
Gain on bargain purchase	–	4,731,949	–	–
Others	2,559,108	4,597,206	2,363,774	3,628,320
	62,901,630	63,117,477	43,229,148	42,612,158

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5. Staff costs

	Group		Corporation	
	2011	**2010**	**2011**	**2010**
	$	$	$	$
Direct staff:				
Wages and salaries	54,013,100	41,011,618	15,433,424	9,170,358
CPF contributions	5,525,790	4,174,356	1,275,182	405,972
	59,538,890	45,185,974	16,708,606	9,576,330
Outsourced to a subsidiary:				
Wages and salaries	–	–	29,161,966	28,035,890
CPF contributions	–	–	3,063,294	3,052,738
	–	–	32,225,260	31,088,628
Sub-total	59,538,890	45,185,974	48,933,866	40,664,958
Staff costs capitalised in development projects-in-progress	(1,473,626)	(2,056,327)	(1,473,626)	(2,056,327)
	58,065,264	43,129,647	47,460,240	38,608,631

Staff costs for the Group and the Corporation are derived after offsetting an amount of $156,294 (2010: $2,061,884) and $134,775 (2010: $1,819,567) respectively relating to the Jobs Credit Scheme introduced on 22 January 2009 by the Singapore Government to encourage businesses to preserve jobs during the economic downturn. The Scheme was ceased in June 2010.

6. (Write-back)/provision for development charges
Cove infrastructure expenditure
General and administrative expenses

(Write-back)/provision for development charges [1]	(17,270,000)	100,000,000	(17,270,000)	100,000,000
Cove infrastructure expenditure [2] (Note 23)	–	31,990,402	–	32,097,515

(1) Provision for development charges arises from the enhancements in land value of Sentosa Integrated Resort land as a result of the change in use. Included in provision for development charges was an amount of $73,200,000 (2010: Nil) arising from an overprovision in respect of prior years. This was a result of the Corporation's appeal to the Chief Valuer's Office (CVO) to review the quantum of development charge paid in 2009. CVO informed the Corporation on 22 April 2010 that it had considered the appeal and revised the quantum downwards by $73,200,000. The revision was approved by the Urban Redevelopment Authority and the amount was refunded to the Corporation in August 2010 and recognised directly in the income and expenditure statement. This refund of $73,200,000 was offset by the current year's provision for development charges of $55,930,000 (Note 20), and this resulted in a net write-back of $17,270,000 in FY2011.

(2) This was due to an increase in estimate for provision for Cove infrastructure required to complete the construction works at Cove common areas. The increase arose from management's review of the scope and cost of works required, and was approved by the Board in March 2010. No additional provision was required for FY2011.

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6. (Write-back)/provision for development charges
Cove infrastructure expenditure
General and administrative expenses (cont'd)

The following items have been included in arriving at general and administrative expenses:

	Group		Corporation	
	2011	**2010**	**2011**	**2010**
	$	$	$	$
(Write-back)/impairment loss on doubtful trade receivables, net	(272,912)	640,424	(272,912)	454,038
Inventories written off	–	24,483	–	–
Property, plant and equipment written off	103,500	2,332,423	–	1,835,568
Bad debts written off	2,721	15,535	2,721	372
Property taxes	3,349,204	3,586,038	3,349,204	3,534,934
Utilities	6,583,660	5,530,834	5,543,643	4,968,097
Exchange loss	1,189,244	–	1,182,405	–
Travelling expenses	452,883	830,143	409,995	713,889

7. Taxation

(a) ***Major components of taxation***

The major components of taxation for the financial years ended 31 March 2011 and 2010 are:

	Group	
	2011	**2010**
	$	$
Current income tax:		
Current income taxation	274,975	566,398
Overprovision in respect of previous years	(432,854)	(44,838)
	(157,879)	521,560
Deferred tax:		
Provision for the year (Note 26)	5,930	121,540
Overprovision in respect of previous years (Note 26)	(838,681)	–
	(832,751)	121,540
Total	(990,630)	643,100

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7. Taxation (cont'd)

(b) ***Reconciliation between statutory tax expense and effective tax expense***

The reconciliation between the tax expense and the product of accounting deficit multiplied by the applicable corporate tax rate of the Group's subsidiaries for the financial years ended 31 March 2011 and 2010 are as follows :-

	Group	
	2011	**2010**
	$	$
Surplus/(deficit) before taxation	24,799,844	(148,380,838)
Statutory tax expense at corporate rate of 17% (2010: 17%)	4,215,973	(25,224,742)
Adjustments for:		
Non-deductible expenses	1,897,843	25,267,346
Income not subject to tax	(6,091,865)	(95,144)
Effect of partial tax exemption	(51,850)	(44,173)
Overprovision in respect of previous years,	(1,271,535)	(44,838)
Share of results of joint ventures	246,137	7,837
Utilisation of previously unrecognised temporary differences	–	(2,301)
Deferred tax assets not recognised	–	712,740
Others	64,667	66,375
Effective tax expense	(990,630)	643,100

Corporation

The Corporation is not subject to income tax. However, it is required to contribute to the Consolidated Fund (Note 8).

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8. Contribution to Consolidated Fund

Corporation

The Corporation is required to contribute to the Consolidated Fund in accordance with the Statutory Corporations (Contribution to Consolidated Fund) Act (Chapter 319A).

The Club has obtained written consent from the Ministry of Finance, that membership entrance fees recognised as income upfront prior to 1 April 1999 under the previous revenue recognition policy would not be subject to contribution, when these fees are deferred and recognised as income over the remaining lease term of the land under the current accounting policy. Hence, the membership entrance fee income of $2,028,910 (2010: $2,028,910) resulting from the amortisation of deferred income is not subject to contribution to Consolidated Fund.

	Corporation	
	2011 $	2010 $
Net surplus/(deficit) of the Corporation before contribution to Consolidated Fund	23,461,623	(151,548,730)
Deferred income on membership entrance fee	(2,028,910)	(2,028,910)
Net surplus/(deficit) subject to contribution to Consolidated Fund	21,432,713	(153,577,640)
Contribution to Consolidated Fund:		
Current year	3,643,561	–

The contribution for the financial year under review is based on 17% (2010: 17%) of the net surplus, if any, of the Corporation.

9. Heritage materials

	Group	
	2011 $	2010 $
Cost of heritage materials:		
At 1 April and 31 March	–	26,398,500

Heritage materials represented a cargo of artefacts purchased by a subsidiary using a loan received from the Corporation (Note 18), and the heritage grants received from a statutory board. The cargo of artefacts was pledged as a security for a loan payable to the same statutory board (Note 21). The cargo of artefacts was transferred back to the same statutory board during the financial year.

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10. Property, plant and equipment

Group	Leasehold land and improvements to land $	Buildings, attractions, facilities and renovations $	Development projects-in-progress $	Plant and machinery, operating equipment and other assets $	Total $
Cost					
At 1 April 2009	229,997,474	503,091,484	71,859,835	111,240,505	916,189,298
Additions	692,161	304,372	50,220,867	2,639,248	53,856,648
Due to acquisition of a subsidiary	19,300,000	30,700,001	7,168,359	3,307,434	60,475,794
Disposals	–	(2,193,169)	–	(1,568,733)	(3,761,902)
Write-offs	–	–	(2,322,551)	(993,570)	(3,316,121)
Reclassifications	22,636,786	31,660,591	(72,261,183)	17,963,806	–
At 31 March 2010 and 1 April 2010	272,626,421	563,563,279	54,665,327	132,588,690	1,023,443,717
Additions	332,770	1,145,613	96,250,473	6,421,873	104,150,729
Disposals	(17,497)	(237,195)	(4,446,752)	(2,026,865)	(6,728,309)
Write-offs	–	–	(103,500)	–	(103,500)
Reclassifications	3,391,306	116,492,580	(137,901,492)	18,017,606	–
At 31 March 2011	276,333,000	680,964,277	8,464,056	155,001,304	1,120,762,637
Accumulated depreciation					
At 1 April 2009	72,485,483	152,375,528	–	59,884,548	284,745,559
Charge for the financial year	7,565,698	24,065,280	–	20,472,345	52,103,323
Disposals	–	(659,153)	–	(1,741,765)	(2,400,918)
Write-offs	–	–	–	(496,445)	(496,445)
Reclassifications	625,034	(29,782)	–	(595,252)	–
At 31 March 2010 and 1 April 2010	80,676,215	175,751,873	–	77,523,431	333,951,519
Charge for the financial year	7,619,873	24,123,801	–	20,361,916	52,105,590
Disposals	(1,744)	(68,284)	–	(1,792,354)	(1,862,382)
Reclassifications	(1,192,412)	(799,809)	–	1,992,221	–
At 31 March 2011	87,101,932	199,007,581	–	98,085,214	384,194,727
Net carrying amount					
At 31 March 2011	189,231,068	481,956,696	8,464,056	56,916,090	736,567,910
At 31 March 2010	191,950,206	387,811,406	54,665,327	55,065,259	689,492,198

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10. Property, plant and equipment (cont'd)

Corporation	Leasehold land and improvements to land $	Buildings, attractions, facilities and renovations $	Development projects-in-progress $	Plant and machinery, operating equipment and other assets $	Total $
Cost					
At 1 April 2009	229,857,887	502,135,136	71,859,836	107,732,172	911,585,031
Additions	692,161	304,372	40,443,536	2,579,080	44,019,149
Disposals	–	(2,752,836)	–	(1,109,548)	(3,862,384)
Write-offs	–	–	(1,835,568)	–	(1,835,568)
Reclassifications	21,313,699	31,958,360	(72,261,183)	18,989,124	–
At 31 March 2010 and 1 April 2010	251,863,747	531,645,032	38,206,621	128,190,828	949,906,228
Additions	1,210	1,144,013	75,150,767	4,076,392	80,372,382
Disposals	(17,497)	(200,934)	(4,446,752)	(953,712)	(5,618,895)
Reclassifications	5,045,953	77,690,069	(100,446,578)	17,710,556	–
At 31 March 2011	256,893,413	610,278,180	8,464,058	149,024,064	1,024,659,715
Accumulated depreciation					
At 1 April 2009	72,345,896	151,742,754	–	58,058,191	282,146,841
Charge for the financial year	7,176,329	23,554,595	–	19,790,947	50,521,871
Disposals	–	(747,767)	–	(1,019,953)	(1,767,720)
Reclassifications	(10,002)	263,528	–	(253,526)	–
At 31 March 2010 and 1 April 2010	79,512,223	174,813,110	–	76,575,659	330,900,992
Charge for the financial year	7,020,687	20,519,812	–	18,906,705	46,447,204
Disposals	(1,744)	(36,853)	–	(781,422)	(820,019)
At 31 March 2011	86,531,166	195,296,069	–	94,700,942	376,528,177
Net carrying amount					
At 31 March 2011	170,362,247	414,982,111	8,464,058	54,323,122	648,131,538
At 31 March 2010	172,351,524	356,831,922	38,206,621	51,615,169	619,005,236

Notes to the Financial Statements
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10. Property, plant and equipment (cont'd)

The net carrying value of leasehold land and buildings of the Group and the Corporation which are leased out under operating leases as at 31 March 2011 was $27,631,762 (2010: $27,981,361). As at 31 March 2010, included in the Group's write-offs was an amount of $487,253, being reversal of prior year's overprovision of development projects-in-progress. There was no such reversal in FY2011.

Included in additions for the financial year was an amount of $499,634 (2010: Nil) relating to reinstatement costs for dismantling, removal, and restoration of property, plant and equipment, which was provided for as reinstatement costs. Cash payment of $103,257,717 (2010: $53,856,648) were made to purchase property, plant and equipment.

Capitalisation of borrowing costs

The Group's property, plant and equipment included borrowing costs arising from bills payable specifically for the purpose of the upgrading of the cable car system. During the financial year, the borrowing costs capitalised as cost of buildings, attractions, facilities and renovations amounted to $146,660 (2010: Nil). The rate used to determine the amount of borrowing costs eligible for capitalisation was 0.324% (2010: Nil) per annum, which is the effective interest rate of the specific borrowing.

Assets held under finance lease

The carrying amount of plant and equipment of the Group held under finance lease obligation as at 31 March 2011 is $415,765 (2010: Nil). Leased assets are pledged as security for the related finance lease obligation.

11. Land premium

	Group and Corporation	
	2011 $	2010 $
Cost:		
At 1 April	72,613,423	72,613,423
Adjustment for refund of land premium *	(46,131,750)	–
At 31 March	26,481,673	72,613,423
Accumulated amortisation:		
At 1 April	43,938,601	41,498,209
Adjustment for refund of land premium *	(40,204,198)	–
Charge for the financial year	2,180,743	2,440,392
At 31 March	5,915,146	43,938,601
Net carrying amount	20,566,527	28,674,822

* During the financial year, the Club received a cash refund of $5,927,552 (2010: Nil) from the Singapore Land Authority ("SLA"). The refund arose from SLA's finalisation of the Club's golf course land area, and this resulted in an overpayment by the Club for land premium in prior years.

The Club has accounted for the refund of $5,927,552 prospectively as a change in accounting estimate (Note 2.3).

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12. Investments in subsidiaries

	Corporation 2011 $	Corporation 2010 $
Unquoted equity shares, at cost	34,767,622	34,767,622

Details of the subsidiaries as at 31 March are as follows:

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investments 2011 $	Cost of investments 2010 $	Percentage of ownership interest held by the Group 2011 %	Percentage of ownership interest held by the Group 2010 %
Held by the Corporation:					
Sentosa Leisure Holdings Pte Ltd * (Singapore)	Investment holding (Singapore)	2	2	100	100
Mount Faber Leisure Group Pte. Ltd. * # (Singapore)	Operation of the cable car system and wholesale and retail business, food and beverage services, marketing of panel advertisements, and provision of ground handling for ferry operations (Singapore)	34,767,620	34,767,620	100	100
		34,767,622	34,767,622		

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of effective interest held by the Group 2011 %	Percentage of effective interest held by the Group 2010 %
Held by subsidiaries			
Sentosa Leisure Management Pte Ltd * (Singapore)	Wholesaler and retailer of merchandise and acts as agent of the Corporation, and provision of food and beverage services (Singapore)	100	100
Sentosa Cove Pte Ltd * (Singapore)	Marketing managers for the Corporation in the sales of sites and management of the Sentosa Cove project on Sentosa Island (Singapore)	100	100
Sentosa Cove Resort Management Pte Ltd * (Singapore)	Agent for Cove community (Singapore)	100	100
Faber Tours Pte Ltd * (Singapore)	A full-fledged tour operator providing inbound tours and travel related services, and private care hire services. (Singapore)	100	100

* Audited by Ernst & Young LLP, Singapore.

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12. Investments in subsidiaries (cont'd)

In FY2010, the Group acquired the remaining 50% of equity interest in Mount Faber Leisure Group Pte. Ltd. The Group had finalised the Purchase Price Allocation ("PPA") Exercise in relation to this acquisition. There was no material financial impact in connection with the finalisation of the PPA exercise.

13. Investment in an associate

	Group 2011 $	Group 2010 $
Unquoted shares, at cost	–	30,000
Share of post-acquisition losses, net of tax	–	(21,965)
Impairment loss	–	(8,035)
	–	–
Total	–	–

There were no contingent liabilities related to the Group's interest in its associated company.

Details of the associate as at 31 March are as follows:

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of effective interest held by the Group 2011 %	Percentage of effective interest held by the Group 2010 %
Held by a subsidiary			
Heritage Cuisine Pte Ltd * (Singapore)	Operation of food outlet for the purpose of provision of food and beverage and related activities (Singapore)	–	20

* Audited by BSPL & Associates.

During the financial year, the Group diluted its equity interest in Heritage Cuisine Pte Ltd from 20% to 19.89%. Subsequent to the dilution, the Group designated its remaining shareholding in Heritage Cuisine Pte Ltd of 19.89% as an available-for-sale financial asset (Note 15).

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13. Investment in an associate (cont'd)

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2010
	$
Assets and liabilities	
Current assets	59,294
Current liabilities	13,962
Results	
Revenue	564,552
Profit for the year	4,356

For FY2010, the financial information of Heritage Cuisine Pte Ltd was derived based on unaudited management accounts for the financial year ended 30 September 2009. Management had made a full allowance for impairment loss of $8,035 for the cost of investment in Heritage Cuisine Pte Ltd since prior years.

14. Investments in joint ventures

	Group	
	2011	2010
	$	$
Unquoted shares, at cost	10,884,259	10,884,259
Share of post-acquisition profits (net of tax)	7,351,334	6,074,080
Goodwill on consolidation written off	(2,214,892)	(2,214,892)
Total	16,020,701	14,743,447

There are no contingent liabilities relating to the Group's interests in its joint ventures.

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14. Investments in joint ventures (cont'd)

Details of the joint ventures as at 31 March are as follows:

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of effective interest held by the Group 2011	2010
		%	%
Held by subsidiaries:			
DCP (Sentosa) Pte Ltd * (Singapore)	Construction, development and operation of a district cooling plant supplying chilled water for air-conditioning needs at Sentosa (Singapore)	20	20
Cableways International Pte Ltd ("Cableways") ** # (Singapore)	Investment holding (Singapore)	42.84	42.84
Held by Cableways:			
Singapore Super Technique Limited ("SST") # (Singapore)	Investment holding (Singapore)	–	42.84
Held by SST:			
Shanxi Hua Mountain San Te Cableway Co. Ltd ("Shanxi Cableway") # (People's Republic of China)	Operation of the cable car system and wholesale and retail business and food and beverage business (People's Republic of China)	–	10.71

* Audited by PricewaterhouseCoopers LLP, Singapore.
** Audited by Ernst & Young LLP, Singapore.

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14. Investments in joint ventures (cont'd)

Under the supplementary shareholder agreement entered into with other shareholders of Shanxi Cableway, the Group's share of post-acquisition reserves in Shanxi Cableway was computed based on a percentage of the net assets of Shanxi Cableway as reported in the financial statements of Shanxi Cableway.

During FY2011, Cableways disposed of its entire equity interest in SST, along with SST's 25% equity interest in Shanxi Cableway, for a cash consideration of RMB 9,180,000 (approximately S$1,831,920). Management has recognised a gain on disposal of SST and Shanxi Cableway of $1,450,877 for FY2011.

The aggregate amounts of each of current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the Group's interests in the joint ventures are as follows:

	2011 $	2010 $
Assets and liabilities		
Current assets	17,890,066	17,066,472
Non-current assets	13,203,600	13,655,038
	31,093,666	30,721,510
Current liabilities	2,544,920	2,172,481
Non-current liabilities	6,193,200	7,470,800
	8,738,120	9,643,281
Income and expenses		
Income	5,131,238	1,194,168
Expenses	(3,854,701)	(1,128,341)

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15. Investments

	Group		Corporation	
	2011 $	2010 $	2011 $	2010 $
Non-current				
Available-for-sale financial assets:				
Equity securities (quoted)	–	1,043,983	–	–
Equity securities (unquoted)*	–	–	–	–
Held-to-maturity financial asset:				
4.15% per annum SGD bond due on 19 December 2011	–	2,000,000	–	2,000,000
	–	3,043,983	–	2,000,000
Current				
Held-to-maturity financial asset:				
4.15% per annum SGD bond due on 19 December 2011	2,000,000	–	2,000,000	–
Market value of quoted equity securities	–	1,043,983	–	–

Both investments are principally denominated in Singapore dollars.

* During the financial year, the Group has diluted its equity interest in Heritage Cuisine Pte Ltd from 20% to 19.89%. Subsequent to the dilution, the Group designated its remaining shareholding in Heritage Cuisine Pte Ltd of 19.89% as an available-for-sale financial asset (Note 15).

16. Inventories

	Group 2011 $	Group 2010 $	Corporation 2011 $	Corporation 2010 $
Balance sheets:				
Land held for sale	3,027,897	5,401,154	3,027,897	5,401,154
Consumables and spare parts	2,663,529	2,393,268	2,590,629	2,368,789
Merchandise	1,924,677	2,104,654	–	–
Food and beverage products	271,381	275,916	54,996	46,351
	7,887,484	10,174,992	5,673,522	7,816,294
Income and expenditure statements:				
Inventories recognised as an expense in cost of sales:	15,679,727	9,549,218	4,008,157	3,731,972
- Inventories written down	–	24,483	–	–

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17. Trade and other receivables

	Group 2011 $	Group 2010 $	Corporation 2011 $	Corporation 2010 $
Trade receivables [1]	18,347,243	15,498,912	17,785,003	14,565,158
Other receivables	9,605,878	5,553,573	9,493,809	4,150,230
Deposits [2]	1,468,880	1,061,567	1,054,894	827,980
Amounts due from subsidiaries [3]	–	–	11,422,189	13,089,670
Total trade and other receivables	29,422,001	22,114,052	39,755,895	32,633,038
Add:				
- Loan receivable from a subsidiary (Note 18)	–	–	–	26,398,500
- Cash and bank balances (Note 19)	2,390,715,824	2,361,144,137	2,372,575,065	2,337,838,244
Total loans and receivables	2,420,137,825	2,383,258,189	2,412,330,960	2,396,869,782

(1) ***Trade receivables***

Trade receivables are non-interest bearing, and are generally on 30 to 60 (2010: 30 to 60) days' credit terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Included in trade receivables of the Group and Corporation is an amount of $699,024 (2010: $505,099) relating to receivables for expenses incurred for the maintenance of offshore islands on behalf of the Government.

Receivables that are past due but not impaired

The Group and the Corporation have trade receivables amounting to $4,791,381 (2010: $4,015,234) and $4,297,258 (2010: $3,853,131) respectively that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

Less than 30 days	1,284,638	2,514,553	1,133,164	2,471,009
30 to 60 days	636,000	162,637	576,673	147,493
61 to 90 days	891,624	306,011	883,434	298,783
More than 90 days	1,979,119	1,032,033	1,703,987	935,846
	4,791,381	4,015,234	4,297,258	3,853,131

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17. Trade and other receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movements of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired 2011 $	Group Individually impaired 2010 $
Trade receivables – nominal amounts	370,029	874,587
Allowance for impairment	(370,029)	(874,587)
	–	–
Movements in allowance accounts:		
At 1 April	874,587	341,824
Charged during the year	32,854	655,311
Due to acquisition of a subsidiary	–	15,434
Write-back during the year	(305,766)	(14,887)
Write-off against allowance	(231,646)	(123,095)
At 31 March	370,029	874,587

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements. There are no balances that are collectively determined to be impaired.

At the balance sheet date, the Group and the Corporation had made a net allowance for impairment of Nil (2010: $640,424), written back an allowance of $272,912 (2010: Nil) and written off bad debts of $2,721 (2010: $15,535) and $2,721 (2010: $372) respectively, subsequent to a debt recovery assessment performed on trade and other receivables as at 31 March 2011.

(2) ***Deposits***

Included in deposits of the Group and Corporation is an amount of $706,440 (2010: $785,041) recoverable from a contractor for the Southern Islands Reclamation (Note 22).

(3) ***Amounts due from subsidiaries***

Amounts due from subsidiaries are non-trade in nature, unsecured, non-interest bearing and have no fixed terms of repayment.

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18. Loan receivable from a subsidiary

Loan receivable from a subsidiary is unsecured, interest-free and repayable on demand. This loan is financed by a loan from a statutory board (Note 21). The loan receivable was settled with the disposal of the cargo of artefacts to same statutory board during the financial year (Note 9).

19. Cash and bank balances

	Group		Corporation	
	2011	**2010**	**2011**	**2010**
	$	$	$	$
Cash at bank and on hand	12,877,509	15,846,116	3,148,315	6,286,229
Deposits placed with Accountant-General's Department	2,368,607,161	1,111,695,876	2,363,045,424	1,111,695,876
Fixed deposits	9,231,154	1,233,602,145	6,381,326	1,219,856,139
Total cash and bank balances	2,390,715,824	2,361,144,137	2,372,575,065	2,337,838,244
Less: Cash held on behalf of the Government (Note 22)	(417,627)	(735,570)	(417,627)	(735,570)
Less: Cash held on behalf of a statutory board	(500,000)	(500,000)	(500,000)	(500,000)
Total cash and cash equivalents	2,389,798,197	2,359,908,567	2,371,657,438	2,336,602,674

Fixed deposits placed by the Group and deposits placed with the Accountant-General's Department mature in varying periods of between 1 day and 1 year (2010: 1 day and 1 year), depending on the immediate cash requirements of the Group and the Corporation, and earn interest income at the respective fixed deposit rates.

The weighted average effective interest rate of cash and cash equivalents held by the Group and the Corporation is 0.59% (2010: 0.54%) per annum.

Included in the cash and cash equivalents of the Group and Corporation is an amount of $417,627 (2010: $735,570) held on behalf of the Government for the Southern Islands Development Fund (Note 22).

Included in the cash and cash equivalents of the Group and Corporation is an amount of $500,000 (2010: $500,000) held on behalf of a statutory board for the Southern Islands Maintenance Project.

Included in the cash and cash equivalents of the Group and the Corporation is an amount of $6,381,314 (2010: $12,528,000) and Nil (2010: $2,945,114) denominated in United States Dollars and Euro respectively as at 31 March 2011.

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20. Trade and other payables

	Group		Corporation	
	2011	**2010**	**2011**	**2010**
	$	$	$	$
Current				
Trade payables [1]	9,946,429	11,111,276	7,970,579	7,869,093
Accrued operating expenses	56,260,655	59,958,538	41,928,899	49,016,835
Derivative financial instrument (Note 33)	–	113,402	–	–
Provision for development charges [2]	76,000,000	21,470,000	76,000,000	21,470,000
Deposits	4,834,845	3,965,863	4,825,736	3,943,654
Advance receipts	8,380,971	7,740,278	8,380,971	7,740,278
Provision for property tax	4,628,203	4,470,575	4,628,203	4,470,575
Liability for short-term compensating absences	1,177,388	1,028,766	1,063,345	923,651
Other payables	4,109,370	2,308,739	1,254,642	754,145
Amount due to a joint venture [3]	14,510,324	14,510,324	–	–
Amounts due to subsidiaries [4]	–	–	77,719,690	76,286,584
	179,848,185	126,677,761	223,772,065	172,474,815
Non-current				
Other payables	938,754	1,101,480	18,129	63,715
Total trade and other payables	180,786,939	127,779,241	223,790,194	172,538,530
Add:				
- Loans and borrowings (Note 21)	16,727,782	32,107,238	–	26,398,500
Total financial liabilities	197,514,721	159,886,479	223,790,194	198,937,030

The carrying amounts of financial liabilities at amortised cost comprise: -

Trade and other payables	180,786,939	127,779,241	223,790,194	172,538,530
Loans and borrowings (Note 21)	16,727,782	32,107,238	–	26,398,500
Less:				
- Obligations under finance leases (Note 21)	(393,378)	–	–	–
Total financial liabilities at amortised cost	197,121,343	159,886,479	223,790,194	198,937,030

[1] ***Trade payables***

Trade payables are non-interest bearing, unsecured, and have credit terms of about 30 to 60 (2010: 30 to 60) days.

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21. Loans and borrowings (cont'd)

(1) The bank loans are denominated in Singapore dollars, and bear interest at Swap Offer Rate plus a margin of 1.65% (2010: Nil) per annum. Interest rate reprices every 3 months. The repayment dates are 30 June 2014 and 31 March 2014 respectively.

As at 31 March 2011, the Group did not meet a loan covenant for these loans. The bank is contractually entitled to request for immediate repayment of the outstanding loans in the event of breach of covenant. As such, the non-current portion of the bank loans of $11,154,589 as at 31 March 2011 had been reclassified as current.

However, the bank has not requested for immediate repayment of the outstanding loan amount, and management has obtained a letter of waiver from the bank as at the date when these financial statements were authorised for issue.

(2) The Group has obligations under a finance lease for certain plant and equipment. This lease is classified as a finance lease and expires over 2 (2010: Nil) years. The implicit average interest rate in the leases is 6.8311% (2010: Nil) per annum. These obligations are secured by the rights to the leased plant and equipment (Note 10).

(3) As at 31 March 2010, bills payable bore interest at Swap Offer Rate plus a margin of 1.65% per annum within 90 days, with an option to extend for a subsequent period of 90 days up to a maximum of 1 year, but not exceeding 30 September 2010. The effective interest rate was 0.324% per annum. Interest rate repriced every 3 months. Bills payable had been repaid as at 31 March 2011.

(4) Loan payable to a statutory board represented funds received from a statutory board, to partially fund the purchase of the cargo of artefacts (Note 9). The loan payable was secured against the cargo of artefacts, interest-free and was repayable on demand either by cash or transferring the cargo of artefacts to the statutory board. In FY2011, the loan was repaid through the transfer of the artefacts to the same statutory board (Note 9).

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group	
	2011 $	2010 $
Within 1 year	246,000	–
Within 2 to 5 years	174,250	–
Total minimum lease payments	420,250	–
Less: Amounts representing finance charges	(26,872)	–
Present value of minimum lease payments	393,378	–
Present value of minimum lease payments :		
Within 1 year	230,270	–
Within 2 to 5 years	163,108	–
Total	393,378	–

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20. Trade and other payables (cont'd)

(2) ***Provision for development charges***

	Group and Corporation	
	2011 $	2010 $
At 1 April	21,470,000	200,000,000
Provision during the year (Note 6)	55,930,000	100,000,000
Payment during the year	(1,400,000)	(278,530,000)
At 31 March	76,000,000	21,470,000

(3) ***Amount due to a joint venture***

Amount due to a joint venture is non-trade in nature, unsecured, non-interest bearing and repayable on demand.

(4) ***Amounts due to subsidiaries***

Amounts due to subsidiaries are non-trade in nature, unsecured, non-interest bearing and have no fixed terms of repayment.

Included in the Group's trade and other payables is an amount of $124,172 (2010: Nil) which is denominated in Euro.

21. Loans and borrowings

	Group		Corporation	
	2011 $	2010 $	2011 $	2010 $
Current :				
Bank loans (unsecured) (1)	16,334,404	–	–	–
Obligations under a finance lease (2)	230,270	–	–	–
Bills payable (unsecured) (3)	–	5,708,738	–	–
Loan payable to a statutory board (4)	–	26,398,500	–	26,398,500
	16,564,674	32,107,238	–	26,398,500
Non-current :				
Obligations under a finance lease (2)	163,108	–	–	–
Total loans and borrowings	16,727,782	32,107,238	–	26,398,500

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22. Specific fund

The balance in this fund represents unutilised government funds received.

	Group and Corporation 2011 $	2010 $
Balance sheets as at 31 March:		
Accumulated surplus		
Restricted fund	663,550	1,045,176
Current assets		
Deposit recoverable (Note 17)	706,440	785,041
Amount claimable from the Government	63,178	–
Cash and bank balances (Note 19)	417,627	735,570
	1,187,245	1,520,611
Current liabilities		
Trade payables	(167,009)	(468,023)
Other payables	(356,686)	(7,412)
	(523,695)	(475,435)
Net assets	663,550	1,045,176
Income and expenditure statement:		
Income :		
Government grant	1,228,451	3,634,823
Interest income	1,599	367
	1,230,050	3,635,190
Expenditure :		
Civil work	49,399	3,414,581
Services	1,505,417	330,790
Other operating expenditure	56,860	389,222
	1,611,676	4,134,593
Movements for the financial year:	(381,626)	(499,403)
At 1 April	1,045,176	1,544,579
At 31 March	663,550	1,045,176

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23. Provision for cove infrastructure

	Group 2011 $	2010 $	Corporation 2011 $	2010 $
At 1 April	237,020,855	210,920,404	236,892,088	210,684,524
Provision during the year (Note 6)	–	31,990,402	–	32,097,515
Provision utilised during the year	(2,429,632)	(5,889,951)	(2,300,865)	(5,889,951)
At 31 March	234,591,223	237,020,855	234,591,223	236,892,088
Comprises:				
Current	14,945,221	17,966,000	14,945,221	17,966,000
Non-current	219,646,002	219,054,855	219,646,002	218,926,088
Total	234,591,223	237,020,855	234,591,223	236,892,088

There is a present, legal and constructive obligation for the provision of certain infrastructure and amenities to purchasers of Cove land, for which management expects to incur expenditure. The provision for cove infrastructure, which is included in the “Cove infrastructure expenditure” line in the statement of comprehensive income, is based on management’s best estimate using comparable tendered contracts and quotes where available.

24. Deferred capital grants

	Group and Corporation 2011 $	2010 $
At 1 April	16,308,745	18,724,858
Amounts taken to statement of comprehensive income	(2,416,110)	(2,416,113)
At 31 March	13,892,635	16,308,745
Total capital grants received since establishment	508,517,894	508,517,894
Comprises:		
Current	2,416,110	2,416,113
Non-current	11,476,525	13,892,632
Total	13,892,635	16,308,745

Deferred capital grants relate to grants for the purchase of depreciable property, plant and equipment.

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25. Deferred income

	Group and Corporation 2011 $	Group and Corporation 2010 $
Deferred lease income		
At 1 April	22,010,695	30,567,570
Amounts taken to statement of comprehensive income:		
Lease income amortised (Note 3)	(503,986)	(503,986)
Service fee and development fee (Note 4)	(4,527,408)	(8,052,889)
At 31 March	16,979,301	22,010,695
Deferred membership entrance fee		
At 1 April	42,326,620	46,038,779
Amounts taken to statement of comprehensive income:	(3,712,159)	(3,712,159)
At 31 March	38,614,461	42,326,620
Total	55,593,762	64,337,315
Comprises:		
Current	5,816,145	11,893,553
Non-current	49,777,617	52,443,762
Total	55,593,762	64,337,315

Deferred lease income comprises lease, service and development fees, and premium received in respect of long-term leases.

Deferred membership entrance fees relate to the unamortised portion of the membership entrance fees.

26. Deferred tax liabilities

Deferred tax liabilities as at 31 March relate to the following:

	Group 2011 $	Group 2010 $
Movements in deferred taxation:		
At 1 April	(1,802,949)	(231,661)
Due to acquisition of a subsidiary (Note 12)	–	(1,449,748)
Credit/(provision) during the financial year (Note 7)	832,751	(121,540)
At 31 March	(970,198)	(1,802,949)
Deferred tax assets :		
Unabsorbed capital allowances	577,082	1,386
Gross deferred tax assets	577,082	1,386
Deferred tax liabilities :		
Differences in depreciation	(1,547,280)	(1,804,335)
Gross deferred tax liabilities	(1,547,280)	(1,804,335)
Net deferred tax liabilities recognised	(970,198)	(1,802,949)

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26. Deferred tax liabilities (cont'd)

As at 31 March 2011, the Group has recognised deferred tax assets of $577,082 (2010: $1,386) arising from unabsorbed capital allowances of approximately $3,394,600 (2010: $8,000) that are available for offset against future taxable profits of the companies in which the allowances and losses arose. The use of the capital allowances is subject to the agreement of the tax authorities and compliance with certain provisions of the Singapore tax legislations.

The Group has not recognised deferred tax assets of $137,000 (2010: $975,000) arising from unutilised tax losses carried forward of approximately $808,000 (2010: $541,000) and unabsorbed capital allowances of approximately Nil (2010: $5,190,000), as it is not probable that taxable profits will be available against which the deferred tax assets can be utilised.

27. Capital account

The capital account represents government grants given to the Corporation for its establishment, and capital injected by the Government.

28. Accumulated surplus

(a) ***General fund***

Included in the general fund of the Group and the Corporation is the accumulated surplus of Sentosa Golf Club.

(b) ***Restricted funds***

	Golf Sinking Fund $	Cove Infrastructure Development Fund $	Total $
Group and Corporation			
At 1 April 2009	29,200,000	102,700,772	131,900,772
Transfer from accumulated surplus	5,500,000	328,340	5,828,340
At 31 March 2010	34,700,000	103,029,112	137,729,112
At 1 April 2010	34,700,000	103,029,112	137,729,112
Transfer from accumulated surplus	6,445,322	440,000	6,885,322
At 31 March 2011	41,145,322	103,469,112	144,614,434

Golf sinking fund represents accumulated surplus set aside by the Corporation for the renewal of the golf course land lease.

Cove infrastructure development fund represents accumulated surplus set aside by the Corporation for capital expenditure and replacements in maintaining the physical environment of Sentosa Cove.

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29. Fair value reserve

As at 31 March 2010, fair value reserve represented the changes in fair value of available-for-sale financial assets. During FY2011, the reserve was reclassified as gain on disposal of the financial assets in the income and expenditure statement.

30. Revaluation reserve

Revaluation reserve represents the impact of fair value adjustment on the land and buildings acquired in respect of the acquisition of a subsidiary since FY2010 (Note 12).

31. Significant related party transactions

Significant related party transactions entered into by the Group and the Corporation on terms agreed between the Group and the Corporation and these parties are as follows:

	Corporation	
	2011	2010
	$	$
Transfer of property, plant and equipment to subsidiaries	–	507,582

Compensation of key management personnel

Key management remuneration includes fees, salaries, bonuses, commissions and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group and the Corporation, and where no cost was incurred, the value of the benefit. The key management personnel remuneration is as follows:

	Group		Corporation	
	2011	2010	2011	2010
	$	$	$	$
Short-term employee benefits	6,417,124	4,305,310	5,349,207	4,213,194
CPF contributions	210,052	110,785	160,893	98,810
Board members' allowances	69,996	84,729	69,996	84,729
Total compensation paid to key management personnel	6,697,172	4,500,824	5,580,096	4,396,733

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32. Commitments

(a) ***Capital commitments***

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements is as follows:

	Group	
	2011	2010
	$	$
Capital commitments in respect of property, plant and equipment	22,818,926	87,249,575

(b) ***Operating lease commitments - as lessor***

The Group leases land to certain hotels and other tenants for 9 to 98 (2010: 10 to 99) years under operating leases. There are no restrictions placed upon the Group and the Corporation by entering into these leases. One of these leases has an escalation clause. Lease income is based on a fixed lump sum payment, which is amortised over the lease periods, a fixed monthly rental, and a variable rental payment based on a percentage of the tenant's revenue derived from using the leased land.

Lease income recognised in the statements of comprehensive income of the Group and the Corporation during the financial year amounted to $22,96,583 (2010: $20,410,939) and $24,822,338 (2010: $22,225,787) respectively, of which $4,544,059 (2010: $4,508,517) and $4,544,059 (2010: $4,508,517) respectively were related to the variable rental income received during the financial year.

Future minimum lease income receivable under non-cancellable operating leases at the balance sheet date are as follows:

Within 1 year	5,945,070	5,661,848
Within 2 to 5 years	29,062,514	27,085,642
After 5 years	475,800,183	482,677,128
	510,807,767	515,424,618

(c) ***Operating lease commitments – as lessee***

The operating lease commitments mainly relate to the tenancy of the Group's premises. The leases run for a period of 20 (2010: 3) years with an option to renew the leases after that date.

Within 1 year	702,427	538,183
Within 2 to 5 years	3,317,393	2,146,236
After 5 years	8,691,443	9,842,947
	12,711,263	12,527,366

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33. Fair values of financial instruments

(a) ***Fair values of financial instruments that are carried at fair value***

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Group 2011 $		
	Significant other observable inputs (Level 2)	**Significant unobservable inputs (Level 3)**	**Total**
Financial assets:			
Held-to-maturity financial asset (Note 15):			
- 4.15% per annum SGD SIA bond due on 19 December 2011 (unquoted)	2,000,000	–	2,000,000
Available-for-sale financial asset (Note 15)			
- Equity securities (unquoted)	–	–	–

	Corporation 2011 $		
Financial assets:			
Held-to-maturity financial asset (Note 15):			
- 4.15% per annum SGD SIA bond due on 19 December 2011 (unquoted)	2,000,000	–	2,000,000

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33. Fair values of financial instruments (cont'd)

(a) ***Fair values of financial instruments that are carried at fair value (cont'd)***

	Group and Corporation 2010 $		
	Quoted prices in active markets for identical instruments (Level 1)	**Significant other observable inputs (Level 2)**	**Total**
Financial assets:			
Available-for-sale financial asset (Note 15):			
- Equity securities (quoted)	1,043,983	–	1,043,983
Held-to-maturity financial asset (Note 15):			
- 4.15% per annum SGD SIA bond due on 19 December 2011 (unquoted)	–	2,000,000	2,000,000
Financial liabilities:			
Derivative financial instrument (Note 20):			
- Forward exchange contract	–	113,402	113,402
Total	1,043,983	113,402	1,157,385

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33. Fair values of financial instruments (cont'd)

(a) ***Fair values of financial instruments that are carried at fair value (cont'd)***

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities, and
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices).
- Level 3 – Inputs for the asset that are not based on observable market data (unobservable inputs).

Determination of fair value

Quoted equity securities (Note 15): Fair value is determined directly by reference to their published market bid price at the balance sheet date.

Derivative financial instrument (Note 20): As at 31 March 2010, there was an embedded foreign currency derivative instrument arising from a forward exchange contract. As this embedded derivative was closely related to the purchase contract and required payment denominated in the functional currency of the supplier, the Group did not recognise and measure the fair value of the embedded derivative separately from the purchase contract.

Held-to-maturity bonds (Note 15): Fair value is calculated using discounted cash flow models, based on their maturity periods. The discount rates applied in this exercise are based on the current interest rates of the bonds.

Unquoted equity securities (Note 15): These investments are valued using valuation models which uses both observable and un-observable data. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

(b) ***Fair values of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

Current trade and other receivables, current and non-current trade and other payables, cash and bank balances, and loans and borrowings

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

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34. Financial risk management objectives and policies

The Group and the Corporation are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, foreign currency risk, interest rate risk, and liquidity risk. The risk management objective of the Group is to minimise these risks.

(a) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Corporation's exposure to credit risk arises primarily from trade and other receivables. The Group and the Corporation minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and credit-worthy third parties. It is the Group's corporate credit policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored closely on an on-going basis with the result that the Group's exposure to bad debts is not significant. Security deposits are collected from tenants, and debts are monitored regularly to minimise the risk of non-payment. Hence, the Group does not expect to incur material credit losses. Cash and fixed deposits are placed with reputable and regulated financial institutions.

In addition, the Board members assess the financial positions of its subsidiaries to ensure that they are of good credit standing. As such, the Board members expect these companies to be able to meet their obligations.

Exposure to credit risk

The carrying amounts of trade and other receivables, and cash and cash equivalents represent the Group's and the Corporation's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Credit risk concentration profile

At the balance sheet date, approximately 14% (2010: 18%) of the Group's trade receivables were due from 5 (2010: 5) major customers located in Singapore.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding receivables that are either past due or impaired is disclosed in Note 17 to the financial statements.

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34. Financial risk management objectives and policies (cont'd)

(b) ***Foreign currency risk***

The Group has transactional currency exposures arising from purchases and commitments that are denominated in currencies other than the functional currency of Group. The foreign currencies in which these transactions are denominated are mainly United States Dollars (USD) and Euro. Outstanding foreign currency commitments amounted to approximately $6,381,314 (2010: $21,718,000) as at 31 March 2011.

The Group's policy requires all of its operating entities to buy at spot rates or use forward currency contracts to eliminate the currency exposures on any individual transactions in excess of $1,000,000 within one month after the Group had entered into a firm commitment for a sale or purchase. The forward currency contracts must be in the same currency as the hedged item.

The Group holds cash and cash equivalents denominated in foreign currencies to hedge their foreign currency exposure. As at balance sheet date, such foreign currency balances (mainly in USD and Euro) amounted to $6,381,314 and Nil (2010: $12,528,000 and $2,945,114) respectively.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's net surplus/(deficit) to a reasonably possible change in the USD and Euro exchange rates against the Singapore dollar, with all other variables held constant.

	Group Increase/(decrease)	
	2011 $	**2010** $
US/SGD - strengthened 10% (2010: 10%)	638,131	(1,252,800)
- weakened 10% (2010: 10%)	(638,131)	1,252,800
Euro/SGD - strengthened 10% (2010: 10%)	-	(294,511)
- weakened 10% (2010: 10%)	-	294,511

(c) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Corporation's exposure to interest rate risk arises primarily from their fixed deposits. The fixed deposits are placed with financial institutions with varying maturities according to the policies and mandate as approved by the Board members. The Group does not use derivative financial instruments to hedge interest rates or interest rate fluctuations.

Sensitivity analysis for interest rate risk

At the balance sheet date, if interest rates had been 25 (2010: 25) basis points higher/lower with all other variables held constant, the Group's net surplus/(deficit) before contribution to Consolidated Fund would have been $34,969 (2010: $34,731) lower/higher, arising mainly as a result of higher/lower net interest income from fixed deposits of the Group.

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34. Financial risk management objectives and policies (cont'd)

(d) ***Liquidity risk***

Liquidity risk is the risk that the Group or the Corporation will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Corporation's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group manages this risk by monitoring working capital projections, taking into account the available cash and cash equivalents of the Group and ensuring that the Group has adequate working capital to meet current requirements.

The table below analyses the maturity profile of the Group's and Corporation's financial assets and liabilities at the balance sheet date, based on contractual undiscounted repayment obligations.

Group		**2011** $			**2010** $		
	Note	**Within 1 year**	**Within 2 to 5 years**	**Total**	**Within 1 year**	**Within 2 to 5 years**	**Total**
Financial assets:							
Long-term investments	15	2,000,000	–	2,000,000	–	3,043,983	3,043,983
Trade and other receivables	17	29,422,001	–	29,422,001	22,114,052	–	22,114,052
Cash and bank balances	19	2,390,715,824	–	2,390,715,824	2,361,144,137	–	2,361,144,137
Total undiscounted financial assets		2,422,137,825	–	2,422,137,825	2,383,258,189	3,043,983	2,386,302,172
Financial liabilities:							
Trade and other payables	20	179,848,185	938,754	180,786,939	126,677,761	1,101,480	127,779,241
Loans and borrowings	21	16,334,404	–	16,334,404	32,107,238	–	32,107,238
Total undiscounted financial liabilities		196,182,589	938,754	197,121,343	158,784,999	1,101,480	159,886,479
Total net undiscounted financial assets/(liabilities)		2,225,955,236	(938,754)	2,225,016,482	2,224,473,190	1,942,503	2,226,415,693

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34. Financial risk management objectives and policies (cont'd)

(d) ***Liquidity risk (cont'd)***

Corporation	Note	2011 $ Within 1 year	2011 $ Within 2 to 5 years	2011 $ Total	2010 $ Within 1 year	2010 $ Within 2 to 5 years	2010 $ Total
Financial assets:							
Long-term investments	15	2,000,000	–	2,000,000	–	2,000,000	2,000,000
Trade and other receivables	17	39,755,895	–	39,755,895	32,633,038	–	32,633,038
Loan receivable from a subsidiary	18	–	–	–	26,398,500	–	26,398,500
Cash and bank balances	19	2,372,575,065	–	2,372,575,065	2,337,838,244	–	2,337,838,244
Total undiscounted financial assets		2,414,330,960	–	2,414,330,960	2,396,869,782	2,000,000	2,398,869,782
Financial liabilities:							
Trade and other payables	20	223,772,065	18,129	223,790,194	172,474,815	63,715	172,538,530
Loans and borrowings	21	–	–	–	26,398,500	–	26,398,500
Total undiscounted financial liabilities		223,772,065	18,129	223,790,194	198,873,315	63,715	198,937,030
Total net undiscounted financial assets/(liabilities)		2,188,558,895	(18,129)	2,190,540,766	2,197,996,467	1,936,285	2,199,932,752

35. Capital management

The Group manages its capital in accordance with the Capital Management Framework formulated by the Ministry of Finance. Under this Framework, the Group is required to draw on its accumulated surpluses, existing equity, debt or additional equity injection from the Government.

36. Authorisation of financial statements

The financial statements of the Group and the Corporation for the financial year ended 31 March 2011 were authorised for issue by the Board members of the Corporation on 30 June 2011.