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SCIENCE CENTRE BOARD AND ITS SUBSIDIARIES

(Established under the Science Centre Act, Cap. 286)

ANNUAL REPORT

For the financial year ended 31 March 2019

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AND ITS SUBSIDIARIES
(Established under the Science Centre Act, Cap. 286)

ANNUAL REPORT
For the financial year ended 31 March 2019

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SCIENCE CENTRE BOARD AND ITS SUBSIDIARIES

STATEMENT BY DIRECTORS
For the financial year ended 31 March 2019

In the opinion of Science Centre Board (the "Board"),

(a) the consolidated financial statements of the Group as set out on pages 7 to 63 are drawn up so as to present fairly, in all material respects, the financial position of the Board and of the Group as at 31 March 2019, and the financial performance of the business, changes in capital, funds and accumulated surplus of the Board and of the Group and cash flows of the Group for the financial year then ended; and

(b) proper accounting and other records have been kept, including records of all assets of the Group whether purchased, donated or otherwise have been kept in accordance with the provisions of the Public Sector (Governance) Act 2018, Act 5 of 2018 ('the PSG Act') and the Science Centre Act, Cap. 286 ('the Act'); and

(c) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Board during the financial year have been made in accordance with the provisions of the PSG Act and the provisions of the Act.

On behalf of the Board

Ms Tan Yen Yen
Chairman

Associate Professor Lim Tit Meng
Chief Executive

20 June 2019

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Independent auditors' report

Science Centre Board and its Subsidiaries

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Science Centre Board ('the Board') and its subsidiaries ('the Group'), which comprise the consolidated balance sheet of the Group and the balance sheet of the Board as at 31 March 2019, the statements of comprehensive income, and statements of changes in capital , funds and accumulated surplus of the Group and the Board and the consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of accounting policies, as set out on pages 7 to 63.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet, statement of comprehensive income, statement of changes in capital, funds and accumulated surplus of the Board are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018, Act 5 of 2018 ('the PSG Act'), the Science Centre Act, Cap. 286 ('the Act') and Statutory Board Financial Reporting Standards ('SB-FRS') so as to present fairly, in all material respects the state of affairs of the Group and the Board as at 31 March 2019 and the results and changes in equity of the Group and the Board and cash flows of the Group 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 Group and the Board 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 is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the Statement by the Board of the Science Centre Board, prior to the date of this auditors' report.

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

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 on the other information obtained prior to the date of this auditors' report, 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 the Board of Directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the PSG Act, the provisions of the Act and SB-FRS, and for such internal control as management determines is necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error.

A statutory board is constituted based on its Act and its dissolution requires Parliaments' approval. In preparing the financial statements, management is responsible for assessing the Board'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 there is intention to wind up the Board or for the Board to cease operations.

The Board of Directors is responsible for overseeing the Group'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:

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- 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 Group'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 Group'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 Group 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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.

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Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

(a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Board during the year are, in all material respects, in accordance with the provisions of the Act; and

(b) proper accounting and other records have been kept, including records of all assets of the Board and of those subsidiaries incorporated in Singapore of which we are the auditors whether purchased, donated or otherwise.

Basis for opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the _'Auditors' responsibilities for the compliance audit'_ section of our report. We are independent of the Board in accordance with the 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 on management's compliance.

Responsibilities of management for compliance with legal and regulatory requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Board. This responsibility includes monitoring related compliance requirements relevant to the Board, and implementing internal controls as management determines are necessary to enable compliance with the requirements.

Auditors' responsibilities for the compliance audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the PSG Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Board.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Because of the inherent limitations in any internal control system, non-compliances may nevertheless occur and not be detected.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
20 June 2019

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2019

GROUP	Note	General Funds 2019	General Funds 2018	Restricted Funds 2019	Restricted Funds 2018	Total 2019	Total 2018
		$	$	$	$	$	$
Income							
- Admission fees		**4,969,071**	4,991,956	**–**	–	**4,969,071**	4,991,956
- Proceeds from special projects		**474,240**	562,505	**–**	–	**474,240**	562,505
- Fees from courses and programmes		**1,503,915**	1,158,564	**–**	–	**1,503,915**	1,158,564
- Collections from exhibits and events		**227,873**	704,338	**–**	–	**227,873**	704,338
- Sales of merchandise and publications		**838,327**	998,260	**–**	–	**838,327**	998,260
- Service income		**145,087**	669,277	**–**	–	**145,087**	669,277
- Rental income		**231,898**	73,142	**–**	–	**231,898**	73,142
- Photo-taking income		**185,233**	169,489	**–**	–	**185,233**	169,489
		8,575,644	9,327,531	**–**	–	**8,575,644**	9,327,531
Other income	4	**2,151,906**	2,082,062	**857,023**	1,048,222	**3,008,929**	3,130,284
Other (losses)/gains - net	5	**(12,418)**	(488)	**52,596**	88,803	**40,178**	88,315
Expenses							
- Employee compensation	6	**(21,029,818)**	(20,705,012)	**(46,001)**	(240,122)	**(21,075,819)**	(20,945,134)
- Materials for exhibits and events		**(7,396,561)**	(9,403,795)	**(526,078)**	(546,492)	**(7,922,639)**	(9,950,287)
- Repairs and maintenance		**(6,605,595)**	(6,311,479)	**(29,883)**	(13,276)	**(6,635,478)**	(6,324,755)
- Publicity and promotions		**(3,020,866)**	(2,569,997)	**(37,119)**	(19,131)	**(3,057,985)**	(2,589,128)
- Depreciation	16	**(3,625,747)**	(3,770,277)	**(9,726)**	(4,600)	**(3,635,473)**	(3,774,877)
- Other expenditure	7	**(3,590,454)**	(4,198,647)	**(160,459)**	(172,698)	**(3,750,913)**	(4,371,345)
- Finance expenses	8	**–**	(1,880)	**–**	–	**–**	(1,880)
		(45,269,041)	(46,961,087)	**(809,266)**	(996,319)	**(46,078,307)**	(47,957,406)
(Deficit)/surplus before grants		**(34,553,909)**	(35,551,982)	**100,353**	140,706	**(34,453,556)**	(35,411,276)
Operating grants from government	17	**31,074,923**	32,200,552	**–**	–	**31,074,923**	32,200,552
Grants from other government agencies	11	**1,998,537**	3,099,458	**–**	–	**1,998,537**	3,099,458
Deferred capital grants amortised	21	**1,216,924**	1,233,865	**9,726**	4,600	**1,226,650**	1,238,465
		34,290,384	36,533,875	**9,726**	4,600	**34,300,110**	36,538,475
(Deficit)/surplus before tax		**(263,525)**	981,893	**110,079**	145,306	**(153,446)**	1,127,199
Income tax credit	9	**13,738**	4,474	**–**	–	**13,738**	4,474
Net (deficit)/surplus and total comprehensive income		**(249,787)**	986,367	**110,079**	145,306	**(139,708)**	1,131,673

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

SCIENCE CENTRE BOARD AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2019

BOARD	Note	General Funds 2019 $	General Funds 2018 $	Restricted Funds 2019 $	Restricted Funds 2018 $	Total 2019 $	Total 2018 $
Income							
- Admission fees		**4,052,446**	4,022,018	**–**	–	**4,052,446**	4,022,018
- Proceeds from special projects		**476,580**	565,082	**–**	–	**476,580**	565,082
- Fees from courses and programmes		**1,047,284**	778,153	**–**	–	**1,047,284**	778,153
- Collections from exhibits and events		**227,873**	711,250	**–**	–	**227,873**	711,250
- Sales of merchandise and publications		**776,374**	787,172	**–**	–	**776,374**	787,172
- Service income		**39,797**	26,049	**–**	–	**39,797**	26,049
		6,620,354	6,889,724	**–**	–	**6,620,354**	6,889,724
Other income	4	**2,118,875**	2,085,641	**857,023**	1,048,222	**2,975,898**	3,133,863
Other (losses)/gains - net	5	**(9,098)**	(488)	**52,596**	88,803	**43,498**	88,315
Expenses							
- Employee compensation	6	**(20,273,478)**	(19,351,168)	**(46,001)**	(240,122)	**(20,319,479)**	(19,591,290)
- Materials for exhibits and events		**(7,279,659)**	(9,391,365)	**(526,078)**	(602,567)	**(7,805,737)**	(9,993,932)
- Repairs and maintenance		**(6,029,773)**	(5,736,250)	**(29,883)**	(13,276)	**(6,059,656)**	(5,749,526)
- Publicity and promotions		**(2,875,047)**	(2,378,894)	**(37,119)**	(19,131)	**(2,912,166)**	(2,398,025)
- Depreciation	16	**(3,252,329)**	(3,351,033)	**(9,726)**	(4,600)	**(3,262,055)**	(3,355,633)
- Other expenditure	7	**(3,286,840)**	(4,069,242)	**(160,459)**	(172,698)	**(3,447,299)**	(4,241,940)
- Finance expenses	8	**–**	(1,880)	**–**	–	**–**	(1,880)
		(42,997,126)	(44,279,832)	**(809,266)**	(1,052,394)	**(43,806,392)**	(45,332,226)
(Deficit)/surplus before grants		**(34,266,995)**	(35,304,955)	**100,353**	84,631	**(34,166,642)**	(35,220,324)
Operating grants from government	17	**31,074,923**	32,200,552	**–**	–	**31,074,923**	32,200,552
Grants from other government agencies	11	**1,985,433**	3,076,240	**–**	–	**1,985,433**	3,076,240
Deferred capital grants amortised	21	**1,188,967**	1,201,335	**9,726**	4,600	**1,198,693**	1,205,935
		34,249,323	36,478,127	**9,726**	4,600	**34,259,049**	36,482,727
Net (deficit)/surplus and total comprehensive income		**(17,672)**	1,173,172	**110,079**	89,231	**92,407**	1,262,403

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

BALANCE SHEETS
As at 31 March 2019

	Note	Group 2019 $	Group 2018 $	Board 2019 $	Board 2018 $
ASSETS					
Current assets					
Cash and cash equivalents	10	**30,248,848**	28,624,938	**29,618,122**	27,947,422
Trade and other receivables	11	**1,937,438**	3,424,069	**1,867,819**	3,452,283
Financial asset at fair value through profit or loss	12	**4,370,401**	4,317,805	**4,370,401**	4,317,805
Inventories	14	**343,591**	397,173	**87,984**	168,579
		36,900,278	36,763,985	**35,944,326**	35,886,089
Non-current assets					
Other investment	13	**1,018,000**	1,018,000	**1,018,000**	1,018,000
Investments in subsidiaries	15	**–**	–	**1,760,002**	1,760,002
Property, plant and equipment	16	**21,705,900**	22,628,747	**20,954,841**	21,576,734
		22,723,900	23,646,747	**23,732,843**	24,354,736
Total assets		**59,624,178**	60,410,732	**59,677,169**	60,240,825
LIABILITIES					
Current liabilities					
Government grants received in advance	17	**9,974,719**	11,204,226	**9,974,719**	11,204,226
Other government grants received in advance	11	**770,343**	1,990,216	**770,343**	1,990,216
Sponsorship received in advance	18	**2,105,200**	762,156	**2,105,200**	762,156
Trade and other payables	19	**5,853,774**	4,941,057	**5,512,983**	4,673,950
		18,704,036	18,897,655	**18,363,245**	18,630,548
Non-current liabilities					
Other payables		**–**	25,407	**–**	–
Deferred income tax liabilities	20	**37,150**	48,253	**–**	–
Deferred capital grants	21	**14,932,103**	16,116,922	**14,870,550**	16,027,412
		14,969,253	16,190,582	**14,870,550**	16,027,412
Total liabilities		**33,673,289**	35,088,237	**33,233,795**	34,657,960
NET ASSETS		**25,950,889**	25,322,495	**26,443,374**	25,582,865
CAPITAL, FUNDS AND ACCUMULATED SURPLUS					
Capital account	22	**2,979,983**	2,979,983	**2,979,983**	2,979,983
Share capital	23	**9,989,432**	7,959,330	**9,989,432**	7,959,330
Omni-theatre development fund	25	**122,780**	122,780	**122,780**	122,780
Accumulated surplus:					
General funds		**5,088,482**	6,600,269	**5,749,983**	7,029,655
Restricted funds	24	**7,770,212**	7,660,133	**7,601,196**	7,491,117
Total capital, funds and accumulated surplus		**25,950,889**	25,322,495	**26,443,374**	25,582,865

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

STATEMENTS OF CHANGES IN CAPITAL, FUNDS AND ACCUMULATED SURPLUS

For the financial year ended 31 March 2019

	Capital account $	Share capital $	Omni-theatre development fund $	Accumulated surplus General funds $	Accumulated surplus Restricted funds $	Total $
GROUP						
2019						
Beginning of financial year	**2,979,983**	**7,959,330**	**122,780**	**6,600,269**	**7,660,133**	**25,322,495**
Issue of new shares (Note 23)	–	**2,030,102**	–	–	–	**2,030,102**
Total comprehensive (loss)/income	–	–	–	**(249,787)**	**110,079**	**(139,708)**
Dividends paid	–	–	–	**(1,262,000)**	–	**(1,262,000)**
End of financial year	**2,979,983**	**9,989,432**	**122,780**	**5,088,482**	**7,770,212**	**25,950,889**
2018						
Beginning of financial year	2,979,983	6,969,710	122,780	6,064,902	7,514,827	23,652,202
Issue of new shares (Note 23)	–	989,620	–	–	–	989,620
Total comprehensive income	–	–	–	986,367	145,306	1,131,673
Dividends paid	–	–	–	(451,000)	–	(451,000)
End of financial year	2,979,983	7,959,330	122,780	6,600,269	7,660,133	25,322,495

SCIENCE CENTRE BOARD AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN CAPITAL, FUNDS AND ACCUMULATED SURPLUS

For the financial year ended 31 March 2019

	Capital account $	Share capital $	Omni-theatre development fund $	Accumulated surplus General funds $	Accumulated surplus Restricted funds $	Total $
BOARD						
2019						
Beginning of financial year	**2,979,983**	**7,959,330**	**122,780**	**7,029,655**	**7,491,117**	**25,582,865**
Issue of new shares (Note 23)	**–**	**2,030,102**	**–**	**–**	**–**	**2,030,102**
Total comprehensive (loss)/income	**–**	**–**	**–**	**(17,672)**	**110,079**	**92,407**
Dividends paid	**–**	**–**	**–**	**(1,262,000)**	**–**	**(1,262,000)**
End of financial year	**2,979,983**	**9,989,432**	**122,780**	**5,749,983**	**7,601,196**	**26,443,374**
2018						
Beginning of financial year	2,979,983	6,969,710	122,780	6,307,483	7,401,886	23,781,842
Issue of new shares (Note 23)	–	989,620	–	–	–	989,620
Total comprehensive income	–	–	–	1,173,172	89,231	1,262,403
Dividends paid	–	–	–	(451,000)	–	(451,000)
End of financial year	2,979,983	7,959,330	122,780	7,029,655	7,491,117	25,582,865

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

SCIENCE CENTRE BOARD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Deficit before grants		**(34,453,556)**	(35,411,276)
Adjustments for:			
- Depreciation	16	**3,635,473**	3,774,877
- Loss on disposal of property, plant and equipment		**3,309**	6,254
- Sponsorships and donations	4	**(795,874)**	(999,541)
- Fair value gain on financial asset at fair value through profit or loss	5	**(52,596)**	(88,803)
- Interest income	4	**(346,139)**	(266,280)
		(32,009,383)	(32,984,769)
Change in working capital			
- Inventories		**53,582**	178,577
- Trade and other receivables		**2,141,225**	(1,538,495)
- Trade and other payables		**887,310**	(2,056,458)
Cash used in operations		**(28,927,266)**	(36,401,145)
Income tax refunded/(paid)		**2,635**	(10,292)
Net cash used in operating activities		**(28,924,631)**	(36,411,437)
Cash flows from investing activities			
Purchases of property, plant and equipment	16	**(2,715,935)**	(1,279,179)
Placement of short-term bank deposits		**(1,000,000)**	–
Proceeds upon maturity of held-to-maturity financial assets		**–**	1,002,500
Interest received		**346,139**	266,280
Net cash used in investing activities		**(3,369,796)**	(10,399)
Cash flows from financing activities			
Government grants received	17	**29,845,416**	33,326,731
Sponsorship received		**2,106,125**	988,874
Other government grants received		**279,965**	6,399,962
Excess other government grants refunded	11	**(81,271)**	(160,103)
Excess sponsorship refunded		**–**	(193,005)
Issuance of share capital	23	**2,030,102**	989,620
Dividends paid		**(1,262,000)**	(451,000)
Net cash generated from financing activities		**32,918,337**	40,901,079
Net increase in cash and cash equivalents		**623,910**	4,479,243
Cash and cash equivalents at beginning of financial year		**27,624,938**	23,145,695
Cash and cash equivalents at end of financial year	10	**28,248,848**	27,624,938

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

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

The financial statements were authorized for issue by members of the Board on 20 June 2019.

1. General information

Science Centre Board (the "Board") is a Statutory Board incorporated under the Science Centre Act (Cap. 286) under the purview of the Ministry of Education ("Government" or "MOE"). The registered office and principal place of business of the Board is 15 Science Centre Road, Singapore 609081.

The principal activities of the Board are to:

(a) Promote interest, learning and creativity in science and technology through imaginative and enjoyable experience and contribute to the nation's development of its human resource;

(b) Conduct supplementary science classes, lectures, demonstrations and workshops to complement the school science syllabi;

(c) Produce and publish scientific literature in the form of magazines and guidebooks;

(d) Organise activities and programmes for targeted and general audiences so as to bring science closer to the people; and

(e) Screen planetarium programmes and OMNIMAX films to students and the general public, using state-of-the-art audio-visual projection systems.

The principal activities of the subsidiaries are described in Note 15 to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Statutory Board Financial Reporting Standards ("SB-FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

The preparation of financial statements in conformity with SB-FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in the financial year ended 31 March 2019

The Group has applied the various new SB-FRSs and amendments to SB-FRSs for the first time for the annual period beginning on 1 April 2018. The effect of adopting these requirements is set out in Note 29 to these financial statements.

2.2 Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred.

2.3 Revenue recognition

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

2. Significant accounting policies (continued)

2.3 Revenue recognition (continued)

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO as follows:

(a) Admission fees

Admission fees are recognised upon the sale of admission tickets to visitors and members. Where such tickets are sold via agents, revenue is recognised at the point of sale unless the difference from recognising revenue over the validity period of the tickets is expected to be material, in which case, an adjustment is made to recognise revenue over the validity period of the tickets.

(b) Proceeds from special projects

Proceeds from special projects are income from the organisation of temporary exhibitions. Income from such projects is recognised upon the sale of tickets to visitors.

(c) Fees from courses and programmes

Fees from courses and programmes are recognised over the duration of the courses and programmes.

(d) Collections from exhibits and events

Collections from exhibits and events comprise mainly of collections from rental of travelling exhibitions and events and are recognised on a straight-line basis over the rental period.

(e) Sales of merchandise and publications

Sales of merchandise and publications are recognised at the point of sales of the merchandise and publications.

2. Significant accounting policies (continued)

2.3 Revenue recognition (continued)

(f) Service income

Service income from provision of services for set up of travelling exhibitions and organisation of corporate events are recognised when services have been rendered.

(g) Photo-taking

Income from photo-taking is recognised upon the sale of photos to visitors and members.

2.4 Other income

(a) Donations and sponsorships

Donations and sponsorships are received or receivables to meet approved expenditure for specific projects or purposes. Donations and sponsorships are recognised in profit or loss as income in the financial year when the expenditure for the specified projects or purposes is incurred. The amount that is not utilised for the specific projects or purposes is included in the sponsorship received in advance account.

(b) 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.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Management fee

Management fee for the provision of services to government agencies is recognised over the period the services are rendered.

2.5 Government grants

Grants from the Ministry of Education are recognised as a receivable at their fair value when there is reasonable assurance that the grants will be received and the Group will comply with all the conditions associated with the grant.

Government grants receivable are recognised as income over the periods necessary to match them with the related expenses which they are intended to compensate, on a systematic basis. Government grants that are receivable as reimbursement for expenses already incurred are recognised in profit or loss in the period in which they become receivable.

2. Significant accounting policies (continued)

2.6 Deferred capital grants

Government grants and contributions from other government organisations utilised for the purchase or construction of depreciable assets are recorded in the deferred capital grants account (shown as liability on the balance sheet).

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred capital grants in the balance sheet and transferred to profit or loss over the useful lives of the related assets.

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

2.7 Employee compensation

(a) Defined contribution plans

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

(b) 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.

(c) Short-term employee benefits

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

2. Significant accounting policies (continued)

2.8 Sponsorship Fund

The Sponsorship Fund is set up to account for contributions received from private organisations and individuals for specified purposes. The Sponsorship Fund has been conferred the Institute of Public Character status under Section 37(2)(c) of the Charities Act since 1 April 2008. The income from the Sponsorship Fund will be used to further the objectives of the Sponsorship Fund. The principal sums of the Sponsorship Fund are presented separately in the balance sheet. The Sponsorship Fund is classified as a restricted fund in accordance with SB-FRS Guidance Note 3.

2.9 Endowment Fund

The Endowment Fund is set up to account for contributions received from private organisations, individuals and other government agencies for specified purposes. The Endowment Fund was conferred the Institute of Public Character status under Section 37(2)(c) of the Charities Act from 1 April 2008 to 31 March 2013. The income from the Endowment Fund will be used to further the objectives of the Science Centre Board and specific capacity training for staffs. The principal sums of the Endowment Fund are presented separately in the balance sheet. The Endowment Fund is classified as a restricted fund in accordance with SB-FRS Guidance Note 3.

2.10 Omni-Theatre Development Fund

The Omni-Theatre Development Fund was set up to account for contributions received from private organisations and individuals. The principal sums of the Omni-Theatre Development Fund, consisting of donations and sponsorships received, are kept intact. The Omni-Theatre Development fund is classified under general funds in accordance with SB-FRS Guidance Note 3.

2.11 Finance costs

The Group's finance income and finance costs include interest income and interest expense on borrowings.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the amortised cost of the financial liability. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

2.12 Income taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

2. Significant accounting policies (continued)

2.12 Income taxes (continued)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

2. Significant accounting policies (continued)

2.13 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

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

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any allowance for write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any allowance for write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.14 Property, plant and equipment

(a) Recognition and measurement

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

(b) Component of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price, capitalised borrowing cost and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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 plant and equipment.

Assets under construction are stated at cost, and comprise construction costs and development costs. Construction costs are recorded based on contract progress payments for certified works and services. Development costs include manpower costs and other construction overheads.

2. **Significant accounting policies** (continued)

2.14 Property, plant and equipment (continued)

(c) 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.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use

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

	Useful lives
Leasehold land	Over lease period of 99 years
Buildings	20 to 50 years
Leasehold improvements	5 years
Furniture and office equipment	3 to 5 years
Motor vehicles	10 years
OMNIMAX films	2 years

No depreciation is provided on assets under construction.

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

The following items are written off in the year of construction or purchase:
- Exhibits
- Films (other than OMNIMAX)
- Cost of publications and souvenirs
- Property, plant and equipment costing below $2,000 each

(d) Subsequent expenditure

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

2. Significant accounting policies (continued)

2.14 Property, plant and equipment (continued)

(e) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other losses/(gains) – net".

2.15 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Board's balance sheet. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.16 Impairment of non-financial assets

The carrying amounts of the Group'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, the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset 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. 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.

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity. Impairment losses are allocated to reduce the carrying amount of the assets (group of assets) on a *pro rata* basis.

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

2. Significant accounting policies (continued)

2.17 Financial instruments

(a) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(b) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 April 2018

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. **Significant accounting policies** (continued)

2.17 Financial instruments (continued)

(a) Recognition and initial measurement (continued)

Business model assessment – Policy applicable from 1 April 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 April 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

2. Significant accounting policies (continued)

2.17 Financial instruments (continued)

(b) Classification and subsequent measurement (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets – Subsequent measurement and gains and losses – Policy applicable from 1 April 2018

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial assets – Policy applicable before 1 April 2018

The Group classified its financial assets in the following categories: loans and receivables, fair value through profit or loss, and held-to-maturity. The classification depended on the nature of the asset and the purpose for which the assets were acquired. Management determined the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluated this designation at each balance sheet date.

2. Significant accounting policies (continued)

2.17 Financial instruments (continued)

(b) Classification and subsequent measurement (continued)

Loans and receivables

Loans and receivables were non-derivative financial assets with fixed or determinable payments that were not quoted in an active market. They were presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which were presented as non-current assets. Loans and receivables were presented as "trade and other receivables" (Note 11) and "cash and cash equivalents" (Note 10) on the balance sheet.

Financial assets at fair value through profit or loss

This category had two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset was classified as held for trading if it was acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception were those that are managed and their performances were evaluated on a fair value basis, in accordance with a documented investment strategy.

Assets in this category were classified as current assets if they were either held for trading or were expected to be realised within 12 months after the balance sheet date.

Financial assets, at fair value through profit or loss were subsequently carried at fair value. Changes in the fair value of financial asset at fair value through profit or loss were recognised in income or expenditure within "Other gains/(losses) – net" when the changes arose.

Held-to-maturity financial assets

Held-to-maturity financial assets were non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management had the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They were presented as non-current assets, except for those maturing within 12 months after the balance sheet date which were presented as current assets.

2. Significant accounting policies (continued)

2.17 Financial instruments (continued)

(b) Classification and subsequent measurement (continued)

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised trade and other payables.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

(c) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

2. **Significant accounting policies** (continued)

2.17 Financial instruments (continued)

(c) Derecognition (continued)

Financial liabilities (continued)

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(d) Offsetting

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

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of one year 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 Group in the management of its short-term commitments.

The Board is required to participate in the Centralised Liquidity Management Framework ("CLM") in accordance with the Accountant-General's Circular No.4/2009 dated 2 November 2009. All selected bank accounts of the Board maintained with selected banks are linked up with the Accountant-General's Department's ("AGD") bank accounts for available excess cash to be automatically aggregated for central management on a daily basis. The deposits held with AGD are short-term highly liquid investments that are readily convertible to known amounts of cash and are classified in cash and cash equivalents as "Deposits held with AGD".

Cash at bank and on hand represents funds that are derived from non-government sources/entities, which are not required to be included in the CLM.

(f) Share capital

Ordinary shares to the Minister for Finance are classified as equity.

2. Significant accounting policies (continued)

2.17 Financial instruments (continued)

(g) Capital account

The Capital account represents the grant given by the MOE to contribute towards the repayment of the outstanding accumulated interest on a Government loan taken.

2.18 Impairment

Policy applicable from 1 April 2018

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

2. **Significant accounting policies** (continued)

2.18 Impairment (continued)

Policy applicable from 1 April 2018 (continued)

General approach (continued)

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

2. Significant accounting policies (continued)

2.18 Impairment (continued)

Policy applicable from 1 April 2018 (continued)

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 April 2018

The Group assessed at each balance sheet date whether there was objective evidence that a financial asset or a group of financial assets was impaired and recognised an allowance for impairment when such evidence exists.

Loans and receivables/Held-to-maturity financial assets

Significant financial difficulties of the debtor, probability that the debtor would enter bankruptcy and default or significant delay in payments were objective evidence that these financial assets were impaired.

The carrying amount of these assets was reduced through the use of an impairment allowance account which was calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset became uncollectible, it was written off against the allowance account. Subsequent recoveries of amounts previously written off were recognised against the same line item in profit or loss.

The impairment allowance was reduced through profit or loss in a subsequent period when the amount of impairment loss decreased and the related decrease could be objectively measured. The carrying amount of the asset previously impaired was increased to the extent that the new carrying amount did not exceed the amortised cost had no impairment been recognised in prior periods.

2.19 Fair value estimation of financial assets and liabilities

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used.

2. Significant accounting policies (continued)

2.19 Fair value estimation of financial assets and liabilities (continued)

The fair values of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) 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 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

2.20 Leases

(a) When the Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases by the Group.

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

(b) When the Group is the lessor

Leases of retail space where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases.

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. Contingent rents are recognised as income in profit or loss when earned.

2. Significant accounting policies (continued)

2.20 Leases (continued)

(b) When the Group is the lessor (continued)

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.22 Dividends

Dividends are recognised when the dividends are approved for payment to the Ministry of Finance under the Capital Management Framework - Finance Circular Minute No. M26/2008.

2.23 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Board.

(b) Transactions and balances

Transactions in a currency other than functional currency ("foreign currency") are translated to functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Foreign exchange gains and losses impacting profit or loss are presented in the profit or loss within "Other (losses)/gains – net".

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

Depreciation of property, plant and equipment

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

3.2 Critical judgements in applying the entity's accounting policies

Financial assets at amortised cost

The Endowment Fund follows the guidance of SB-FRS 109 on classifying non-derivative financial assets as subsequently measured at amortised cost. This classification requires significant judgement. In making this judgement, the Endowment Fund evaluates whether:

- the investment is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- contractual terms of the investments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If the Endowment Fund changes its business model for managing financial assets, the affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

4. Other income

	Group		Board	
	2019	2018	**2019**	2018
	$	$	**$**	$
Donations and sponsorship	**795,874**	999,541	**795,874**	999,541
Rental income	**910,548**	934,246	**987,603**	889,246
Interest income	**346,139**	266,280	**346,139**	266,280
Management fee	**670,200**	776,500	**764,560**	872,960
Others	**286,168**	153,717	**81,722**	105,836
	3,008,929	3,130,284	**2,975,898**	3,133,863

5. Other (losses)/gains – net

	Group		Board	
	2019	2018	**2019**	2018
	$	$	**$**	$
Fair value gain on financial asset at fair value through profit or loss	**52,596**	88,803	**52,596**	88,803
Net currency translation losses	**(12,418)**	(488)	**(9,098)**	(488)
	40,178	88,315	**43,498**	88,315

6. Employee compensation

	Group		Board	
	2019	2018	**2019**	2018
	$	$	**$**	$
Wages and salaries	**17,934,771**	17,694,090	**17,260,955**	16,492,577
Employer's contribution to Central Provident Fund	**2,775,192**	2,934,489	**2,692,841**	2,787,815
Other staff benefits	**365,856**	316,555	**365,683**	310,898
	21,075,819	20,945,134	**20,319,479**	19,591,290

7. Other expenditure

	Group		Board	
	2019	2018	**2019**	2018
	$	$	**$**	$
Professional, consultancy and other fees				
- subsidiaries	**–**	–	**80,100**	625,600
- non-related parties	**960,103**	863,612	**858,779**	763,910
Cost of merchandise and publications	**430,407**	667,536	**366,203**	460,889
Printing, stationery and office supplies	**163,727**	146,359	**149,165**	133,670
Rental of equipment and venue and lease fees of films	**149,071**	455,653	**105,493**	181,183
Postage, telephone and courier charges	**87,242**	89,991	**74,940**	69,483
Loss on disposal of property, plant and equipment	**3,307**	6,254	**2,684**	6,254
Transport and travelling expenses	**418,640**	424,251	**378,196**	386,385
Refreshment and entertainment expenses	**158,142**	177,258	**156,814**	176,530
Property tax	**109,929**	119,903	**109,929**	119,903
GST input tax (non-claimable)	**1,062,639**	1,140,685	**1,062,639**	1,140,685
Royalties	**38,988**	36,483	**38,988**	36,483
Others	**168,718**	243,360	**63,369**	140,965
	3,750,913	4,371,345	**3,447,299**	4,241,940

8. Finance expenses

	Group and Board	
	2019	2018
	$	$
Interest expenses – others	**–**	1,880

9. Income taxes

(a) Income tax expense

	Group	
	2019	2018
	$	$
Tax expense attributable to (deficit)/surplus is made up of:		
- Current income tax	**–**	–
- Deferred income tax (Note 20)	**11,057**	15,288
	11,057	15,288
Under/(over) provision in preceding financial years		
- Current income tax	**(2,635)**	2,751
- Deferred income tax (Note 20)	**(22,160)**	(22,513)
	(24,795)	(19,762)
Income tax credit	**(13,738)**	(4,474)

The tax expense on the Group's results differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2019	2018
	$	$
(Deficit)/Surplus before tax	**(153,446)**	1,127,199
Tax (credit)/expense calculated at a tax rate of 17% (2018: 17%)	**(26,086)**	191,624
Effects of:		
- Surplus of the Board exempted from tax	**(15,709)**	(214,609)
- Expenses not deductible for tax purposes	**16,150**	14,294
- Income not subject to tax	**(8,207)**	(7,486)
- Deferred tax assets not recognised	**43,961**	32,953
- Overprovision in preceding financial years	**(24,795)**	(19,762)
- Others	**948**	(1,488)
Income tax credit	**(13,738)**	(4,474)

As a statutory board, the Board is exempted from income tax.

9. Income taxes (continued)

(a) Income tax expense (continued)

Deferred income tax assets are recognised for tax losses and capital allowances carried forward only to the extent that realisation of the related tax benefits through the future taxable profits is probable. Deferred tax assets have not been recognised in respect of tax losses and deductible temporary difference amounting to approximately $822,212 (2018: $790,065) and $354,153 (2018: $127,706), respectively, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

(b) Movements in current income tax liabilities

	Group	
	2019	2018
	$	$
Beginning of financial year	**–**	7,541
Income tax refunded/(paid)	**2,635**	(10,292)
(Under)/Over provision in preceding financial years	**(2,635)**	2,751
End of financial year	**–**	–

10. Cash and cash equivalents

	Group		Board	
	2019	2018	**2019**	2018
	$	$	**$**	$
Deposits held with AGD	**24,192,838**	23,071,543	**24,192,838**	23,071,543
Cash at bank and on hand	**4,056,010**	4,553,395	**3,425,284**	3,875,879
Short term bank deposits	**2,000,000**	1,000,000	**2,000,000**	1,000,000
	30,248,848	28,624,938	**29,618,122**	27,947,422

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

	Group	
	2019	2018
	$	$
Cash and cash equivalents (as above)	**30,248,848**	28,624,938
Less: Short term bank deposits with maturity of more than 3 months	**(2,000,000)**	(1,000,000)
Cash and cash equivalents per consolidated cash flow statement	**28,248,848**	27,624,938

10. Cash and cash equivalents (continued)

Short term bank deposits bear interests at rates ranging from 1.22% to 2.01% (2018: 1.11% to 1.22%) per annum and have a tenure of 6 to 12 months (2018: 6 months).

Deposits held with the Accountant-General's Department ("AGD") earn interest based on fixed deposit rates determined by financial institutions with which AGD deposits the monies.

11. Trade and other receivables

	Group		Board	
	2019	2018	**2019**	2018
	$	$	**$**	$
Trade receivables				
- subsidiaries	–	–	**97,441**	135,722
- external parties	**428,398**	2,432,085	**327,824**	2,378,143
Trade receivables - net	**428,398**	2,432,085	**425,265**	2,513,865
Non-trade receivables from subsidiary	–	–	–	3,881
Sponsorship receivables	**165,896**	96,740	**165,896**	96,740
Other government grants receivable (see below)	**677,559**	92,121	**677,559**	92,121
Government grant receivable	**351,745**	329,338	**351,745**	329,338
Deposits	**18,830**	23,698	–	–
Prepayments	**193,754**	163,692	**154,175**	141,819
Other receivables	**101,256**	286,395	**93,179**	274,519
	1,937,438	3,424,069	**1,867,819**	3,452,283

Other government grants refer to grants received from Ministries, Organs of States and other Statutory Boards.

<u>Other government grants</u>

	Group and Board	
	2019	2018
	$	$
Other government grants receivable	**677,559**	92,121
Other government grants received in advance	**(770,343)**	(1,990,216)
	(92,784)	(1,898,095)

11. Trade and other receivables (continued)

Movement in other government grants receivable/(received in advance) is as follows:

Group

	Receivable		Received in advance		Total	
	2019	2018	**2019**	2018	**2019**	2018
	$	$	**$**	$	**$**	$
Beginning of financial year	**92,121**	1,912,158	**(1,990,216)**	(725,188)	**(1,898,095)**	1,186,970
Less: Grants received during the year	**(143,758)**	(1,905,457)	**(140,407)**	(4,494,505)	**(284,165)**	(6,399,962)
Add: Amount recognised in profit or loss	**729,196**	85,420	**1,269,341**	3,014,038	**1,998,537**	3,099,458
Add: Amount transferred to deferred capital grants (Note 21)	**–**	–	**5,468**	6,376	**5,468**	6,376
Less: Amount returned	**–**	–	**81,271**	160,103	**81,271**	160,103
Add/less: Others	**–**	–	**4,200**	48,960	**4,200**	48,960
End of financial year	**677,559**	92,121	**(770,343)**	(1,990,216)	**(92,784)**	(1,898,095)

Board

	Receivable		Received in advance		Total	
	2019	2018	**2019**	2018	**2019**	2018
	$	$	**$**	$	**$**	$
Beginning of financial year	**92,121**	1,912,158	**(1,990,216)**	(725,188)	**(1,898,095)**	1,186,970
Less: Grants received during the year	**(143,758)**	(1,905,457)	**(127,303)**	(4,471,287)	**(271,061)**	(6,376,744)
Add: Amount recognised in profit or loss	**729,196**	85,420	**1,256,237**	2,990,820	**1,985,433**	3,076,240
Add: Amount transferred to deferred capital grants (Note 21)	**–**	–	**5,468**	6,376	**5,468**	6,376
Less: Amount returned	**–**	–	**81,271**	160,103	**81,271**	160,103
Add/less: Others	**–**	–	**4,200**	48,960	**4,200**	48,960
End of financial year	**677,559**	92,121	**(770,343)**	(1,990,216)	**(92,784)**	(1,898,095)

12. Financial asset at fair value through profit or loss

	Group and Board	
	2019	2018
	$	$
Fullerton Conservative Balanced Fund ("Fullerton Fund")	**4,370,401**	4,317,805

The Fullerton Fund has a nominal value amounting to $3,900,000 (2018: $3,900,000).

The fair value of the Fullerton Fund is provided by the Fund Manager and determined based on estimated valuations derived from market quotations and are within level 2 of the fair value hierarchy.

Changes in the fair value of the financial asset at fair value through profit or loss amounting to $52,596 (2018: $88,803) have been included in the statement of comprehensive income for the year.

13. Other investment

	Group and Board	
	2019	2018
	$	$
Debt investment		
- classified as held-to-maturity	–	1,018,000
- classified at amortised cost	**1,018,000**	–
	1,018,000	1,018,000

Included in the debt investment classified at amortised cost (2018: held-to-maturity) is quoted corporate bond.

The quoted corporate bond has nominal value amounting to $1,000,000 (2018: $1,000,000), with coupon rate of 2.58% (2018: 2.58%) per annum and matures on 24 September 2020 (2018: 24 September 2020). The average effective interest rate of the bond is 2.17% (2018: 2.17%). The bond carries a fixed coupon rate.

The fair value of the bond is provided by bank employing generally market accepted valuation parameters and techniques. The bond has fair values amounting to $1,002,600 (2018: $999,000) and is within level 2 of the fair value hierarchy.

14. Inventories

	Group		Board	
	2019	2018	**2019**	2018
	$	$	**$**	$
Finished goods	**343,591**	397,173	**87,984**	168,579

Inventories comprised finished goods held at cost for resale purposes.

The cost of inventories recognised as an expense and included in "Other expenditure" amounts to $430,407 (2018: $667,536) for the Group and $366,203 (2018: $460,805) for the Board.

At 31 March 2019, the write-down of inventories to net realisable value by the Group and Board amounted to $28,222 (2018: $40,270) and $584 (2018: $2,010) respectively.

15. Investments in subsidiaries

	Board	
	2019	2018
	$	$
Unquoted equity investments at cost	**1,760,002**	1,760,002

15. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows:

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2019 %	Equity holding 2018 %
Singapore Science Centre Global[(a)]	Investment holding, marketing and promotional activities for related entities and participation in joint ventures and collaboration projects, with educational and entertainment elements, on an academic and commercial basis.	Singapore	**100**	100
Snow Venture Pte Ltd [(a)]	Proprietor and operator of entertainment centre	Singapore	**100**	100

(a) Audited by KPMG LLP, Singapore

16. Property, plant and equipment

Group

	Leasehold land $	Buildings $	Leasehold improvements $	Furniture and office equipment $	Motor vehicles $	OMNIMAX films $	Assets under construction $	Total $
2019								
Cost								
Beginning of financial year	3,754,976	42,740,996	22,815,078	16,742,779	268,315	602,594	2,660	86,927,398
Additions	–	2,450	2,212,671	219,788	–	–	281,026	2,715,935
Disposals	–	–	(216,606)	(335,634)	(244,556)	–	–	(796,796)
Reclassifications	–	–	–	2,660	–	–	(2,660)	–
End of financial year	3,754,976	42,743,446	24,811,143	16,629,593	23,759	602,594	281,026	88,846,537
Accumulated depreciation								
Beginning of financial year	1,320,516	27,641,891	20,215,742	14,256,540	261,368	602,594	–	64,298,651
Depreciation charge	36,377	1,084,773	1,472,844	1,039,523	1,956	–	–	3,635,473
Disposals	–	–	(216,606)	(334,482)	(242,399)	–	–	(793,487)
End of financial year	1,356,893	28,726,664	21,471,980	14,961,581	20,925	602,594	–	67,140,637
Net book value								
End of financial year	**2,398,083**	**14,016,782**	**3,339,163**	**1,668,012**	**2,834**	**–**	**281,026**	**21,705,900**

16. Property, plant and equipment (continued)

Group (continued)

	Leasehold land $	Buildings $	Leasehold improvements $	Furniture and office equipment $	Motor vehicles $	OMNIMAX films $	Assets under construction $	Total $
2018								
Cost								
Beginning of financial year	3,754,976	42,740,996	21,869,918	17,822,049	268,315	602,594	112,655	87,171,503
Additions	–	–	945,160	331,359	–	–	2,660	1,279,179
Disposals	–	–	–	(1,523,284)	–	–	–	(1,523,284)
Reclassifications				112,655	–	–	(112,655)	–
End of financial year	3,754,976	42,740,996	22,815,078	16,742,779	268,315	602,594	2,660	86,927,398
Accumulated depreciation								
Beginning of financial year	1,284,140	26,556,594	18,940,723	14,398,646	258,107	602,594	–	62,040,804
Depreciation charge	36,376	1,085,297	1,275,019	1,374,924	3,261	–	–	3,774,877
Disposals	–	–	–	(1,517,030)	–	–	–	(1,517,030)
End of financial year	1,320,516	27,641,891	20,215,742	14,256,540	261,368	602,594	–	64,298,651
Net book value								
End of financial year	**2,434,460**	**15,099,105**	**2,599,336**	**2,486,239**	**6,947**	**–**	**2,660**	**22,628,747**

16. Property, plant and equipment (continued)

Board

	Leasehold land $	Buildings $	Leasehold improvements $	Furniture and office equipment $	Motor vehicles $	OMNIMAX films $	Assets under construction $	Total $
2019								
Cost								
Beginning of financial year	3,754,976	41,478,610	21,376,843	16,042,720	268,315	602,594	2,660	83,526,718
Additions	–	–	2,186,616	175,204	–	–	281,026	2,642,846
Disposals	–	–	(147,656)	(287,096)	(244,556)	–	–	(679,308)
Transfers	–	–	–	2,660	–	–	(2,660)	–
End of financial year	3,754,976	41,478,610	23,415,803	15,933,488	23,759	602,594	281,026	85,490,256
Accumulated depreciation								
Beginning of financial year	1,320,516	26,413,404	19,353,502	13,998,600	261,368	602,594	–	61,949,984
Depreciation charge	36,377	1,060,134	1,241,181	922,407	1,956	–	–	3,262,055
Disposals	–	–	(147,656)	(286,569)	(242,399)	–	–	(676,624)
End of financial year	1,356,893	27,473,538	20,447,027	14,634,438	20,925	602,594	–	64,535,415
Net book value								
End of financial year	**2,398,083**	**14,005,072**	**2,968,776**	**1,299,050**	**2,834**	**–**	**281,026**	**20,954,841**

16. Property, plant and equipment (continued)

Board (continued)

	Leasehold land $	Buildings $	Leasehold improvements $	Furniture and office equipment $	Motor vehicles $	OMNIMAX films $	Assets under construction $	Total $
2018								
Cost								
Beginning of financial year	3,754,976	41,478,610	20,466,578	17,250,249	268,315	602,594	112,655	83,933,977
Additions	–	–	910,265	203,100	–	–	2,660	1,116,025
Disposals	–	–	–	(1,523,284)	–	–	–	(1,523,284)
Transfers	–	–	–	112,655	–	–	(112,655)	–
End of financial year	3,754,976	41,478,610	21,376,843	16,042,720	268,315	602,594	2,660	83,526,718
Accumulated depreciation								
Beginning of financial year	1,284,140	25,353,269	18,337,669	14,275,602	258,107	602,594	–	60,111,381
Depreciation charge	36,376	1,060,135	1,015,833	1,240,028	3,261	–	–	3,355,633
Disposals	–	–	–	(1,517,030)	–	–	–	(1,517,030)
End of financial year	1,320,516	26,413,404	19,353,502	13,998,600	261,368	602,594	–	61,949,984
Net book value								
End of financial year	**2,434,460**	**15,065,206**	**2,023,341**	**2,044,120**	**6,947**	**–**	**2,660**	**21,576,734**

17. Government grants received in advance

	Group and Board	
	2019	2018
	$	$
Beginning of financial year	**11,204,226**	10,153,612
Add: Grants received during the year	**29,845,416**	33,326,731
Less: Amount transferred to deferred capital grants (Note 21)	**–**	(75,565)
Less: Amount recognised in profit or loss	**(31,074,923)**	(32,200,552)
End of financial year	**9,974,719**	11,204,226

18. Sponsorship received in advance

	Group and Board	
	2019	2018
	$	$
Beginning of financial year	**762,156**	888,850
Add: Sponsorship granted during the year	**1,957,515**	876,322
Less: Amount transferred to deferred capital grants (Note 21)	**(36,363)**	(3,475)
Less: Amount recognised in profit or loss	**(578,108)**	(999,541)
End of financial year	**2,105,200**	762,156

19. Trade and other payables

	Group		Board	
	2019	2018	**2019**	2018
	$	$	**$**	$
Trade payables to				
- external parties	**1,906,718**	998,157	**1,778,257**	855,306
- subsidiaries	**–**	–	**26,650**	134,830
	1,906,718	998,157	**1,804,907**	990,136
Non-trade payables to				
- non-related parties	**903,802**	1,084,292	**895,100**	1,082,491
- other government agency	**84,833**	145,548	**81,068**	118,536
- subsidiaries	**–**	–	**1,920**	92,623
Other payables	**–**	60,977	**–**	–
Deposits received	**97,377**	190,863	**113,417**	206,253
Advances from customers	**547,581**	387,471	**413,067**	227,574
Other accruals for operating expenses	**2,313,463**	2,073,749	**2,203,504**	1,956,337
	5,853,774	4,941,057	**5,512,983**	4,673,950

Non-trade payables to subsidiaries are unsecured, interest-free and repayable on demand.

20. Deferred income taxes

	Group 2019 $	Group 2018 $
Beginning of financial year	**48,253**	55,478
Tax charged to profit or loss (Note 9(a))	**(11,103)**	(7,225)
End of financial year	**37,150**	48,253

The movement in deferred income tax liabilities during the financial year is as follows:

Deferred income tax liabilities

	Accelerated tax depreciation $	Total $
2019		
Beginning of financial year	**48,253**	**48,253**
Tax charged to profit or loss	**(11,103)**	**(11,103)**
End of financial year	**37,150**	**37,150**
2018		
Beginning of financial year	55,478	55,478
Tax charged to profit or loss	(7,225)	(7,225)
End of financial year	48,253	48,253

21. Deferred capital grants

Group

	Government		Others		Total	
	2019	2018	**2019**	2018	**2019**	2018
	$	$	**$**	$	**$**	$
Beginning of financial year	**15,908,138**	16,918,592	**208,784**	351,379	**16,116,922**	17,269,971
Add: Transferred from						
- government grants (Note 17)	**–**	75,565	**–**	–	**–**	75,565
- other government grants (Note 11)	**–**	–	**5,468**	6,376	**5,468**	6,376
- sponsorship (Note 18)	**–**	–	**36,363**	3,475	**36,363**	3,475
Less: Amount recognised in profit or loss	**(1,053,328)**	(1,086,019)	**(173,322)**	(152,446)	**(1,226,650)**	(1,238,465)
End of financial year	**14,854,810**	15,908,138	**77,293**	208,784	**14,932,103**	16,116,922
Total deferred capital grants received (included in government grants received) since inception of the Board	**74,501,959**	74,501,959	**13,870,781**	13,828,950	**88,372,740**	88,330,909

21. Deferred capital grants (continued)

Board

	Government		Others		Total	
	2019	2018	**2019**	2018	**2019**	2018
	$	$	**$**	$	**$**	$
Beginning of financial year	**15,940,668**	16,918,592	**86,744**	229,339	**16,027,412**	17,147,931
Add: Transferred from						
- government grants (Note 17)	**–**	75,565	**–**	–	**–**	75,565
- other government grants (Note 11)	**–**	–	**5,468**	6,376	**5,468**	6,376
- sponsorship (Note 18)	**–**	–	**36,363**	3,475	**36,363**	3,475
Less: Amount recognised in profit or loss	**(1,053,328)**	(1,053,489)	**(145,365)**	(152,446)	**(1,198,693)**	(1,205,935)
End of financial year	**14,887,340**	15,940,668	**(16,790)**	86,744	**14,870,550**	16,027,412
Total deferred capital grants received (included in government grants received) since inception of the Board	**74,501,959**	74,501,959	**13,676,838**	13,635,007	**88,178,797**	88,136,966

22. Capital account

The Board's capital account represents:

(a) the grant of $1,640,347 given by the MOE in the financial year 1993/94 to contribute towards the repayment of the outstanding accumulated interest on a Government loan taken in 1984 for the purchase of a piece of leasehold land for the Omni-Theatre; and

(b) the conversion of a Government loan and the related outstanding accumulated interest amounting to $1,339,636. The loan was utilised by the Board in 1988 to finance the building of the Omni-Theatre. The conversion of the loan and outstanding accumulated interest to capital was approved by the Ministry of Finance in the financial year ended 31 March 2001.

23. Share capital

	Group and Board	
	2019	2018
	$	$
Beginning of financial year	**7,959,330**	6,969,710
Issue of new shares	**2,030,102**	989,620
End of financial year	**9,989,432**	7,959,330

23. Share capital (continued)

For the year ended 31 March 2019, the Board issued 2,030,102 (2018: 989,620) ordinary shares for a total consideration of $2,030,102 (2017: $989,620) as part of the Capital Management Framework for Statutory Boards under Finance Circular Minute M26/2008. The shares are fully paid and are held by the Minister for Finance, a body corporate incorporated by the Minister for Finance (Incorporation) Act (Chapter 183).

The holders of these shares are entitled to receive dividends as and when declared by the Board. The shares carry neither voting rights nor par value.

24. Restricted funds

Restricted funds comprise of the Sponsorship Fund and the Endowment Fund:

Statement of Comprehensive Income - Restricted Funds

Board	Sponsorship $	Endowment $	Total $
2019			
Other income	**816,534**	**102,811**	**919,345**
Expenses	**(805,600)**	**(3,666)**	**(809,266)**
Net surplus for the year	**10,934**	**99,145**	**110,079**
Accumulated surplus brought forward	**80,812**	**7,410,305**	**7,491,117**
Accumulated surplus carried forward	**91,746**	**7,509,450**	**7,601,196**
2018			
Other income	1,007,069	134,556	1,141,625
Expenses	(1,004,141)	(48,253)	(1,052,394)
Net surplus for the year	2,928	86,303	89,231
Accumulated surplus brought forward	77,884	7,324,002	7,401,886
Accumulated surplus carried forward	80,812	7,410,305	7,491,117

Sponsorship income relates to expenditure incurred which will be subsequently reimbursed by the sponsors of the events. The amount reimbursable is correspondingly recorded as sponsorship receivables under trade and other receivables (Note 11).

24. Restricted funds (continued)

Balance Sheet - Restricted Funds

Board	Sponsorship $	Endowment $	Total $
2019			
ASSETS			
Current assets			
Cash and cash equivalents	2,138,171	2,117,609	4,255,780
Trade receivables	33,426	–	33,426
Other receivables	4,912	7,184	12,096
Sponsorship receivable (Note 11)	165,896	–	165,896
Financial asset at fair value through profit or loss (Note 12)	–	4,370,401	4,370,401
	2,342,405	6,495,194	8,837,599
Non-current assets			
Other investment (Note 13)	–	1,018,000	1,018,000
Property, plant and equipment	37,640	–	37,640
	37,640	1,018,000	1,055,640
Total assets	2,380,045	7,513,194	9,893,239
LIABILITIES			
Current liabilities			
Trade and other payables	145,459	3,744	149,203
Sponsorship received in advance (Note 18)	2,105,200	–	2,105,200
	2,250,659	3,744	2,254,403
Non-current liabilities			
Deferred capital grants	37,640	–	37,640
	37,640	–	37,640
Total liabilities	2,288,299	3,744	2,292,043
NET ASSETS	91,746	7,509,450	7,601,196

24. Restricted funds (continued)

Balance Sheet - Restricted Funds (continued)

Board	Sponsorship $	Endowment $	Total $
2018			
ASSETS			
Current assets			
Cash and cash equivalents	2,155,343	2,120,592	4,275,935
Trade receivables	93,178	–	93,178
Other receivables	4,755	2,526	7,281
Sponsorship receivable (Note 11)	96,740	–	96,740
Financial asset at fair value through profit or loss (Note 12)	–	4,317,805	4,317,805
	2,350,016	6,440,923	8,790,939
Non-current assets			
Other investment (Note 13)	–	1,018,000	1,018,000
Property, plant and equipment	11,003	–	11,003
	11,003	1,018,000	1,029,003
Total assets	2,361,019	7,458,923	9,819,942
LIABILITIES			
Current liabilities			
Trade and other payables	1,507,048	48,618	1,555,666
Sponsorship received in advance (Note 18)	762,156	–	762,156
	2,269,204	48,618	2,317,822
Non-current liabilities			
Deferred capital grants	11,003	–	11,003
	11,003	–	11,003
Total liabilities	2,280,207	48,618	2,328,825
NET ASSETS	80,812	7,410,305	7,491,117

25. Omni-Theatre Development Fund

The Omni-Theatre Development Fund was set up with contributions received from private organisations and individuals. The income of this fund is taken to the profit or loss and is used for:

(i) replacing the various specialised and highly technical projector systems and sound equipment;

(ii) leasing of OMNIMAX movies; and

(iii) producing Planetarium shows.

25. Omni-Theatre Development Fund (continued)

	Group and Board	
	2019	2018
	$	$
Beginning and end of financial year	**122,780**	122,780
Represented by:		
Cash at bank and in hand	**122,780**	122,780

26. Commitments

(a) Operating lease commitments - where the Group is a lessee

The Group and the Board lease land and office equipment from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

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

	Group and Board	
	2019	2018
	$	$
Not later than one year	**5,289**	3,253
Between one and five years	**8,132**	4,337
Later than five years	**1,695**	1,731
	15,116	9,321

(b) Operating lease commitments - where the Group is a lessor

The Group and the Board lease out retail space to non-related parties under non-cancellable operating leases. The lessees are required to pay either absolute fixed annual increase to the lease payments or contingent rents computed based on their sales achieved during the lease period.

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

	Group		Board	
	2019	2018	**2019**	2018
	$	$	**$**	$
Not later than one year	**643,004**	264,745	**716,004**	348,745
Between one and five years	**702,455**	57,735	**617,455**	85,735
	1,345,459	322,480	**1,333,459**	434,480

27. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk.

The Board is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Board then establishes detailed policies such as risk identification and measurement and exposure limits.

The information presented below is based on information received by the key management.

(a) Market risk

(i) Currency risk

The Group has no significant exposure to foreign currencies as its operations are substantially denominated in Singapore dollars, which is also its functional currency.

(ii) Price risk

To manage its price risk arising from these investments, the Group manages its investment portfolio in accordance with investment guidelines and limits set by the Group for the portfolio. For its equity securities designated at fair value through profit or loss, the impact of a 5% increase in the fair value of the Fund at the reporting date on net surplus would have been an increase of $218,520 (2018: $215,890). An equal change in the opposite direction would have decrease net surplus by $218,520 (2018: $215,890).

(iii) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to cash flow interest rate risk arises from interest-bearing assets consisting mainly of cash balances and fixed deposits maintained/managed by AGD. The cash balances and fixed deposits maintained/managed by AGD under centralised liquidity management are placed with high credit quality financial institution and are expected to move in tandem with market interest rate movements. The Group is not exposed to interest rate risk arising from held-to-maturity financial assets as the bonds carry a fixed coupon rate.

27. Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

As the Group does not have other significant interest-bearing assets at floating rates, the Group's income is substantially independent of changes in market interest rates. Accordingly, no sensitivity analysis is presented. Information relating to the Group's interest rate exposure are disclosed in the respective notes to the financial statements.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are cash and cash equivalents, trade and other receivables, financial asset at fair value through profit or loss and held-to-maturity financial assets.

For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets including deposits held with AGD, the Group adopts the policy of dealing only with high credit quality counterparties such as reputable financial institutions. Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers. Due to these factors, management believes that no additional credit risk beyond the amount of allowance for impairment made is inherent in the Group's trade receivables.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet. The Group does not hold any collateral in respect of their financial assets.

Expected credit loss assessment as at 1 April 2018 and 31 March 2019

The Group uses an allowance matrix to measure the ECLs of trade receivables. In calculating the expected credit loss rates, the Group considers historical loss rates and, if relevant, adjustment for forward looking economic factors affecting the customers' ability to settle the outstanding receivables. As of 2019, no scalar factor has been applied.

Trade receivables mainly arise from customers that have a good payment record with the Group. The Group believes that no impairment allowance is necessary in respect of these receivables as the ECL is not material.

27. Financial risk management (continued)

(b) Credit risk (continued)

The following table provides information about the exposure to credit risk for trade receivables as at 31 March 2019:

	2019	
	Group	Board
	$	$
Current	239,641	302,695
Past due 0 to 2 months	109,477	52,663
Past due over 2 months	79,280	69,907
	428,398	425,265

Cash and cash equivalents

Cash and cash equivalents that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Deposits held with AGD are available for withdrawal upon request from AGD. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The amount of the allowance on cash and cash equivalents was negligible.

Comparative information under SB-FRS 39

The following table provides information about the exposure to credit risk for trade receivables as at 1 April 2018:

	2018	
	Group	Board
	$	$
Current	1,243,760	1,310,833
Past due 0 to 2 months	1,067,452	1,088,772
Past due over 2 months	120,873	114,260
	2,432,085	2,513,865

Impairment under SB-FRS 39

Management has assessed and determined that there has been no significant change in credit quality from the date of credit was initially granted and hence the receivables are still considered recoverable.

27. Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as and when they fall due. The Board's approach to maintain liquidity is to ensure sufficient funding from the government and other government agencies and maintains a level of cash and cash equivalents deemed adequate by management to finance its operations.

The table below analyses non-derivative financial liabilities of the Group and the Board into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2019	2018
	$	$
Group		
Trade and other payables*		
- Less than 1 year	**5,306,193**	4,553,586
- Between 1 and 5 years	**–**	25,407
	5,306,193	4,578,993
Board		
Trade and other payables*		
- Less than 1 year	**5,099,916**	4,446,376

* excludes deferred income

(d) Capital risk

The Board's objectives when managing capital are to ensure that the Board is adequately capitalised and to fulfill objectives for which monies of the Board may be applied under the Act. To achieve these objectives, the Board may secure grants from Government or other government agencies, return as capital to shareholders, issue new shares, or obtain new borrowings.

The Board is not subject to any capital requirements under the Act or any other externally imposed capital requirements, except for those mandated by the Ministry of Finance.

The Board defines capital as share capital, capital account, funds and accumulated surplus. The Board monitors its net surplus/deficits. The Board's approach to capital management remains unchanged from the previous financial year ended 31 March 2018.

Information on the determination of fair values of financial assets at fair value through profit or loss and debt investment classified at amortised cost has been separately disclosed in Notes 12 and 13.

27. Financial risk management (continued)

(e) Fair values

Financial assets

In 2019 and 2018, there were no transfers between the different levels of the fair value hierarchy.

Other financial assets and liabilities

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

(f) Financial instruments by category

The aggregate carrying amount of financial assets and financial liabilities are as follows:

	Group		Board	
	2019	2018	**2019**	2018
	$	$	**$**	$
Loans and receivables	–	31,885,315	–	31,257,886
Financial assets at amortised cost	**31,992,532**	–	**31,331,766**	–
Other investment	**1,018,000**	1,018,000	**1,018,000**	1,018,000
Financial assets at fair value through profit or loss	**4,370,401**	4,317,805	**4,370,401**	4,317,805
Financial liabilities at amortised cost	**(5,306,193)**	(4,578,993)	**(5,099,916)**	(4,446,376)

28. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales of goods and/or services to government

	Group	
	2019	2018
	$	$
Admission fees received from government	**30,513**	30,657
Proceeds from special projects received from government	**13,545**	9,397
Fees from courses and programmes from government	**260,280**	189,396
Sales of merchandise and publications to government	**29,775**	3,559

28. Related party transactions (continued)

(b) Donations and sponsorships

	Group	
	2019	2018
	$	$
Donations and sponsorships from other government agencies	**24,178**	43,771

(c) Key management personnel compensation

Key management personnel compensation is as follows:

	Group		Board	
	2019	2018	**2019**	2018
	$	$	**$**	$
Wages and salaries	**1,097,554**	1,062,559	**973,360**	935,370
Post-employment benefits - contributions to CPF	**67,059**	73,113	**56,208**	59,720
	1,164,613	1,135,672	**1,029,568**	995,090

29. Adoption of new standards

With effect from 1 April 2018, the Group adopted the new and revised SB-FRS and interpretations that are effective for financial year beginning on 1 April 2018. Other than SB-FRS 109 *Financial Instruments*, the adoption of these SB-FRS and interpretations has no significant impact to the Group's financial statements.

An explanation of how the adoption of SB-FRS 109 has affected the Group's financial statements is set out below.

SB-FRS 109 Financial Instruments

SB-FRS 109 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new ECL model and a new general hedge accounting model. This standard replaces SB-FRS 39 *Financial Instruments: Recognition and Measurement*.

29. Adoption of new standards (continued)

(a) Classification and measurement: financial assets and financial liabilities

SB-FRS 109 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and FVTPL. The classification of financial assets under SB-FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SB-FRS 109 eliminates the previous SB-FRS 39 categories of held to maturity, loans and receivables and available for sale. Under SB-FRS 109, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

For an explanation of how the Group classifies and measures financial instruments under SB-FRS 109, see Note 2.17.

SB-FRS 109 largely retains the existing requirements in SB-FRS 39 for the classification and measurement of financial liabilities.

The adoption of SB-FRS 109 has not had a significant effect on the Group's accounting policies related to financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under SB-FRS 39 and the new measurement categories under SB-FRS 109 for each class of the Group's financial assets as at 1 April 2018.

				1 April 2018	
	Note	Original classification under SB-FRS 39	New classification under SB-FRS 109	Original carrying amount under SB-FRS 39	New carrying amount under SB-FRS 109
Financial assets				$	$
Group					
Cash and cash equivalents		Loans and receivables	Amortised cost	28,624,938	28,624,938
Trade and other receivables	(i)	Loans and receivables	Amortised cost	3,424,069	3,424,069
Financial asset at fair value through profit or loss	(ii)	Designated at FVTPL	Mandatorily at FVTPL	4,317,805	4,317,805
Debt investment	(ii)	Held-to-maturity financial asset	Amortised cost	1,018,000	1,018,000
Total financial assets				37,384,812	37,384,812

29. Adoption of new standards (continued)

(a) Classification and measurement: financial assets and financial liabilities (continued)

	Note	Original classification under SB-FRS 39	New classification under SB-FRS 109	1 April 2018 Original carrying amount under SB-FRS 39	1 April 2018 New carrying amount under SB-FRS 109
Financial assets				$	$
Board					
Cash and cash equivalents		Loans and receivables	Amortised cost	27,947,422	27,947,422
Trade and other receivables	(i)	Loans and receivables	Amortised cost	3,452,283	3,452,283
Financial asset at fair value through profit or loss	(ii)	Designated at FVTPL	Mandatorily at FVTPL	4,317,805	4,317,805
Debt investment	(ii)	Held-to-maturity financial asset	Amortised cost	1,018,000	1,018,000
Total financial assets				36,735,510	36,735,510

(i) Trade and other receivables that were classified as loans and receivables under SB-FRS 39 are now classified at amortised cost. The transition does not have a material effect on the opening retaining earnings of the Group.

(ii) Under SB-FRS 39, the investment was designated as at FVTPL because it was managed on a fair value basis and its performance was monitored on this basis. This asset has been classified as mandatorily measured under FVTPL under SB-FRS 109.

(iii) Debt investment that was previously classified as held-to-maturity are not classified at amortised cost. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. The transition does not have a material effect on the opening retaining earnings of the Group.

(b) Impairment of financial assets

SB-FRS 109 replaces the 'incurred loss' model in SB-FRS 39 with an 'expected credit loss' ("ECL") model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under SB-FRS 109, credit losses are recognised earlier than under SB-FRS 39.

29. Adoption of new standards (continued)

(b) Impairment of financial assets (continued)

For assets in the scope of the SB-FRS 109 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of SB-FRS 109's impairment requirements at 1 April 2018 did not have a material impact on the financial statements.

Additional information about how the Group measures the allowance for impairment is described in Note 2.18.

(c) Transition

Changes in accounting policies resulting from the adoption of SB-FRS 109 have been generally applied by the Group retrospectively, except as described below.

- The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SB-FRS 109 are recognised in retained earnings and reserves as at 1 April 2018, if any. Accordingly, the information presented for 2017 does not generally reflect the requirements of SB-FRS 109, but rather those of SB-FRS 39.
- The following assessments were made on the basis of facts and circumstances that existed at 1 April 2018.
  - The determination of the business model within which a financial asset is held; and
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- If a debt investment has low credit risk at 1 April 2018, the Group had assumed that the credit risk on the asset has not increased significantly since its initial recognition.

30. New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2018 and earlier application is permitted; however, the Group has not early applied the adopted new or amended standards in preparing the financial statements.

The following new SB-FRSs, interpretations and amendments to SB-FRSs are effective for annual periods beginning after 1 April 2018:

- SB-FRS 116 *Leases*
- INT SB-FRS INT 123 *Uncertainty over Income Tax Treatments*

30. New standards and interpretations not adopted (continued)

The Group has assessed the estimated impact that initial application of SB-FRS 116 will have on the financial statements. The Group's assessment of SB-FRS 116, which is expected to have a more significant impact on the Group, is as described below.

SB-FRS 116 Leases

SB-FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to SB-FRS 17 *Leases*. SB-FRS 116 replaces existing lease accounting guidance, including SB-FRS 17, INT SB-FRS 104 *Determining whether an Arrangement contains a Lease*, INT SB-FRS 15 *Operating Leases – Incentives*, and INT SB-FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 April 2019, with early adoption permitted.

The Group plans to apply SB-FRS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SB-FRS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information. The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply SB-FRS 116 to all contracts entered into before 1 April 2019 and identified as lease in accordance with SB-FRS 17 and INT SB-FRS 104.

(a) The Group as a lessee

The Group expect their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SB-FRS 116.

The Group expects to measure lease liabilities by applying a single discount rate to their portfolio of leases. For lease contracts that contain the option to renew, the Group is expected to use hindsight in determining the lease term.

As at 1 April 2019, the Group expects an increase in ROU assets of $12,424, an increase in lease liabilities of $12,854, and a decrease in retained earnings of $430.

The nature of expenses related to those leases will change as SB-FRS 116 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

No significant impact is expected for the Group's finance leases.

30. New standards and interpretations not adopted (continued)

(b) The Group as lessor

SB-FRS 116 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing lease and finance lease accounting models respectively.

No significant impact is expected for other leases in which the Group is a lessor.