KPMG

Singapore Discovery Centre Ltd
(A company limited by guarantee and not having a share capital)

Registration Number: 199307558M
(Registered under the Singapore Charities Act, Chapter 37)

Annual Report
Year ended 31 March 2018

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Directors' statement

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2018.

In our opinion:

(a) the financial statements set out on pages FS1 to FS23 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50, Singapore Charities Act, Chapter 37, and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors in office at the date of this statement are as follows:

Chua Tsen Leong Adrian	
BG (RET) Lowrence Chua	
Chan Kit Ee	
Chia Tze Yee	
Chua Boon Keat	(Appointed on 6 July 2017)
Jeffrey Seah Ting Han	
Melvin Kwek Lian Seng	
Ng Kin Yi	(Appointed on 1 April 2018)
Puvanaratnam S/O Ariaratnam	
Tan Boon Kiat	
Teng Choon Hon Adrian	(Appointed on 1 June 2018)

Directors' interests

As the Company is limited by guarantee and has no share capital, no director who held office at the end of the financial year had interests in the capital of the Company either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), no director who held office at the end of the financial year (including those held by their spouses and infant children) had interests in shares or debentures of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Auditors

Pursuant to the members' resolution passed at the Annual General Meeting on 10 July 2017, KPMG LLP were appointed as auditors of the Company. The auditors, KPMG LLP, have indicated their willingness to accept reappointment.

On behalf of the Board of Directors

Chua Tsen Leong Adrian
Director

Lowrence Chua
Director

29 June 2018

KPMG

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Independent auditors' report

Members of the Company
Singapore Discovery Centre Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Singapore Discovery Centre Ltd ('the Company'), which comprise the statement of financial position as at 31 March 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS23.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act'), the Singapore Charities Act, Chapter 37 ('the Charities Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information comprises the Directors' statement.

We have obtained the Directors' statement prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit 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 Company's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Other matter

The financial statements for the year ended 31 March 2017 were audited by another firm of Chartered Accountants whose report dated 27 June 2017 expressed an unmodified opinion on those statements.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
29 June 2018

Statement of financial position
As at 31 March 2018

	Note	2018 $	2017 $
Non-current asset			
Property, plant and equipment	4	1,800,337	2,281,336
Current assets			
Inventories - merchandise		12,804	13,109
Trade and other receivables	5	514,161	605,517
Cash and cash equivalents	6	5,359,695	3,530,266
		5,886,660	4,148,892
Total assets		7,686,997	6,430,228
Total equity		–	–
Non-current liabilities			
Deferred capital grants	7	957,452	2,281,336
Trade and other payables	9	21,900	–
		979,352	2,281,336
Current liabilities			
Deferred capital grants	7	842,885	–
Grants received in advance	8	3,245,492	2,133,655
Trade and other payables	9	2,619,268	2,015,237
		6,707,645	4,148,892
Total liabilities		7,686,997	6,430,228
Total equity and liabilities		7,686,997	6,430,228

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

Statement of comprehensive income
Year ended 31 March 2018

	Note	2018 $	2017 $
Income			
Revenue	10	3,415,333	3,690,419
Other income	11	213,507	205,503
		3,628,840	3,895,922
Expenditure			
Cost of inventories		(20,439)	(17,366)
Employee compensation	12	(8,599,695)	(7,087,433)
Other operating expenses	12	(8,610,581)	(9,840,804)
		(17,230,715)	(16,945,603)
Deficit for the year before grants		(13,601,875)	(13,049,681)
Grants			
Operating grants utilised	8	12,690,928	11,934,275
Assets written off/disposed under deferred capital grants	7	5,028	59,789
Deferred capital grants amortised	7	905,919	1,055,617
		13,601,875	13,049,681
Net surplus for the year, representing total comprehensive income for the year		–	–

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

Statement of changes in equity
Year ended 31 March 2018

	Equity $
2018	
Balance at beginning and end of financial year	–
2017	
Balance at beginning and end of financial year	–

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

Statement of cash flows
Year ended 31 March 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Deficit for the year before grants		(13,601,875)	(13,049,681)
Adjustments for:			
Interest income	11	(3,021)	(1,606)
Depreciation expense	12	905,919	1,055,617
Loss on disposal/write-off of property, plant and equipment	12	4,233	46,215
		(12,694,744)	(11,949,455)
Changes in working capital:			
Inventories		305	(1,707)
Trade and other receivables		92,430	85,113
Trade and other payables		625,931	23,120
Cash used in operations		(11,976,078)	(11,842,929)
Interest received		1,947	1,606
Net cash used in operating activities		(11,974,131)	(11,841,323)
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(429,948)	(955,840)
Proceeds from disposal of property, plant and equipment		795	13,574
Net cash used in investing activities		(429,153)	(942,266)
Cash flows from financing activity			
Grants received	8	14,232,713	12,631,847
Net cash generated from financing activity		14,232,713	12,631,847
Net increase/(decrease) in cash and cash equivalents		1,829,429	(151,742)
Cash and cash equivalents at beginning of financial year		3,150,666	3,302,408
Cash and cash equivalents at end of financial year	6	4,980,095	3,150,666

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 29 June 2018.

1 Domicile and activities

Singapore Discovery Centre Ltd (the Company) is incorporated in the Republic of Singapore as a company limited by guarantee. As at 31 March 2018, the Company has 3 (2017: 3) members with each member's liability limited to $1 (2017: $1).

The address of the Company's registered office is 510 Upper Jurong Road, Singapore 638365.

The principal activity of the Company is to operate an edutainment attraction.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are as follows:

(a) Note 4 - useful lives of property, plant and equipment

The costs of property, plant and equipment are depreciated on a straight-line basis over their useful lives. Management estimates the useful lives to be between 3 to 10 years, based on the estimated useful lives for similar property, plant and equipment in the same industry. These estimates can change significantly as a result of expected usage or abandonment and technological innovations, leading to potential changes in future depreciation charges, impairment losses and/or write-offs.

3 Significant accounting policies

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

3.1 Financial instruments

Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

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

The Company classifies non-derivative financial assets into the following category, loans and receivables.

Loans and receivables

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

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded.

Non-derivative financial liabilities

The Company initially recognises financial liabilities (including liabilities designated at fair value through profit or loss) on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. These financial liabilities comprise trade and other payables.

3.2 Property, plant and equipment

Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Depreciation

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

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Work-in-progress included in property, plant and equipment are not depreciated as these assets are not available for use.

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

• Exhibits	3 to 10 years
• Furniture and fittings	8 to 15 years
• Office equipment	5 years
• Computer, software and IT related equipment	3 to 5 years
• Motor vehicles	10 years
• Renovation	5 years
• Facility and audio video equipment	5 to 10 years

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

3.3 Inventories

Inventories comprise merchandise for sale and are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis.

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

3.4 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

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

Loans and receivables

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

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.5 Revenue

Revenue from the sale of goods and rendering of services in the ordinary course of activities is measured at the fair value of the consideration received or receivable, net of value-added tax and discounts.

Revenue is recognised when significant risk and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounted will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(a) *Ticket and retail sales*

Revenue is recognised upon the sale of tickets and retail goods.

(b) Membership fees

Membership fees are recognised over the period of the membership.

(c) Management fee income and education programmes and events income

Management fee income, education programmes and events income are recognised when the services are rendered.

(d) Interest income

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

(e) *Rental income*

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

3.6 Government grants

Grants related to expenditure

Grants from the Ministry of Defence and other grants are recognised at their fair value when there is reasonable assurance that the grants will be received and the Company will comply with all the attached conditions.

Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to reimburse.

Grants related to assets

Government grants utilised for the purchase of depreciable assets are recorded in the deferred capital grants account (shown as liability on the balance sheet).

Deferred capital grants are recognised in profit or loss over the periods necessary to match the depreciation of the items of property, plant and equipment purchased with the related grants.

On the disposal of the items of property, plant and equipment, the balance of the related deferred capital grants is recognised in profit or loss to match the net book value of the assets disposed.

3.7 Operating leases

When the Company is the lessee

The Company leases land and certain plant and machinery under operating leases.

Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.
Contingent rents are recognised as an expense in profit or loss when incurred.

When the Company is the lessor

The Company leases retail space under operating leases to non-related parties. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

3.8 Employee compensation

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund, on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The Company's contribution to defined contribution plans are recognised as employee compensation expense when the contributions are due.

Employee leave entitlement

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

3.9 Tax

The Company is registered as a charity under the Singapore Charities Act. With effect from Year of Assessment 2008, all registered charities will enjoy automatic income tax exemption and the Company is exempted from filing income tax returns.

3.10 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2017 and earlier application is permitted; however, the Company has not early applied the following new or amended standards in preparing these statements.

Applicable to 2019 financial statements

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

Potential impact on the financial statements

The Company does not expect the impact on the financial statements to be significant.

Transition - The Company plans to adopt the standard when it becomes effective in 2018.

FRS 109 *Financial Instruments*

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

Potential impact on the financial statements

Overall, the Company does not expect a significant impact on its opening equity.

The Company's initial assessment on the impact of FRS 109 is as described below.

Classification and measurement

The Company does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109.

Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109.

Impairment

The Company plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables and any contract assets arising from the application of FRS 115. On adoption of FRS 109, the Company does not expect a significant increase in the impairment loss allowance.

Applicable to 2020 financial statements

FRS 116 *Leases*

FRS 116 replaces existing lease accounting guidance. FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied. FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Company plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Company also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Company is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 April 2019. Accordingly, existing lease contracts that are still effective on 1 April 2019 continue to be accounted for as lease contracts under FRS 116. The Company has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements (refer to note 14).

Until 2019, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Company will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

The Company as lessee

The Company expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under FRS 116. The operating lease commitments on an undiscounted basis amount to approximately 53% of the total assets and 53% of total liabilities of the Company. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. In addition, the nature of expenses related to those leases will now change as FRS 116 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

The Company as lessor

FRS 116 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Company continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

4 Property, plant and equipment

	Exhibits	Furniture and fittings	Office equipment	Computer, Software and IT related equipment	Motor vehicles	Renovation	Facility and audio video equipment	Work-in-progress	Total
	$	$	$	$	$	$	$	$	$
Cost									
At 1 April 2016	21,067,588	1,753,163	509,531	1,166,499	91,566	8,854,399	3,003,410	–	36,446,156
Additions	100,000	9,550	63,174	113,954	82,545	220,333	341,836	24,448	955,840
Write-off/Disposal	(239,871)	(2,900)	(11,856)	(14,090)	(67,396)	(46,000)	(414,870)	–	(796,983)
At 31 March 2017	20,927,717	1,759,813	560,849	1,266,363	106,715	9,028,732	2,930,376	24,448	36,605,013
Additions	4,300	2,750	42,278	92,388	–	74,464	213,768	–	429,948
Transfers	–	–	–	–	–	–	24,448	(24,448)	–
Write-off/Disposal	(1,583,700)	(6,016)	(12,085)	(55,232)	–	(437,007)	(345,468)	–	(2,439,508)
At 31 March 2018	19,348,317	1,756,547	591,042	1,303,519	106,715	8,666,189	2,823,124	–	34,595,453
Accumulated depreciation									
At 1 April 2016	20,604,571	1,347,476	418,372	1,074,311	84,026	8,090,549	2,385,949	–	34,005,254
Depreciation for the year	216,118	96,349	45,407	48,959	8,421	362,443	277,920	–	1,055,617
Write-off/Disposal	(239,870)	(2,610)	(11,852)	(14,085)	(67,396)	(43,279)	(358,102)	–	(737,194)
At 31 March 2017	20,580,819	1,441,215	451,927	1,109,185	25,051	8,409,713	2,305,767	–	34,323,677
Depreciation for the year	145,123	79,227	47,520	73,535	9,054	255,878	295,582	–	905,919
Write-off/Disposal	(1,583,140)	(2,999)	(12,083)	(55,222)	–	(435,889)	(345,147)	–	(2,434,480)
At 31 March 2018	19,142,802	1,517,443	487,364	1,127,498	34,105	8,229,702	2,256,202	–	32,795,116
Carrying amounts									
At 1 April 2016	463,017	405,687	91,159	92,188	7,540	763,850	617,461	–	2,440,902
At 31 March 2017	346,898	318,598	108,922	157,178	81,664	619,019	624,609	24,448	2,281,336
At 31 March 2018	205,515	239,104	103,678	176,021	72,610	436,487	566,922	–	1,800,337

5 Trade and other receivables

	2018 $	2017 $
Trade receivables	98,082	79,878
Amount due from Ministry of Defence	202,668	229,472
Interest receivable	1,074	–
Other receivables	114,778	31,246
Deposits	460	10,610
Loans and receivables	417,062	351,206
Prepayments	97,099	254,311
	514,161	605,517

The amount due from Ministry of Defence is unsecured, interest-free and is repayable on demand.

6 Cash and cash equivalents

	2018 $	2017 $
Cash at bank and on hand	4,271,705	2,442,859
Fixed deposits	1,087,990	1,087,407
	5,359,695	3,530,266

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise the following:

	2018 $	2017 $
Cash and bank balances	5,359,695	3,530,266
Less: Fixed deposits pledged	(379,600)	(379,600)
Cash and cash equivalents per statement of cash flows	4,980,095	3,150,666

Fixed deposits are pledged as security for guarantees issued to third parties.

7 Deferred capital grants

	Note	2018 $	2017 $
Beginning of financial year		2,281,336	2,440,902
Add: Transferred from grants received in advance	8	429,948	955,840
		2,711,284	3,396,742
Less: Amortisation of deferred capital grants		(905,919)	(1,055,617)
Less: Transfer to statement of comprehensive income for assets written off/disposed during the year		(5,028)	(59,789)
End of financial year		1,800,337	2,281,336

	2018 $	2017 $
Deferred capital grants represented by:		
Non-current portion	957,452	2,281,336
Current portion	845,885	–
	1,800,337	2,281,336

8 Grants received in advance

	Note	2018 $	2017 $
Beginning of financial year		2,133,655	2,391,923
Add: Grants received during the year		14,232,713	12,631,847
Less: Amount transferred to statement of comprehensive income		(12,690,928)	(11,934,275)
Less: Amount transferred to deferred capital grants	7	(429,948)	(955,840)
End of financial year		3,245,492	2,133,655

The operating grant received is based on the budget submitted and approved by the Ministry of Defence on an annual basis.

9 Trade and other payables

	2018 $	2017 $
Non-current		
Deposits payable	21,900	–
Current		
Trade payables	629,460	1,116,955
Accrued operating expenses	1,737,636	710,787
Deposits payable	27,995	65,656
Deferred income	98,616	7,305
Sundry creditors	8,545	4,250
Amount due to Ministry of Defence	117,016	110,284
	2,619,268	2,015,237
Total trade and other payables	2,641,168	2,015,237

Deferred income relates to membership fees received in advance.

The amount due to Ministry of Defence is unsecured, interest-free and is repayable on demand.

10 Revenue

	2018	2017
	$	$
Ticket sales	134,881	154,957
Membership fees	53,386	143,355
Rental income	72,330	63,180
Retail sales	22,783	23,091
Management fee income	2,214,036	2,203,364
Education programmes and events income	917,917	1,102,472
	3,415,333	3,690,419

11 Other income

	2018	2017
	$	$
Interest income	3,021	1,606
Other operating income	10,086	8,773
Other grants	200,400	195,124
	213,507	205,503

Other grants comprise of Special Employment Credit, Temporary Employment Credit, Wage Credit Scheme and Absentee Payroll.

12 Employee compensation and other operating expenses

	2018	2017
	$	$
Employee compensation		
Wages and salaries	7,445,433	6,147,175
Employer's contribution to Central Provident Fund	1,114,032	905,776
Other short-term benefits	40,230	34,482
	8,599,695	7,087,433
Other operating expenses		
Advertisement	108,664	188,373
Depreciation expense	905,919	1,055,617
Education programmes and events	1,667,275	2,023,247
Exhibitions	493,997	590,916
Film lease	374,710	474,959
GST	369,012	414,424
Loss on write-off/disposal of property, plant and equipment	4,233	46,215
Maintenance and landscaping	1,100,495	1,480,946
Rental on operating lease	1,620,000	1,620,000
Security	456,565	441,112
Utilities	457,664	431,726
Others	1,052,047	1,073,269
	8,610,581	9,840,804

13 Operating lease commitments

As lessee

The Company leases the premises it occupies and office equipment. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	2018 $	2017 $
Not later than one year	1,627,152	831,456
Between one and five years	2,430,000	7,152
	4,057,152	838,608

As lessor

The Company sub-leases a portion of the premises it occupies. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease receivables under non-cancellable operating leases contracted for at the reporting date but not recognised as assets, are as follows:

	2018 $	2017 $
Not later than one year	74,112	58,391
Between one and five years	29,530	9,884
	103,642	68,275

14 Financial instruments

Overview

The Company has exposure to the following risks arising from financial instruments:

- market risk
- credit risk
- liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management is responsible for developing and monitoring the Company's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

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

The maximum exposure of the Company's credit risk is the carrying amount of financial assets on the statement of financial position. The major classes of financial assets of the Company are trade and other receivables, and cash and bank deposits. The Company trades only with credit-worthy organisations such as government bodies and schools. Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. For other financial assets (including cash and cash equivalents), the Company minimises credit risk by dealing with high credit rating counterparties.

Bank deposits are mainly deposits with banks with high credit-ratings as determined by international credit rating agencies. Trade receivables that are neither past due nor impaired are substantially government bodies and schools with a good collection track record with the Company.

The ageing of loans and receivables that were not impaired at the reporting date was:

	2018	**2017**
	$	**$**
Neither past due nor impaired	409,920	326,378
Past due 31 - 60 days	7,142	23,037
Past due 61 - 90 days	–	325
Past due 91 - 120 days	–	–
More than 120 days	–	1,466
	417,062	351,206

Capital management

The Company obtains government grants from the Ministry of Defence to fund its operational and capital requirements. Expenditures are monitored through a budgetary control process. The Company managed its capital base in consideration of current economic conditions and its plans for the year in concern. The Company is not exposed to any external capital requirements.

There were no changes in the Company's approach to capital management during the year.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations due to shortage of funds. The Company maintains sufficient liquidity through a mix of internally-generated funds and government grants.

The Company regularly reviews its liquid reserves, comprising cash flows from its operations and government grants, to ensure liquidity is maintained at all times. The Company relies on the Ministry of Defence to fund a significant part of its operations. The framework for funding of the Company's operations is reviewed with the Ministry of Defence on a regular basis.

The carrying amount of trade and other payables reflects the expected contractual undiscounted cash flows which will mature within the next one year.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates primarily to fixed deposits.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instrument is as follows:

	2018 $	2017 $
Fixed rate instrument		
Fixed deposits	1,087,990	1,087,407

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Other financial assets and liabilities

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

Accounting classifications and fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Loans and receivables $	Other financial liabilities $	Total carrying amount $	Fair value $
31 March 2018				
Financial assets not measured at fair value				
Trade and other receivables^	417,062	–	417,062	417,062
Cash and cash equivalents	5,359,695	–	5,359,695	5,359,695
	5,776,757	–	5,776,757	5,776,757
Financial liability not measured at fair value				
Trade and other payables*	–	(2,542,552)	(2,542,552)	(2,542,552)
31 March 2017				
Financial assets not measured at fair value				
Trade and other receivables^	351,206	–	351,206	351,206
Cash and cash equivalents	3,530,266	–	3,530,266	3,530,266
	3,881,472	–	3,881,472	3,881,472
Financial liability not measured at fair value				
Trade and other payables*	–	(2,007,932)	(2,007,932)	(2,007,932)

^ Excludes prepayments
* Excludes deferred income

15 Related parties

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors, Executive Director, Deputy Executive Director and Assistant Executive Director are considered as key management personnel of the Company.

Key management personnel compensation are as follows:

	2018 $	2017 $
Wages and salaries and other short-term benefits	858,671	845,243
Employer's contribution to Central Provident Fund	50,098	47,460
	908,769	892,703

The Company receives services from the Board of Directors and no remuneration is paid for their services.

Other related party transactions

During the financial year, other than as disclosed elsewhere in the financial statements, there were the following related party transactions carried out on terms agreed between the parties:

	2018 $	2017 $
Sales and purchase of goods and services		
Management fee income received/receivable from Army Museum of Singapore	(2,214,036)	(2,203,364)
Ticket, membership and event income received/receivable from Ministry of Defence	(167,995)	(270,563)
Rental of premises paid/payable to Ministry of Defence	1,620,000	1,620,000
Utilities paid/payable to Ministry of Defence	444,765	414,932
Settlement of exhibits expenses on behalf of Ministry of Defence	–	23,386

16 Comparative information

The financial statements for the year ended 31 March 2017 were audited by another firm of Chartered Accountants whose report dated 27 June 2017 expressed an unmodified opinion on those statements.