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# Sentosa Development Corporation and its Subsidiaries

*Annual Financial Statements*  
*31 March 2012*

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# Independent Auditors' Report

Members of the Corporation

Sentosa Development Corporation

## Report on the financial statements

We have audited the accompanying financial statements of Sentosa Development Corporation (the Corporation) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Corporation as at 31 March 2012, the statement of comprehensive income, statements of changes in equity of the Group and the Corporation and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 05 to 53.

## Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Sentosa Development Corporation Act (Chapter 291) (the Act) and Statutory Board Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the consolidated financial statements of the Group and the statements of financial position, statements of comprehensive income and statements of changes in equity of the Corporation are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards to present fairly, in all material respects, the state of affairs of the Group and the Corporation as at 31 March 2012 and the results, changes in equity of the Group and the Corporation and cash flows of the Group for the year ended on that date.

## Other matters

The financial statements for the year ended 31 March 2011 were audited by another firm of Certified Public Accountants whose report dated 30 June 2011 expressed an unqualified opinion on those financial statements.

## Report on other legal and regulatory requirements

### In our opinion:

- (a) the accounting and other records required by the Act to be kept by the Corporation have been properly kept in accordance with the provisions of the Act; and
- (b) the accounting and other records of those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the Singapore Companies Act, Chapter 50.

**KPMG LLP**

**KPMG LLP**  
Public Accountants and  
Certified Public Accountants

**Singapore**  
28 June 2012

# Statement of Financial Position

As at 31 March 2012

	Note	Group		Corporation	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Assets</b>					
Property, plant and equipment	4	717,476	736,568	615,642	648,131
Land premium	5	18,648	20,567	18,648	20,567
Investments in subsidiaries	6	–	–	34,768	34,768
Investments in joint venture	7	16,502	16,021	–	–
<b>Non-current assets</b>		<b>752,626</b>	<b>773,156</b>	<b>669,058</b>	<b>703,466</b>
Investments	8	–	2,000	–	2,000
Inventories	9	8,397	7,886	3,722	5,672
Trade and other receivables	10	33,569	30,513	44,039	40,227
Assets classified as held for sale	32	–	–	19,868	–
Cash and bank balances	11	2,362,021	2,390,716	2,346,061	2,372,575
<b>Current assets</b>		<b>2,403,987</b>	<b>2,431,115</b>	<b>2,413,690</b>	<b>2,420,474</b>
<b>Total assets</b>		<b>3,156,613</b>	<b>3,204,271</b>	<b>3,082,748</b>	<b>3,123,940</b>
<b>Equity</b>					
Capital account	12	3,590	3,590	3,590	3,590
Accumulated surplus	13				
– General fund		2,561,810	2,532,551	2,470,218	2,443,560
– Restricted funds		150,115	144,615	150,115	144,615
		<b>2,711,925</b>	<b>2,677,166</b>	<b>2,620,333</b>	<b>2,588,175</b>
Revaluation reserve	15	16,176	16,176	–	–
<b>Total equity</b>		<b>2,731,691</b>	<b>2,696,932</b>	<b>2,623,923</b>	<b>2,591,765</b>
<b>Liabilities</b>					
Trade and other payables	16	116,221	179,848	161,643	223,772
Loans and borrowings	17	5,343	16,565	–	–
Specific fund	18	112	664	112	664
Provisions	19	10,060	14,945	9,953	14,945
Deferred capital grants	20	2,416	2,416	2,416	2,416
Deferred income	21	5,966	5,816	5,966	5,816
Provision for contribution to Consolidated Fund		5,510	3,644	5,510	3,644
Income tax payable		572	469	–	–
Liabilities classified as held for sale	32	–	–	2,087	–
<b>Current liabilities</b>		<b>146,200</b>	<b>224,367</b>	<b>187,687</b>	<b>251,257</b>

# Statement of Financial Position (continued)

As at 31 March 2012

	Note	Group		Corporation	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Liabilities</b>					
Other payables	16	1,195	939	20	18
Loans and borrowings	17	4,680	163	–	–
Provisions	19	219,676	219,646	219,646	219,646
Deferred capital grants	20	9,060	11,476	9,060	11,476
Deferred income	21	42,412	49,778	42,412	49,778
Deferred tax liabilities	23	1,699	970	–	–
<b>Non-current liabilities</b>		<b>278,722</b>	<b>282,972</b>	<b>271,138</b>	<b>280,918</b>
<b>Total liabilities</b>		<b>424,922</b>	<b>507,339</b>	<b>458,825</b>	<b>532,175</b>
<b>Total equity and liabilities</b>		<b>3,156,613</b>	<b>3,204,271</b>	<b>3,082,748</b>	<b>3,123,940</b>

*Dr Loo Choon Yong*  
Chairman

*Jennie Chua Kheng Yeng*  
Board member

# Statements of Comprehensive Income

Year ended 31 March 2012

	Note	Group		Corporation	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Continuing operations</b>					
<b>Income</b>					
Land sale		5,968	22,000	5,968	22,000
Admission fees and packages		84,013	74,805	-	-
Rental and hiring of facilities	24	27,250	22,967	29,131	24,822
Interest income		16,022	14,223	15,834	14,186
Other revenue	25	74,174	62,902	51,954	42,498
		<u>207,427</u>	<u>196,897</u>	<u>102,887</u>	<u>103,506</u>
<b>Expenditure</b>					
Cost of land sale		5,910	2,396	5,910	2,726
Cost of sale on admission fees and packages		9,615	8,025	-	-
Staff costs	26	64,606	58,065	32,047	29,005
Depreciation of property, plant and equipment		52,836	52,106	34,778	35,496
Amortisation of land premium		1,919	2,181	1,919	2,181
Repairs and maintenance		17,535	14,961	5,429	4,661
Publicity and promotion		12,639	15,245	3,926	6,319
Inventories used		18,442	15,680	4,094	4,008
Interest expense		278	240	-	-
Net reversal of provision for development charges	16	(42,045)	(17,270)	(42,045)	(17,270)
General and administrative expenses	27	30,936	24,161	18,036	12,712
		<u>172,671</u>	<u>175,790</u>	<u>64,094</u>	<u>79,838</u>
<b>Surplus before Government Grants from continuing operations</b>					
		34,756	21,107	38,793	23,668
Deferred capital grants amortised		2,416	2,416	2,416	2,416
Share of results of a joint venture, net of tax		481	1,277	-	-
<b>Surplus before taxation and contribution to Consolidated Fund</b>		<u>37,653</u>	<u>24,800</u>	<u>41,209</u>	<u>26,084</u>
Income tax (expense)/benefits	28	(1,028)	991	-	-
Contribution to Consolidated Fund	22	(1,866)	(3,644)	(1,866)	(3,644)
<b>Net surplus for the year, net of taxation and contribution to Consolidated Fund from continuing operations</b>		<u>34,759</u>	<u>22,147</u>	<u>39,343</u>	<u>22,440</u>
<b>Discontinuing operations</b>					
Deficit from discontinuing operations, net of contribution to Consolidated Fund	33	-	-	(7,185)	(2,622)
<b>Total surplus for the year</b>		<u>34,759</u>	<u>22,147</u>	<u>32,158</u>	<u>19,818</u>

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

# Statements of Comprehensive Income (continued)

Year ended 31 March 2012

	Note	Group		Corporation	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Other comprehensive income</b>					
Reclassification adjustment for gain included in income and expenditure	14	-	(442)	-	-
<b>Other comprehensive income for the year, net of tax</b>		<u>-</u>	<u>(442)</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>34,759</u>	<u>21,705</u>	<u>32,158</u>	<u>19,818</u>

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

# Statements of Changes in Equity

Year ended 31 March 2012

Group	Capital account (note 12) \$'000	General fund \$'000	Restricted funds (note 13) \$'000	Accumulated Surplus (note 13) \$'000	Fair value reserve (note 14) \$'000	Revaluation reserve (note 15) \$'000	Total equity \$'000
At 1 April 2010	3,590	2,517,289	137,730	2,655,019	442	16,176	2,675,227
Surplus for the year	-	22,147	-	22,147	-	-	22,147
<b>Other comprehensive income</b>							
Net gain for available for sale financial asset reclassified to income and expenditure	-	-	-	-	(442)	-	(442)
<b>Total comprehensive income for the year</b>	-	22,147	-	22,147	(442)	-	21,705
Transfer to restricted funds	-	(6,885)	6,885	-	-	-	-
At 31 March 2011	3,590	2,532,551	144,615	2,677,166	-	16,176	2,696,932
At 1 April 2011	3,590	2,532,551	144,615	2,677,166	-	16,176	2,696,932
Surplus for the year	-	34,759	-	34,759	-	-	34,759
<b>Total comprehensive income for the year</b>	-	34,759	-	34,759	-	-	34,759
Transfer to restricted funds	-	(5,500)	5,500	-	-	-	-
At 31 March 2012	3,590	2,561,810	150,115	2,711,925	-	16,176	2,731,691

# Statements of Changes in Equity (continued)

Year ended 31 March 2012

Corporation	Capital account (note 12) \$'000	General fund \$'000	Restricted funds (note 13) \$'000	Accumulated Surplus (note 13) \$'000	Total equity \$'000
At 1 April 2010	3,590	2,430,627	137,730	2,568,357	2,571,947
Surplus for the year	-	19,818	-	19,818	19,818
<b>Total comprehensive income for the year</b>	-	19,818	-	19,818	19,818
Transfer to restricted funds	-	(6,885)	6,885	-	-
At 31 March 2011	3,590	2,443,560	144,615	2,588,175	2,591,765
At 1 April 2011	3,590	2,443,560	144,615	2,588,175	2,591,765
Surplus for the year	-	32,158	-	32,158	32,158
<b>Total comprehensive income for the year</b>	-	32,158	-	32,158	32,158
Transfer to restricted funds	-	(5,500)	5,500	-	-
At 31 March 2012	3,590	2,470,218	150,115	2,620,333	2,623,923

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

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

# Consolidated Statement of Cash Flows

Year ended 31 March 2012

	Note	2012 \$'000	2011 \$'000
<b>Cash flows from operating activities</b>			
Surplus before taxation and contribution to Consolidated Fund		37,653	24,800
Adjustments for:			
Interest expense		278	240
Interest income		(16,022)	(14,223)
Depreciation of property, plant and equipment		52,836	52,106
Amortisation of land premium		1,919	2,181
Loss/(Gain) on disposal of property, plant and equipment		23	(186)
Gain on disposal of available-for-sale financial assets		-	(480)
Property, plant and equipment written off		-	103
Bad debts written off		-	2
Impairment loss/(write-back) on doubtful trade receivables, net		5,276	(273)
Deferred income recognised		(7,216)	(8,743)
Share of results of a joint venture		(481)	(1,277)
Dividend income from quoted equity securities		-	(20)
(Reversal)/Provision for development charges		(42,045)	55,930
Deferred capital grants amortised		(2,416)	(2,416)
		29,805	107,744
Changes in working capital:			
Inventories		(511)	2,288
Trade and other receivables		(7,365)	(4,082)
Trade and other payables		2,222	(76,740)
Provision for cove infrastructure		(4,855)	(2,430)
Cash generated from operating activities		19,296	26,780
Tax paid		(290)	(101)
Tax refund		94	-
<b>Net cash from operating activities</b>		<b>19,100</b>	<b>26,679</b>
<b>Cash flows from investing activities</b>			
Interest received		14,399	10,734
Purchase of property, plant and equipment		(23,360)	(103,258)
Proceeds from disposal of property, plant and equipment		49	5,052
Proceeds from disposal of investments		2,000	1,081
Refund on land premium		-	5,927
(Payment)/Refund of development charges		(33,955)	73,270
Dividend received		-	20
<b>Net cash used in investing activities</b>		<b>(40,867)</b>	<b>(7,174)</b>

# Consolidated Statement of Cash Flows (continued)

Year ended 31 March 2012

	Note	2012 \$'000	2011 \$'000
<b>Cash flows from financing activities</b>			
Proceeds from loans and borrowings		-	18,129
Repayment of finance lease obligations		(230)	(67)
Repayment of loans and borrowings		(6,475)	(7,504)
Interest paid		(278)	(173)
<b>Net cash (used in)/from financing activities</b>		<b>(6,983)</b>	<b>10,385</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(28,750)</b>	<b>29,890</b>
Cash and cash equivalents at 1 April		2,389,798	2,359,908
<b>Cash and cash equivalents at 31 March</b>	11	<b>2,361,048</b>	<b>2,389,798</b>

## Significant non-cash transactions

As at 31 March 2012, property, plant and equipment creditors amounted to \$10,209,000 (2011: \$6,658,000). Development charges of \$247,000 (2011: \$Nil) were capitalised as cost of property, plant and equipment as disclosed in note 16.

# Notes to the Financial Statements

*These notes form an integral part of the financial statements.*

*The financial statements were authorised for issue by the Board of Directors on 28 June 2012.*

## 1 Domicile and Activities

Sentosa Development Corporation (the "Corporation") is a corporation established under the Sentosa Development Corporation Act, Chapter 291 (the "Act"), under the purview of the Ministry of Trade and Industry ("MTI"). As a statutory board, the Corporation is subject to the directions of the MTI and is required to implement policies and policy changes as determined by its supervisory ministry and other Government ministries such as the Ministry of Finance from time to time. The address of the Corporation's registered office and place of business is at 33 Allanbrooke Road, Sentosa, Singapore 099981.

The Corporation's primary function is to control and administer Sentosa Island and encourage the development services, facilities and amenities on Sentosa Island for tourists and the public. There have been no significant changes in the nature of this function during the financial year.

The Corporation has a division, Sentosa Golf Club (the "Club"), a proprietary club registered with the Registrar of Societies under the Societies Act (Chapter 311). The proprietor of the Club is Sentosa Development Corporation. The principal activities of the Club are to provide and maintain a clubhouse and facilities for golf and other recreational activities for its members. There have been no significant changes in the nature of these activities during the financial year. Transactions of the Club are accounted for as part of the Corporation's accounts.

The financial statements of the Corporation as at and for the year ended 31 March 2012 comprise the Corporation and its subsidiaries (together referred to as the "Group") and the Group's interest in joint ventures.

## 2 Basis of Preparation

### 2.1 Statement of Compliance

The consolidated financial statements have been prepared in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards ("SB-FRS").

### 2.2 Basis of Measurement

The Financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measures at fair value.

### 2.3 Functional and Presentation Currency

These financial statements are presented in Singapore dollars, which is the Corporation's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

## 2.4 Use of Estimates and Judgements

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

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

In particular, information about significant areas of estimate uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

- Note 4 - Property, plant and equipment
- Note 19 - Provisions

## 2.5 Changes in Accounting Policies

### Identification of Related Party Relationships and Related Party Disclosures

From 1 January 2011, the Group has applied the revised SB-FRS 24 *Related Party Disclosures* (2010) to identify parties that are related to the Group and to determine the disclosures to be made on transactions and outstanding balances, including commitments, between the Group and its related parties. SB-FRS 24 (2010) improved the definition of a related party in order to eliminate inconsistencies and ensure symmetrical identification of relationships between two parties.

The adoption of SB-FRS 24 (2010) affects only the disclosures made in the financial statements. There is no financial effect on the results and financial position of the Group for the current and previous financial years.

## 3 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group, except as explained in note 2.5 which addresses changes in accounting policies.

### 3.1 Basis of Consolidation

#### Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

## *Investments in Associate and Jointly Controlled Entities*

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associate and jointly controlled entities are accounted for using the equity method and are recognised initially at cost. The cost of the investments includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

### *Jointly Controlled Operations*

A jointly controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation, and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

### *Transactions Eliminated on Consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### *Accounting for Subsidiaries and Jointly-Controlled Entities*

Investments in subsidiaries, associate and joint ventures are stated in the Corporation's statement of financial position at cost less accumulated impairment losses.

## *3.2 Foreign Currency*

### *Foreign Currency Transactions*

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in statement of comprehensive income.

## *3.3 Financial Instruments*

### *Non-Derivative Financial Assets*

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

Non-derivative financial assets comprise loans and receivables and held-to-maturity financial assets.

### *Loans and Receivables*

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

Loans and receivables comprise trade and other receivables, cash and cash equivalents, and amounts due from related parties.

## *Cash and Cash Equivalents*

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

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

## *Held-to-Maturity Financial Assets*

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available for sale. It would also prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

## *Non-Derivative Financial Liabilities*

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade, other payables, loans and borrowings.

## *3.4 Property, Plant and Equipment*

### *Recognition and Measurement*

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

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

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

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

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in statement of comprehensive income.

### *Subsequent Costs*

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 the 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 the statement of comprehensive income as incurred.

### *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 in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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

Leasehold land and improvements to land	-	10 to 103 years or over remaining lease terms
Buildings, attractions, facilities and renovations	-	3 years or over remaining lease terms
Plant and machinery, operating equipment and other assets, comprising:		
(i) Plant and machinery	-	5 to 10 years
(ii) Cable car system		
- property (operational)	-	10 to 25 years
- plant and machinery	-	3 to 20 years
(iii) Motor vehicles	-	5 years
(iv) Furniture and fittings	-	3 to 5 years
(v) Computer equipment	-	3 years

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

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

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

### 3.5 Land Premium

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

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

### 3.6 Inventories

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

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

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

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

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

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

### 3.7 Impairment

#### *Non-Derivative Financial Assets*

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

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

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of comprehensive income and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

#### *Available-for-Sale Financial Assets*

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to statement of comprehensive income is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

## *Non-Financial Assets*

The carrying amounts of the Group's non-financial assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in the statement of comprehensive income.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

## *3.8 Employee Benefits*

### *Defined Contribution Plan*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution 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 the statement of comprehensive income in the periods during which services are rendered by employees.

### *Short-Term 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.

## *3.9 Provisions*

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

### *3.10 Specific Fund*

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

### *3.11 Provision for Contribution to Consolidated Fund*

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

### *3.12 Deferred Income*

Deferred income comprises the following:

- (a) Unamortised portion of the membership entrance fees, which is amortised and recognised as income on a straight-line basis over the remaining lease term of the land occupied by the Club;
- (b) Premium received in respect of long-term leases, which is amortised and recognised as income on a straight-line basis over the period of the respective leases; and
- (c) Service income and development fee in respect of long-term leases, which is amortised and recognised as income on the basis so as to match the related costs.

### 3.13 Revenue

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

#### (a) Land sale

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

#### (b) Admission fees and packages

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

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

Rental income is recognised on a straight-line basis over the terms of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

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

#### (d) Club membership – related income

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

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

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

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

Income from subscription fees are recognised on an accrual basis.

#### (e) Sales of merchandise

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

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

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

#### (g) Food and beverage

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

#### (h) Interest income

Interest income is recognised using the effective interest method.

#### (i) Sponsorship income

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

#### (j) Maintenance fund contributions

Maintenance fund contributions are recognised on an accrual basis.

#### (k) Dividend income

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

### 3.14 Cost of Sales

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

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

### 3.15 Government Grants

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

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

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

### 3.16 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT SB-FRS 104.

#### (a) As lessee

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

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

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

#### (b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 3.13(c). Contingent rents are recognised as revenue in the period in which they are earned.

### 3.17 Borrowing Costs

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

### 3.18 Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the statement of comprehensive income except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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.

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;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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 income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised 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.

### 3.19 Discontinued Operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

### 3.20 New Standards and Interpretations Not Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2011, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and Corporation.

## 4 Property, Plant and Equipment

Group	Leasehold land and improvements to land \$'000	Buildings, attractions, facilities and renovations \$'000	Development projects-in-progress \$'000	Plant and machinery, operating equipment and other assets \$'000	Total \$'000
<b>Cost</b>					
At 1 April 2010	272,627	563,563	54,665	132,589	1,023,444
Additions	333	1,146	96,250	6,422	104,151
Disposals	(17)	(237)	(4,449)	(2,026)	(6,729)
Write-offs	–	–	(103)	–	(103)
Reclassifications	3,390	116,493	(137,899)	18,016	–
At 31 March 2011	276,333	680,965	8,464	155,001	1,120,763
Additions	–	3,694	25,598	4,524	33,816
Disposals	–	(102)	–	(418)	(520)
Reclassifications	439	16,883	(20,691)	3,369	–
At 31 March 2012	276,772	701,440	13,371	162,476	1,154,059
<b>Accumulated depreciation</b>					
At 1 April 2010	80,676	175,752	–	77,524	333,952
Charge for the financial year	7,620	24,124	–	20,362	52,106
Disposals	(2)	(69)	–	(1,792)	(1,863)
Reclassifications	(1,192)	(799)	–	1,991	–
At 31 March 2011	87,102	199,008	–	98,085	384,195
Charge for the financial year	7,219	25,560	–	20,057	52,836
Disposals	–	(14)	–	(434)	(448)
At 31 March 2012	94,321	224,554	–	117,708	436,583
<b>Net carrying amount</b>					
At 1 April 2010	191,951	387,811	54,665	55,065	689,492
At 31 March 2011	189,231	481,957	8,464	56,916	736,568
At 31 March 2012	182,451	476,886	13,371	44,768	717,476

The net carrying value of leasehold land and buildings of the Group and the Group which are leased out under operating leases as at 31 March 2012 was \$27,026,000 (2011: \$27,632,000). Included in the cost of fixed asset is an amount of \$500,000 (2011: \$500,000) relating to reinstatement costs for dismantling removal, and restoration of property, plant and equipment, which was provided for as reinstatement costs.

## Property, Plant and Equipment (Continued)

Corporation	Leasehold land and improvements to land \$'000	Buildings, attractions, facilities and renovations \$'000	Development projects-in-progress \$'000	Plant and machinery, operating equipment and other assets \$'000	Total \$'000
<b>Cost</b>					
At 1 April 2010	251,864	531,645	38,206	128,191	949,906
Additions	1	1,144	75,151	4,076	80,372
Disposals	(18)	(201)	(4,447)	(953)	(5,619)
Reclassifications	5,046	77,690	(100,446)	17,710	–
At 31 March 2011	256,893	610,278	8,464	149,024	1,024,659
Additions	–	2,528	24,930	4,010	31,468
Disposals	–	(62)	–	(418)	(480)
Assets classified as held for sale (Note 32)	(59)	(4,989)	–	(65,067)	(70,115)
Reclassifications	439	16,769	(20,109)	2,901	–
At 31 March 2012	257,273	624,524	13,285	90,450	985,532
<b>Accumulated depreciation</b>					
At 1 April 2010	79,512	174,813	–	76,576	330,901
Charge for the financial year	7,021	20,520	–	18,906	46,447
Disposals	(2)	(37)	–	(781)	(820)
At 31 March 2011	86,531	195,296	–	94,701	376,528
Charge for the financial year	6,894	20,561	–	18,656	46,111
Disposals	–	(30)	–	(418)	(448)
Assets classified as held for sale (Note 32)	(22)	(1,986)	–	(50,293)	(52,301)
At 31 March 2012	93,403	213,841	–	62,646	369,890
<b>Net carrying amount</b>					
At 1 April 2010	172,352	356,832	38,206	51,615	619,005
At 31 March 2011	170,362	414,982	8,464	54,323	648,131
At 31 March 2012	163,870	410,683	13,285	27,804	615,642

## Useful Lives of Property, Plant and Equipment

Management estimates the useful lives of these property, plant and equipment to be within 3 to 103 years. The Group reviews annually the estimated useful lives of property, plant and equipment based on factors that include asset utilisation, technological changes and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation expense and decrease non-current assets.

## Impairment Assessment

At the end of reporting date, the Group carried out a review of recoverable amounts of its property, plant and equipment. The recoverable amount of the assets was estimated based on value in use. Based on the assessment, the recoverable amount of these assets was determined to be higher than their carrying amount, and hence no impairment is required (2011: \$Nil). The estimate of value in use was determined using the weighted average cost of capital applicable to statutory boards.

## Capitalisation of Borrowing Costs

The Group's property, plant and equipment included borrowing costs arising from bills payable specifically for the purpose of the upgrading of the cable car system. In 2011, the borrowing costs capitalised as cost of building, attractions, facilities and renovations amounted to \$147,000. The rate used to determine the amount of borrowing costs eligible for capitalisation was 0.324% per annum, which was the effective interest rate of the specific borrowing.

## Assets and Under Finance Lease

The carrying amount of plant and equipment of the Group held under finance lease obligation as at 31 March 2012 is \$262,000 (2011: \$416,000). Leased assets are pledged as security for the related finance lease obligation.

## 5 Land Premium

	Group and Corporation	
	2012 \$'000	2011 \$'000
<b>Cost</b>		
At 1 April	26,482	72,613
Adjustment for refund of land premium	-	(46,131)
At 31 March	26,482	26,482
<b>Accumulated depreciation</b>		
At 1 April	5,915	43,938
Adjustment for refund of land premium	-	(40,204)
Charge for the financial year	1,919	2,181
At 31 March	7,834	5,915
<b>Net carrying amount</b>	18,648	20,567

In 2011, Sentosa Golf Club (the "Club") received a cash refund of \$5,927,000 from the Singapore Land Authority ("SLA"). The refund arose from SLA's finalisation of the Club's golf course land area, and this resulted in an overpayment by the Club for land premium in prior years.

The Club has accounted for the refund of \$5,927,000 prospectively as a change in accounting estimate. The change in accounting estimate decreased prior year's amortisation charges recorded in the statement of comprehensive income by \$260,000.

## 6 Investment in Subsidiaries

	Corporation				
	2012 \$'000	2011 \$'000			
Unquoted equity shares, at cost	34,768	34,768			
Details of the subsidiaries are as follows:					
Name of company	Principal activities	Country of incorporation/ place of business	Percentage of ownership held by the Group	2012 %	2011 %
<i>Held by the Corporation</i>					
Sentosa Leisure Holdings Pte Ltd*	Investment holding	Singapore	100	100	
Mount Faber Leisure Group Pte Ltd *	Operation of the cable car system and wholesale and retail business, food and beverage services, marketing of panel advertisements, and provision of ground handling for ferry operations	Singapore	100	100	
<i>Held by subsidiaries</i>					
Sentosa Leisure Management Pte Ltd *	Wholesale and retailer of merchandise and acts as agent of the Group, and provision of food and beverage services	Singapore	100	100	
Sentosa Cove Pte Ltd #	Marketing managers for the Group in the sales of sites and management of the Sentosa Cove project on Sentosa Island	Singapore	100	100	
Sentosa Cove Resort Management Pte Ltd *	Agent for Cove community	Singapore	100	100	
Faber Tours Pte Ltd *	A full-fledged tour operator provision inbound tours and travel related services, and private care hire services	Singapore	100	100	

\* Audited by KPMG LLP, Singapore

# In liquidation

## 7 Investment in Joint Ventures

	Group	
	2012 \$'000	2011 \$'000
Unquoted shares, at cost	10,884	10,884
Share of post-acquisition profits (net of tax)	7,833	7,352
Goodwill on consolidation written off	(2,215)	(2,215)
<b>Total</b>	<b>16,502</b>	<b>16,021</b>

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

Details of the joint ventures are as follows:

Name of company	Principal activities	Country of incorporation/ place of business	Percentage of effective interest held by the Group	
			2012 %	2011 %
<i>Held by subsidiaries</i>				
DCP (Sentosa) Pte Ltd *	Construction, development and operation of a district cooling plant supplying chilled water for air-conditioning needs at Sentosa	Singapore	20	20
Cableways International Pte Ltd ("Cableways") #	Investment holding	Singapore	42.84	42.84

\* Audited by PricewaterhouseCoopers LLP, Singapore

# In liquidation

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

	2012 \$'000	2011 \$'000
<b>Assets and liabilities</b>		
Current assets	17,192	17,890
Non-current assets	12,698	13,204
	<b>29,890</b>	<b>31,094</b>
Current liabilities	2,382	2,544
Non-current liabilities	4,651	6,193
	<b>7,033</b>	<b>8,737</b>
<b>Income and expenses</b>		
Income	4,524	5,131
Expenses	(4,043)	(3,854)

## 8 Investments

	Group		Corporation	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Held-to-maturity financial asset:</b>				
4.15% per annum SGD bond due on 19 December 2011	-	2,000	-	2,000

## 9 Inventories

	Group		Corporation	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Land held for sale				
Consumables and spare parts	3,028	3,028	3,028	3,028
Merchandise	2,762	2,664	635	2,590
Food and beverage products	2,251	1,925	-	-
	356	269	59	54
	<b>8,397</b>	<b>7,886</b>	<b>3,722</b>	<b>5,672</b>

## 10 Trade and Other Receivables

	Group		Corporation	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Trade receivables	20,327	18,347	20,008	17,785
Other receivables	10,607	9,607	9,414	9,495
Deposits	2,050	1,468	1,057	1,055
Amounts due from subsidiaries	-	-	13,370	11,422
Loans and receivables	32,984	29,422	43,849	39,757
Prepayments	585	1,091	190	470
	<b>33,569</b>	<b>30,513</b>	<b>44,039</b>	<b>40,227</b>

Trade receivables are non-interest bearing, and are generally on 30 to 60 (2011: 30 to 60) days' credit terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Included in trade receivables of the Corporation and the Group is an amount of \$948,000 (2011: \$699,000) relating to receivables for expenses incurred for the maintenance of offshore islands on behalf of the Government.

Included in deposits of the Corporation and the Group is an amount of \$112,000 (2011: \$706,000) recoverable from a contractor for the Southern Island reclamation (note 18).

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

The Company's exposure to credit risk, and impairment losses related to trade and other receivables, is disclosed in note 31.

## 11 Cash and Cash Equivalents

Note	Group		Corporation	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash at bank and on hand	1,285	12,878	819	3,148
Deposits placed with Accountant-General's Department	2,355,608	2,368,607	2,341,980	2,363,046
Fixed deposits	5,128	9,231	3,262	6,381
Total cash and bank balances	2,362,021	2,390,716	2,346,061	2,372,575
Less: Cash held on behalf of the Government	18 (473)	(418)	(473)	(418)
Less: Cash held on behalf of a statutory board	(500)	(500)	(500)	(500)
Total cash and cash equivalents	2,361,048	2,389,798	2,345,088	2,371,657

Fixed deposits placed by the Group and deposits placed with the Accountant-General's Department mature in varying periods of between 1 day and 1 year (2011: 1 day and 1 year), depending on the immediate cash requirements of the Corporation and the Group, and earn interest income at the respective fixed deposit rates.

The weighted average effective interest rate of cash and cash equivalents held by the Group and the Corporation is 0.10% - 0.67% (2011: 0.10% - 0.59%) per annum.

Included in the cash and cash equivalents of the Group and Corporation is an amount of \$473,000 (2011: \$418,000) held on behalf of the Government for the Southern Islands Development Fund (note 18).

Included in the cash and cash equivalents of the Group and Corporation is an amount of \$500,000 (2011: \$500,000) held on behalf of a statutory board for the Southern Islands Maintenance Project.

Included in the cash and cash equivalents of the Group and the Corporation is an amount of \$3,262,000 (2011: \$6,381,000) denominated in United States dollars.

## 12 Capital Account

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

### Capital management

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

## 13 Accumulated Surplus

### General fund

Income and expenditure are generally accounted for under the General fund in the statement of comprehensive income.

### Restricted funds

Group and Corporation	Golf Sinking Fund \$'000	Core Infrastructure Development Fund \$'000	Total \$'000
At 1 April 2010	34,700	103,030	137,730
Transfer from general fund	6,446	439	6,885
At 31 March 2011	41,146	103,469	144,615
At 1 April 2011	41,146	103,469	144,615
Transfer from general fund	5,500	-	5,500
At 31 March 2012	46,646	103,469	150,115

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

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

## 14 Fair Value Reserve

Fair value reserve represented the changes in fair value of available-for-sale financial assets, which was subsequently reclassified as gain on disposal of the financial assets in the statement of comprehensive income.

## 15 Revaluation Reserve

Revaluation reserve represents the impact of fair value adjustment on the land and buildings acquired in respect of the acquisition of a subsidiary in prior years.

## 16 Trade and Other Payables

	Note	Group		Corporation	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Current</b>					
Trade payables		10,943	9,947	9,304	7,971
Accrued operating expenses		62,512	53,311	52,142	41,929
Provision for development charges		3,197	78,950	–	76,000
Deposits		4,804	4,835	4,795	4,826
Accruals for property tax		4,620	4,628	4,620	4,628
Advance receipts		9,014	8,381	6,892	8,381
Liability for short-term compensating absences		1,214	1,177	971	1,063
Other payables		5,407	4,109	1,984	1,255
Amount due to a joint venture		14,510	14,510	–	–
Amounts due to subsidiaries		–	–	80,935	77,719
		<u>116,221</u>	<u>179,848</u>	<u>161,643</u>	<u>223,772</u>
<b>Non-current</b>					
Other payables		1,195	939	20	18
Total trade and other payables		<u>117,416</u>	<u>180,787</u>	<u>161,663</u>	<u>223,790</u>
Add:					
Loans and borrowings	17	10,023	16,728	–	–
Total financial liabilities		<u>127,439</u>	<u>197,515</u>	<u>161,663</u>	<u>223,790</u>

### Provision for development charges

	Group		Corporation	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
At 1 April	78,950	24,420	76,000	21,470
Provision during the year	247	55,930	–	55,930
Reversal during the year	(42,045)	–	(42,045)	–
Utilised during the year	(33,955)	(1,400)	(33,955)	(1,400)
At 31 March	<u>3,197</u>	<u>78,950</u>	<u>–</u>	<u>76,000</u>

Provision for development charges arises from the enhancements in land value of Sentosa Integrated Resort land as a result of the change in use.

In 2011, there was an overprovision in respect of prior years of \$73,200,000 as a result of the Corporation's appeal to the Chief Valuer's Office (CVO) to review the quantum of development charge paid in 2009. The refund of \$73,200,000 was recognised directly in the statement of comprehensive income, and offset by the provision for development charges of \$55,930,000 made in 2011. This resulted in a net reversal of provision for development charges of \$17,270,000.

During the year ended 31 March 2012, URA has issued interim orders to the Corporation to finalise the development charges. As a result, the provision for development charges of \$42,405,000 was reversed. Development charges of \$247,000 (2011: \$Nil) was capitalised as cost of building, attractions, facilities and renovations.

## Trade payables

Trade payables are non-interest bearing, unsecured, and have credit terms of about 30 to 60 (2011: 30 to 60) days.

Included in the Group's trade and other payables is an amount of \$Nil (2011: \$124,000) which is denominated in Euro.

### Amount due to a joint venture

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

### Amounts due to subsidiaries

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

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 31.

## 17 Loans and Borrowings

	Group	
	2012 \$'000	2011 \$'000
<b>Current</b>		
Bank loans (unsecured)	5,180	16,335
Obligations under a finance lease	163	230
	<u>5,343</u>	<u>16,565</u>
<b>Non-current</b>		
Bank loans (unsecured)	4,680	–
Obligations under a finance lease	–	163
	<u>4,680</u>	<u>163</u>
<b>Total loans and borrowings</b>	<u>10,023</u>	<u>16,728</u>

The bank loans are denominated in Singapore dollars, and bear interest at Swap Offer Rate plus a margin of 1.65% (2011: 1.65%) per annum. Interest rate reprices every 3 months. The repayment dates are 30 December 2013 and 30 March 2014 respectively.

The Group has obligations under a finance lease for certain plant and equipment. This lease is classified as a finance lease and expires in December 2012. The implicit average interest rate in the leases is 6.83% (2011: 6.83%) per annum. These obligations are secured by the rights to the leased plant and equipment (note 4).

Finance lease liabilities are payable as follows:

	Future minimum lease payment 2012 \$'000	Interest 2012 \$'000	Principal 2012 \$'000	Future minimum lease payment 2011 \$'000	Interest 2011 \$'000	Principal 2011 \$'000
<b>Group and Company</b>						
Within one year	174	11	163	246	16	230
Between one and five years	-	-	-	174	11	163
	174	11	163	420	27	393

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

	<i>Group</i>	
	2012 \$'000	2011 \$'000
Within 1 year	174	246
Within 2 to 5 years	-	174
Total minimum lease payments	174	420
Less: Amounts representing finance charges	(11)	(27)
Present value of minimum lease payments	163	393
Present value of minimum lease payments:		
Within 1 year	163	230
Within 2 to 5 years	-	163
Total	163	393

## 18 Specific Fund

The balance in this fund represents unutilised government funds received.

	Note	Group and Corporation	
		2012 \$'000	2011 \$'000
<b>Statements of financial position as at 31 March:</b>			
<b>Accumulated surplus</b>			
Restricted fund		112	664
<b>Current assets</b>			
Deposit recoverable	10	112	706
Amount claimable from the Government		-	63
Cash and bank balances	11	473	418
		585	1,187
<b>Current liabilities</b>			
Trade payables		(115)	(167)
Other payables		(358)	(356)
		(473)	(523)
Net assets		112	664

	Note	Group and Corporation	
		2012 \$'000	2011 \$'000
<b>Statement of Comprehensive Income:</b>			
<i>Income:</i>			
Government grant		517	1,228
Interest Income		2	2
		519	1,230
<i>Expenditure:</i>			
Civil work		997	49
Services		41	1,505
Other operating expenditure		33	57
		1,071	1,611
Movements for the financial year		(552)	(381)
At 1 April		664	1,045
At 31 March		112	664

## 19 Provisions

	<i>Group</i>		<i>Corporation</i>	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Provision for Cove infrastructure	121,378	126,233	121,241	126,233
Provision for differential premium	108,358	108,358	108,358	108,358
	229,736	234,591	229,599	234,591
<i>Comprises:</i>				
Current	10,060	14,945	9,953	14,945
Non-current	219,676	219,646	219,646	219,646
Total	229,736	234,591	229,599	234,591

### Provision for Cove infrastructure

	<i>Group</i>		<i>Corporation</i>	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
At 1 April	126,233	128,663	126,233	128,534
Provision utilised during the year	(4,855)	(2,430)	(4,992)	(2,301)
At 31 March	121,378	126,233	121,241	126,233
<i>Comprises:</i>				
Current	10,060	14,945	9,953	14,945
Non-current	111,318	111,288	111,288	111,288
Total	121,378	126,233	121,241	126,233

Provision for Cove infrastructure represents legal and constructive obligation for the provision of certain infrastructure and amenities to purchasers of Cove land, for which management expects to incur expenditure. The provision for Cove infrastructure, which is included in the "Cove infrastructure expenditure" line in the statement of comprehensive income, is based on management's best estimate using comparable tendered contracts and quotes where available.

## Provision for differential premium

	Group and Corporation	
	2012 \$'000	2011 \$'000
Non-current:		
At 1 April and 31 March	108,358	108,358

Provision for differential premium represents legal and constructive obligation for the provision of changes in land parcel use that is payable to the government. There is no change to management's best estimate from prior years.

## 20 Deferred Capital Grants

	Group and Corporation	
	2012 \$'000	2011 \$'000
At 1 April	13,892	16,308
Amounts taken to statement of comprehensive income	(2,416)	(2,416)
At 31 March	11,476	13,892
<b>Comprises:</b>		
Current	2,416	2,416
Non-current	9,060	11,476
Total	11,476	13,892
Total capital grants received since establishment	508,518	508,518

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

## 21 Deferred Income

	Note	Group and Corporation	
		2012 \$'000	2011 \$'000
<b>Deferred lease income</b>			
At 1 April		16,980	22,011
Amounts taken to statement of comprehensive income:			
- Lease income amortised	24	(504)	(504)
- Service and development fee	25	(3,000)	(4,527)
At 31 March		13,476	16,980
<b>Deferred membership entrance fee</b>			
At 1 April		38,614	42,326
Amounts taken to statement of comprehensive income		(3,712)	(3,712)
At 31 March		34,902	38,614
Total		48,378	55,594

### Comprises:

	2012 \$'000	2011 \$'000
Current	5,966	5,816
Non-current	42,412	49,778
Total	48,378	55,594

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

Deferred membership entrance fees relate to the unamortised portion of the club's membership entrance fees.

## 22 Contribution to Consolidated Fund

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

The Club has obtained written consent from the Ministry of Finance, that membership entrance fees recognised as income upfront prior to 1 April 1999 under the previous revenue recognition policy would not be subject to contribution, when these fees are deferred and recognised as income over the remaining lease term of the land under the current accounting policy. Hence, the membership entrance fee income of \$2,029,000 (2011: \$2,029,000) resulting from the amortisation of deferred income is not subject to contribution to Consolidated Fund.

	Corporation	
	2012 \$'000	2011 \$'000
Net surplus of the Corporation before contribution to Consolidated Fund	34,024	23,462
Deferred income on membership entrance fee	(2,029)	(2,029)
Net surplus subject to contribution to Consolidated Fund	31,995	21,433
<b>Contribution to Consolidated Fund:</b>		
- Current year	5,510	3,644
- Overprovision in respect of prior year	(3,644)	-
	1,866	3,644

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

## 23 Deferred Tax Liabilities

Movements in deferred tax (liabilities)/assets (prior to offsetting of balances) during the year are as follows:

Group	At 1 April 2010 \$'000	Recognised in profit or loss (note 28) \$'000	At 31 March 2011 \$'000	Recognised in profit or loss (note 28) \$'000	At 31 March 2012 \$'000
<b>Deferred Tax (liabilities)/ assets</b>					
Property, plant and equipment	(1,805)	258	(1,547)	(153)	(1,700)
Unabsorbed capital allowances	1	576	577	(576)	1
	<u>(1,804)</u>	<u>834</u>	<u>(970)</u>	<u>(729)</u>	<u>(1,699)</u>

The Group has not recognised deferred tax assets of \$119,000 (2011: \$137,000) arising from unutilised tax losses carried forward of approximately \$702,000 (2011: \$808,000), as it is not probable that taxable profits will be available against which the deferred tax assets can be utilised.

## 24 Rental and Hiring of Facilities

Note	Group		Corporation	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Rental income	26,746	22,463	28,627	24,318
Lease income amortised	21	504	504	504
	<u>27,250</u>	<u>22,967</u>	<u>29,131</u>	<u>24,822</u>

## 25 Other Revenue

Note	Group		Corporation	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Club membership - related income	24,555	24,732	24,555	24,732
Sales of merchandise, net of discounts	9,374	7,889	-	-
Service and development fees	21	3,000	4,527	3,000
Project management fees		490	550	490
Sponsorship income		860	367	512
Food and beverage		15,437	15,351	4,710
(Loss)/Gain on disposal of property, plant and equipment		(23)	186	(23)
Gain on disposal of available-for-sale financial asset		-	480	-
Unrealised exchange gain		60	1	60
Maintenance fund contribution		3,203	1,875	3,203
Liquidated damages		14,865	4,364	14,865
Dividend income from quoted equity securities		-	20	-
Others		2,353	2,560	582
		<u>74,174</u>	<u>62,902</u>	<u>51,954</u>
			<u>1,633</u>	<u>42,498</u>

## 26 Staff Costs

Note	Group		Corporation	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Direct staff:				
Wages and salaries	60,845	54,013	13,642	12,158
CPF contributions	6,231	5,526	889	911
	<u>67,076</u>	<u>59,539</u>	<u>14,531</u>	<u>13,069</u>
Outsourced to a subsidiary:				
Wages and salaries	-	-	18,277	15,982
CPF contributions	-	-	1,709	1,428
	<u>-</u>	<u>-</u>	<u>19,986</u>	<u>17,410</u>
Total staff costs	<u>67,076</u>	<u>59,539</u>	<u>34,517</u>	<u>30,479</u>
Staff costs capitalised in development projects-in-progress	(2,470)	(1,474)	(2,470)	(1,474)
	<u>64,606</u>	<u>58,065</u>	<u>32,047</u>	<u>29,005</u>

## 27 General and Administrative Expenses

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

	Group		Corporation	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Impairment loss recognised/ (written back) on doubtful trade receivables, net	5,276	(273)	5,276	(273)
Property, plant and equipment written off	–	103	–	–
Property taxes	4,878	3,349	4,678	3,349
Utilities	8,511	6,584	2,659	1,688
Exchange loss	13	1,189	11	1,182
Operating lease expenses	957	868	272	272

## 28 Income Tax Expense/(Benefits)

	Group	
	2012 \$'000	2011 \$'000
<b>Current tax expense</b>		
Current year	558	276
Over provision in respect of prior years	(259)	(433)
	<u>299</u>	<u>(157)</u>
<b>Deferred tax expense</b>		
Current year	120	5
Under/(Over) provision in respect of prior years	609	(839)
	<u>729</u>	<u>(834)</u>
Total income tax expense/(benefits)	<u>1,028</u>	<u>(991)</u>

### Reconciliation of effective tax rate

Surplus before income tax	<u>37,653</u>	<u>24,800</u>
Statutory tax expense at corporate rate of 17%	6,401	4,216
Non-deductible expenses	70	1,898
Income not subject to tax	(5,725)	(6,092)
Effect of partial tax exemption	(87)	(53)
Under/(Over) provision in respect of prior years	350	(1,272)
Others	19	312
	<u>1,028</u>	<u>(991)</u>

### Corporation

The Corporation is not subject to income tax. However, it is required to contribute to the Consolidated Fund (note 22).

## 29 Commitments

### Capital commitments

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

	Group		Corporation	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Capital commitments in respect of property, plant and equipment	13,260	22,819	12,516	22,523

### Operating lease commitments - as lessor

The Group leases land to certain hotels and other tenants for 8 to 97 (2011: 9 to 98) years under operating leases. There are no restrictions placed upon the Group and the Corporation by entering into these leases. One of these leases has an escalation clause. Lease income is based on a fixed lump sum payment, which is amortised over the lease period, a fixed monthly rental, and a variable rental payment based on a percentage of the tenant's revenue derived from using the leased land.

Lease income recognised in the statements of comprehensive income of the Group and the Corporation during the financial year amounted to \$27,250,000 (2011: \$22,967,000) and \$29,131,000 (2011: \$24,822,000) respectively, of which \$12,432,000 (2011: \$4,544,000) was related to the variable rental income received during the financial year.

At 31 March, the Group has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group		Corporation	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Within 1 year	24,165	5,945	25,201	7,377
Within 2 to 5 years	76,179	29,063	76,869	30,126
After 5 years	518,085	475,800	518,085	475,800
	<u>618,429</u>	<u>510,808</u>	<u>620,155</u>	<u>513,303</u>

### Operating lease commitments - as lessee

The operating lease commitments mainly relate to the tenancy of the Group's premises. The leases run for a period of 3 to 19 (2011: 4 to 20) years with an option to renew the leases after that date.

	Group		Corporation	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Within 1 year	909	702	272	272
Within 2 to 5 years	3,301	3,317	951	1,043
After 5 years	8,691	8,692	–	–
	<u>12,901</u>	<u>12,711</u>	<u>1,223</u>	<u>1,315</u>

### 30 Significant Related Party Transactions

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

#### Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors are considered as key management personnel of the Group.

Key management personnel compensation comprised:

	Group		Corporation	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Short-term employee benefits	6,929	6,417	6,116	5,349
CPF contributions	278	210	213	161
Board members' allowances	122	70	106	70
	<u>7,329</u>	<u>6,697</u>	<u>6,435</u>	<u>5,580</u>

#### Nature and of individually significant transactions

Except as disclosed elsewhere in the financial statements, there are no individually significant transactions with related parties.

### 31 Financial Risk Management

#### Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- interest rate risk
- liquidity risk
- foreign currency risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

#### Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

#### Credit risk

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

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

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

At the reporting date, approximately 17% (2011: 14%) of the Group's trade receivables were due from 5 (2011: 5) major customers located in Singapore.

#### Impairment losses

The ageing of trade receivables at the reporting date is:

	Gross 2012 \$'000	Impairment losses 2012 \$'000	Gross 2011 \$'000	Impairment losses 2011 \$'000
<b>Group</b>				
Not past due	13,415	-	13,925	-
Past due less than 30 days	1,936	-	1,285	-
Past due 30-60 days	1,945	(2)	636	-
Past due 61 to 90 days	90	-	892	-
Past due more than 90 days	8,491	(5,548)	1,979	(370)
	<u>25,877</u>	<u>(5,550)</u>	<u>18,717</u>	<u>(370)</u>
<b>Corporation</b>				
Not past due	13,362	-	13,764	-
Past due less than 30 days	1,782	-	1,133	-
Past due 30-60 days	1,914	(2)	577	-
Past due 61 to 90 days	39	-	883	-
Past due more than 90 days	8,456	(5,543)	1,704	(276)
	<u>25,553</u>	<u>(5,545)</u>	<u>18,061</u>	<u>(276)</u>

The movements in allowance accounts in respect of trade receivables during the year are as follows:

	<i>Group</i>		<i>Corporation</i>	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
At 1 April	370	875	276	781
Provided during the year	5,279	33	5,279	33
Write-back during the year	(3)	(306)	(3)	(306)
Utilised during the year	(96)	(232)	(7)	(232)
At 31 March	5,550	370	5,545	276

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due up to 90 days. These receivables are mainly arising by customers that have a good record with the Group.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and Corporation's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Corporation's exposure to interest rate risk arises primarily from their fixed deposits. The fixed deposits are placed with financial institutions with varying maturities according to the policies and mandate as approved by the Board members.

#### *Sensitivity analysis*

At the reporting date, if interest rates had been 25 (2011: 25) basis points higher/lower with all other variables held constant, the Group's net surplus/(deficit) before contribution to Consolidated Fund would have been \$40,000 (2011: \$35,000) lower/higher, arising mainly as a result of higher/lower net interest income from fixed deposits of the Group.

#### *Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

Note	Cash flows			
	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Within 2 to 5 years \$'000
<b>Group</b>				
<b>2012</b>				
<b>Financial liabilities</b>				
Trade and other payables	16	114,219	114,219	113,024
Loans and borrowings	17	10,023	10,125	5,377
		124,242	124,344	118,401
				5,943

Group	Note	Cash flows			
		Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Within 2 to 5 years \$'000
<b>2011</b>					
<b>Financial liabilities</b>					
Trade and other payables	16	101,837	101,837	100,898	939
Loans and borrowings	17	16,728	16,841	16,841	–
		118,565	118,678	117,739	939
<b>Corporation</b>					
<b>2012</b>					
<b>Financial liabilities</b>					
Trade and other payables	16	161,663	161,663	161,643	20
<b>2011</b>					
<b>Financial liabilities</b>					
Trade and other payables	16	147,790	147,790	147,772	18

#### *Foreign currency risk*

The Group incurs foreign currency risk on balances with related companies that are denominated in currencies other than its functional currencies. The currency giving rise to this risk is primarily United States dollars (USD).

The Group's exposures to foreign currency are as follows:

Corporation	Group and Corporation	
	2012 USD \$'000	2011 USD \$'000
Cash and cash equivalents	3,262	6,381

### Sensitivity analysis

A 10% strengthening of USD against the Singapore dollar at 31 March would have increased/(decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant, as indicated below:

	Group and Corporation Income and expenditure	
	2011 \$'000	2011 \$'000
USD	326	638

A 10% weakening of the Singapore dollar against the above currency at 31 March would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

### Estimation of fair values

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

The fair value of financial assets and liabilities, together with the carrying amount shown in the statement of financial position, are as follows:

	Note	Other financial liabilities				Carrying amount S\$'000	Fair value S\$'000
		Held-to- maturity S\$'000	Loans and receivables S\$'000	Within the scope of FRS39 S\$'000	Outside the scope of FRS39 S\$'000		
<b>Group</b>							
<b>31 March 2012</b>							
Trade and other receivables	10	-	2,362,021	-	-	2,362,021	2,362,021
Cash and cash equivalents	11	-	2,395,005	-	-	2,395,005	2,395,005
Trade and other payables	16	-	-	114,219	-	114,219	114,219
Loans and borrowings	17	-	-	9,860	-	9,860	9,860
Finance lease liabilities	17	-	-	-	163	163	163
		-	-	124,079	163	124,242	124,242
<b>31 March 2011</b>							
Investments		2,000	-	-	-	2,000	2,000
Trade and other receivables	10	-	29,422	-	-	29,422	29,422
Cash and cash equivalents	11	-	2,390,716	-	-	2,390,716	2,390,716
		2,000	2,420,138	-	-	2,422,138	2,422,138
Trade and other payables	16	-	-	101,837	-	101,837	101,837
Loans and borrowings	17	-	-	16,335	-	16,335	16,335
Finance lease liabilities	17	-	-	-	393	393	393
		-	-	118,172	393	118,565	118,565

Note	Other financial liabilities				Carrying amount S\$'000	Fair value S\$'000
	Held-to-maturity S\$'000	Loans and receivables S\$'000	Within the scope of FRS39 S\$'000	Outside the scope of FRS39 S\$'000		
<b>Corporation</b>						
<b>31 March 2012</b>						
Trade and other receivables	10	-	43,849	-	-	43,849
Cash and cash equivalents	11	-	2,346,061	-	-	2,346,061
		-	2,389,910	-	-	2,389,910
Trade and other payables	16	-	-	161,663	-	161,663
<b>31 March 2011</b>						
Investments		2,000	-	-	-	2,000
Trade and other receivables	10	-	39,757	-	-	39,757
Cash and cash equivalents	11	-	2,372,575	-	-	2,372,575
		2,000	2,412,332	-	-	2,414,332
Trade and other payables	16	-	-	147,790	-	147,790

### 32 Assets Held for Sale

Following the Group's reorganisation plan as disclosed in note 33, part of the Corporation's assets and liabilities are presented as assets held for sale.

These assets and liabilities are transferred at their carrying values as at 31 March 2012.

At 31 March 2012, the assets and liabilities held for sale are as follows:

	Corporation \$'000
<b>Assets classified as held for sale</b>	
Property, plant and equipment	17,814
Inventories	2,054
	<u>19,868</u>
<b>Liabilities classified as held for sale</b>	
Advance receipts	<u>(2,087)</u>

There are no items recognised in equity relating to the disposal group classified as held for sale.

### 33 Discontinued Operation

On 1 April 2012, the Corporation transferred its Operations and Commercial business units to its wholly owned subsidiary, Sentosa Leisure Management Pte Ltd. The business units were not discontinued operation or classified as asset held for sale as at 31 March 2011 and the comparative statement of comprehensive income has been re-presented to show discontinued operation separately from continuing operations.

The results of the transferred operations are as follows:

	Corporation	
	2012 \$'000	2011 \$'000
<b>Income</b>		
Admission fees and packages	63,044	61,900
Other revenue	1,108	731
	<u>64,152</u>	<u>62,631</u>
<b>Expenditure</b>		
Cost of sale on admission fees and packages	13,916	12,178
Staff costs	20,215	18,455
Depreciation of property, plant and equipment	11,333	10,951
Repairs and maintenance	10,755	9,319
Publicity and promotion	6,600	6,674
General and administrative expenses	8,518	7,676
	<u>71,337</u>	<u>65,253</u>
<b>Deficit before contribution to Consolidated Fund</b>	(7,185)	(2,622)
Contribution to Consolidated Fund	-	-
<b>Net deficit for the year, net of contribution to Consolidated Fund</b>	<u>(7,185)</u>	<u>(2,622)</u>

## Discontinued operation (continued)

There is no significant cash flow impact on Corporation's cash flows.

The effects of the transfer of business are as follows:

	Note	2012 \$'000
Property, plant and equipment	4	17,814
Inventories		2,054
		<hr/> 19,868
Less:		
Advance receipts		(2,087)
Consideration receivable		<hr/> 17,781

## 34 Comparative Information

The financial statements for the year ended 31 March 2011 were audited by another firm of Certified Public Accountants.

### *Change in classification*

During the financial year, the Group modified the classification of its statement of cash flows and reclassified the payment and refund of provision for development charges from operating activities to investing activities to better reflect the nature of these cash flows.

	As restated 2011 \$'000	As previously stated 2011 \$'000
<b><u>Cash flow from operating activities</u></b>		
Provision for development charges	55,930	-
Trade and other payables	(76,740)	52,460
<b><u>Cash flow from investing activities</u></b>		
Refund of development charges	73,270	-

The logo for Sentosa, featuring the word "Sentosa" in a bold, orange, sans-serif font with a stylized wave underline.

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