

Board Information

Registered office	93 Stamford Road Singapore 178897
Board members	Professor Tommy Koh Mrs Lim Siok Peng Dr Kwok Kian Woon Mr Kwee Liong Keng Mr Chia Wee Boon Associate Professor Wong Meng Cheong Mr Koh Seow Chuan Mr Lim Siam Kim Mr Lim Jim Koon Mr Ismail Bin Pantek Dr Chitra Rajaram Ms Seah Jiak Choo Associate Professor Tan Tai Yong Ms Euleen Goh Yiu Kiang Mr Tow Theow Huang Mr Lim Kee Ming Mr Gerald Lee Hwee Keong Mr Albert Chua
Bankers	Development Bank of Singapore Citibank United Overseas Bank
Auditors	Foo Kon Tan Grant Thornton Certified Public Accountants 47 Hill Street #05-01 Chinese Chamber of Commerce & Industry Building Singapore 179365

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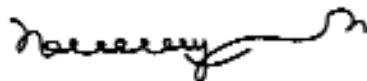
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Statement by the National Heritage Board

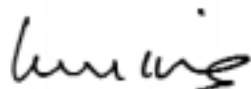
In our opinion, the accompanying financial statements of the National Heritage Board (the "Board") and consolidated financial statements of the Board and its subsidiaries (the "Group") are drawn up so as to give a true and fair view of the state of affairs of the Board and of the Group as at 31 March 2004, and the results and changes in reserves and funds of the Board and of the Group, and of the cash flows of the Group for the financial year ended on that date.

On behalf of the Board



.....
TOMMY KOH

Chairman



.....
LIM SIOK PENG

Chief Executive Officer

Dated: 23 July 2004

Auditors' report to the members of National Heritage Board

We have audited the accompanying financial statements of the National Heritage Board (the "Board") and the consolidated financial statements of the Board and its subsidiaries (the "Group") for the financial year ended 31 March 2004. These financial statements are the responsibility of the Board's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

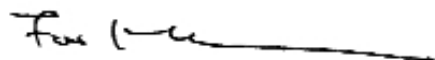
In our opinion:

- (a) the accompanying financial statements of the Board and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the National Heritage Board Act, Cap. 196A (the Act) and Singapore Financial Reporting Standards and so as to give a true and fair view of the state of affairs of the Board and of the Group as at 31 March 2004, and the results and changes in reserves and funds of the Board and of the Group, and of the cash flows of the Group for the financial year then ended on that date;
- (b) the accounting and other records required by the Act to be kept by the Board and its subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Board are in a form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification.

During the course of our audit, nothing came to our notice that caused us to believe that the receipt, expenditure and investment of monies and the acquisition and disposal of assets by the Board during the year have not been in accordance with the provisions of the Act.



Foo Kon Tan Grant Thornton
Certified Public Accountants
Singapore, 23 July 2004

Balance sheets as at 31 March 2004

	Note	The Board		The Group	
		2003/2004	2002/2003	2003/2004	2002/2003
		\$	\$	\$	\$
Heritage capital reserve	4	138,695,417	111,557,635	141,965,780	114,827,998
Accumulated surplus	5	5,161,543	3,812,953	4,775,990	3,400,021
Philatelic fund	6	3,964,580	4,399,762	3,964,580	4,399,762
Deferred capital grants	7	117,922,715	112,474,727	117,922,715	112,474,727
		265,744,255	232,245,077	268,629,065	235,102,508
Represented by:					
Heritage materials	8	138,695,417	111,557,635	139,638,470	112,484,386
Property, plant and equipment	9	117,922,715	112,474,727	117,941,235	112,534,418
Subsidiaries	10	2	2	-	-
Investments	11	2,405,415	-	3,546,625	1,059,496
Donations receivable	12	-	1,095,731	-	1,095,731
		259,023,549	225,128,095	261,126,330	227,174,031
Current Assets					
Cash and cash equivalents	13	59,845,594	69,177,632	60,769,494	70,168,405
Donations receivable	12	1,071,705	1,095,731	1,071,705	1,095,731
Other receivables	14	1,435,705	1,404,554	1,472,712	1,458,661
Inventories, at cost		-	-	57,990	-
		62,353,004	71,677,917	63,371,901	72,722,797
Current Liabilities					
Other payables	15	(8,006,849)	(9,565,814)	(8,199,539)	(9,799,199)
Grants received in advance - Government	16	(39,724,578)	(47,079,087)	(39,724,578)	(47,079,087)
Donations received in advance - Non-Government	17	(6,762,206)	(6,751,909)	(6,806,384)	(6,751,909)
		(54,493,633)	(63,396,810)	(54,730,501)	(63,630,195)
Net Current Assets		7,859,371	8,281,107	8,641,400	9,092,602
Non-Current Liabilities					
Other payables	15	(1,138,665)	(1,164,125)	(1,138,665)	(1,164,125)
		265,744,255	232,245,077	268,629,065	235,102,508

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Income and expenditure statements

	Note	The Board		The Group	
		2003/2004 \$	2002/2003 \$	2003/2004 \$	2002/2003 \$
Operating income					
Sales at Museum shops		-	534,009	-	534,009
Archival services		417,942	639,977	417,942	639,977
Contributions and donations		1,271,936	754,695	1,279,336	754,695
Admission fees		296,769	558,592	314,476	572,371
Sponsorship from Singapore Post		-	-	390,000	379,505
Rental income		1,110,518	1,016,600	1,130,454	1,031,950
Interest income		47,542	70,680	96,874	110,543
Agency fees from Preservation of Monuments Board		327,682	348,066	327,682	348,066
Workshops / Seminars		119,290	77,836	148,822	85,653
Travelling Exhibition		55,341	3,204	55,341	3,204
Consultancy / Project Management		278,106	7,513	293,384	24,763
Others		163,691	185,676	171,319	188,835
Commission / Royalties / Consignment		111,045	46,750	153,319	91,829
Sales at Singapore Philatelic Museum		-	-	61,977	41,967
		4,199,862	4,243,598	4,840,926	4,807,367
Less:					
Operating expenditure					
Staff costs	18	16,952,804	16,673,838	17,625,786	17,275,049
Depreciation	9	18,712,586	19,114,006	18,757,295	19,250,152
Rental of premises		8,758,761	7,429,397	8,758,761	7,429,397
Utilities		2,693,323	2,847,380	2,757,628	2,914,709
Exhibition expenses		1,273,674	1,527,191	1,360,973	1,699,102
Repairs and maintenance		3,326,038	2,919,651	3,427,163	3,025,327
Other services and fees		3,980,417	4,551,946	4,012,350	4,571,165
Supplies and materials	19	1,771,924	1,600,932	1,780,425	1,639,893
Publicity and public relations	20	1,322,752	1,722,844	1,325,899	1,731,890
Security systems and services		926,729	1,159,048	926,729	1,159,048
Staff welfare and development		782,885	948,241	784,743	958,986
Transport, postage and communications	20	689,335	701,001	715,353	724,818
Freight charges		12,679	11,932	12,679	11,932
Audit fees		46,595	42,000	51,295	47,000
Board members' allowances		25,443	20,313	25,443	20,313
Foreign exchange loss		10,438	192,319	10,438	192,319
Amortisation of bond premium		-	-	12,126	-
		61,286,383	61,462,039	62,345,086	62,651,100
Operating deficit		(57,086,521)	(57,218,441)	(57,504,160)	(57,843,733)
Non-operating expenditure					
Net book value of fixed assets written off	9	(71,216)	(15,280)	(71,216)	(15,280)
Deficit before grants		(57,157,737)	(57,233,721)	(57,575,376)	(57,859,013)
Grants					
Deferred capital grants amortised	7	18,783,802	19,129,286	18,783,802	19,129,286
Grant received from Government	16	39,722,525	39,910,687	39,722,525	39,910,687
Grants received on behalf of STPI	16	1,300,000	2,498,912	1,300,000	2,498,912
Grants received on behalf of MHF	16	373,044	-	373,044	-
		60,179,371	61,538,885	60,179,371	61,538,885
Less:					
Grants disbursed to STPI		(1,300,000)	(2,498,912)	(1,300,000)	(2,498,912)
Grants disbursed to MHF		(373,044)	-	(373,044)	-
		(1,673,044)	(2,498,912)	(1,673,044)	(2,498,912)
		58,506,327	59,039,973	58,506,327	59,039,973
Surplus/(deficit) for the year		1,348,590	1,806,252	930,951	1,180,960
Transfer (to)/from Philatelic Fund	6	-	-	445,018	379,505
Accumulated surplus at beginning		3,812,953	2,006,701	3,400,021	1,839,556
Accumulated surplus at end		5,161,543	3,812,953	4,775,990	3,400,021

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Statements of changes in reserves and funds

	Note	Heritage capital reserve \$	Accumulated surplus \$	Philatelic fund \$	Deferred capital grants \$	Total \$
The Board						
Balance at 1.4.2002		104,375,735	2,006,701	4,822,000	107,963,581	219,168,017
Acquisition of heritage materials	4	7,181,900	-	-	-	7,181,900
Surplus for the year		-	1,806,252	-	-	1,806,252
Transfer to SPM	6	-	-	(379,505)	-	(379,505)
Utilisation of Philatelic Fund	6	-	-	(42,733)	-	(42,733)
Receipts for capital expenditure	7	-	-	-	23,640,432	23,640,432
Transfer to income and expenditure statement	7	-	-	-	(19,129,286)	(19,129,286)
Balance as at 31.3.2003		111,557,635	3,812,953	4,399,762	112,474,727	232,245,077
Acquisition of heritage materials	4	27,138,382	-	-	-	27,138,382
Disposal of heritage materials	4	(600)	-	-	-	(600)
Surplus for the year		-	1,348,590	-	-	1,348,590
Transfer to SPM	6	-	-	(445,018)	-	(445,018)
Utilisation of Philatelic Fund	6	-	-	(4,220)	-	(4,220)
Receipts for capital expenditure	7	-	-	-	24,231,790	24,231,790
Transfer to income and expenditure statement	7	-	-	-	(18,783,802)	(18,783,802)
Amortisation of premium on investments	6	-	-	(31,077)	-	(31,077)
Interest earned on investments	6	-	-	45,133	-	45,133
Balance as at 31.3.2004		138,695,417	5,161,543	3,964,580	117,922,715	265,744,255
The Group						
Balance at 1.4.2002		107,646,098	1,839,556	4,822,000	107,963,581	222,271,235
Acquisition of heritage materials	4	7,181,900	-	-	-	7,181,900
Surplus for the year		-	1,180,960	-	-	1,180,960
Utilisation of Philatelic Fund	6	-	-	(42,733)	-	(42,733)
Receipts for capital expenditure	7	-	-	-	23,640,432	23,640,432
Transfer from/(to) income and expenditure statement	6 & 7	-	379,505	(379,505)	(19,129,286)	(19,129,286)
Balance as at 31.3.2003		114,827,998	3,400,021	4,399,762	112,474,727	235,102,508
Acquisition of heritage materials	4	27,138,382	-	-	-	27,138,382
Disposal of heritage materials	4	(600)	-	-	-	(600)
Surplus for the year		-	930,951	-	-	930,951
Utilisation of Philatelic Fund	6	-	-	(4,220)	-	(4,220)
Receipts for capital expenditure	7	-	-	-	24,231,790	24,231,790
Transfer from/(to) income and expenditure statement	6 & 7	-	445,018	(445,018)	(18,783,802)	(18,783,802)
Amortisation of premium on investments	6	-	-	(31,077)	-	(31,077)
Interest earned on investments	6	-	-	45,133	-	45,133
Balance as at 31.3.2004		141,965,780	4,775,990	3,964,580	117,922,715	268,629,065

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated cash flow statement

	2003/2004	2002/2003
	\$	\$
Cash Flows from Grants		
Government grants received	59,067,444	84,935,328
Donations received	1,287,802	7,452,015
Grants released to STPI	(1,300,000)	(2,498,912)
Grants released to MHF	(373,044)	-
Total cash from grants	58,682,202	89,888,431
Cash Flows from Operating Activities		
Deficit before grants	(57,575,376)	(57,859,013)
Adjustments for:		
Depreciation of property, plant and equipment	18,757,295	19,250,152
Property, plant and equipment written off	71,216	15,280
Amortisation of bond premium	12,126	-
Contributions and donations transferred from Donations Received in Advance	(117,187)	-
Deficit before working capital changes	(38,851,926)	(38,593,581)
Changes in working capital excluding cash and bank balances:		
Decrease in Museum Shops merchandise	-	342,575
Increase in inventories	(57,990)	-
Increase in other receivables	(18,271)	(490,817)
Decrease in other payables	(1,806,891)	(1,876,745)
Net cash used in operating activities	(40,735,078)	(40,618,568)
Cash Flows from Investing Activities		
Acquisition of investments	(2,485,199)	(309,496)
Purchase of property, plant and equipment	(24,235,328)	(23,640,432)
Purchase of heritage materials	(625,508)	(5,498,844)
Net cash used in investing activities	(27,346,035)	(29,448,772)
Net (decrease)/increase in cash and bank balances	(9,398,911)	19,821,091
Cash and cash equivalents at beginning	70,168,405	50,347,314
Cash and cash equivalents at end (Note 13)	60,769,494	70,168,405

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Notes to the financial statements

1 General information

The financial statements of the Board and of the Group for the year ended 31 March 2004 were authorised for issue by members of the Board on the date of the Statement by the National Heritage Board.

The registered office of the National Heritage Board is at 93 Stamford Road, Singapore 178897 and its principal place of business is in Singapore.

2 Principal activities

The principal activities of the Board are:

- (a) to explore and present the heritage and nationhood of the people of Singapore in the context of their ancestral cultures, their links with South-East Asia, Asia and the World through the collection, preservation, interpretation and display of objects and records;
- (b) to promote public awareness, appreciation and understanding of the arts, culture and heritage, both by means of the Board's collections and by such other means as it considers appropriate;
- (c) to promote the establishment and development of organisations concerned with the national heritage of Singapore;
- (d) to provide a permanent repository of records of national or historical significance and to facilitate access thereto;
- (e) to conduct records management programmes for the Government;
- (f) to record, preserve and disseminate the history of Singapore through oral history methodology or other means; and
- (g) to advise the Government in respect of matters relating to the national heritage of Singapore.

The Board manages the secretariat and financing accounting functions of the Preservation of Monuments Board. The Board also manages the same for the Malay Heritage Foundation Limited ("MHF") but has handed over the accounting and human resource functions of MHF with effect from 2 January 2004. NHB manages accounts of MHF till 31 December 2003.

The Board receives government and non-government grants for the MHF, the fixed assets and operating expenses of MHF are included in the financial statements of the Board. With effect from 1 April 2003, the fixed assets and operating expenses of MHF will be removed from NHB's accounts. However, NHB will still continue to manage MHF's capital grants.

The Board is required by the Ministry of Information and the Arts ("MITA") to assist in managing the funding requirements of Singapore Tyler Print Institute ("STPI") and has been receiving operating and capital grants from MITA to fund the activities of STPI.

As requested by MITA, the Board will lease the principal place of business for STPI from the Singapore Land Authority through a tenancy agreement. Renovation works funded by MITA are recorded in the Board's accounting records and are leased out to STPI through a sub-lease agreement, as further disclosed in Note 9.

The principal activities of the subsidiaries are as stated in Note 10.

3 Summary of significant accounting policies

Basis of preparation

The financial statements, presented in Singapore dollars, are prepared in accordance with the historical cost convention.

The financial statements are prepared in accordance with and comply with the provisions of the National Heritage Board Act, Cap. 196A and Singapore Financial Reporting Standards ("FRS").

The financial statements were previously prepared in accordance with Singapore Statements of Accounting Standard ("SAS"). The transition from SAS to FRS did not result in any significant change in accounting policies.

Basis of preparation (cont'd)

Heritage materials received by the Board as donations are accounted for by valuation as disclosed under "Heritage materials" in this note.

Consolidation

The financial statements of the group include the financial statements of the Board and its subsidiaries made up to the end of the financial year. Details of its subsidiaries are given in Note 10. All inter-company balances and significant inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only.

Heritage materials

Heritage materials purchased by the Board are accounted for at cost. Heritage materials received by the Board as donations are accounted for by valuation determined by the valuation committee of the respective museums.

Archival materials transferred from the Government are stated at the nominal value of \$1 per item irrespective of media.

Philatelic collections comprising stamps and artworks are stated at cost.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Purchases of property, plant and equipment costing less than \$1,000 each are charged to the income and expenditure statement.

Depreciation is computed utilising the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

Building improvements	3 to 10 years
Mechanical and electrical equipment	8 years
Audio visual and micrographic equipment	6 to 8 years
Furniture, fittings and office equipment	6 to 8 years
Computers	3 years
Vehicles	8 years

No depreciation is provided on works-in-progress. For acquisitions and disposals during the financial year, depreciation is provided from the year of acquisition and to the year before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Subsidiaries

A subsidiary is defined as a company in which the investing company has a long-term equity interest of more than 50% and over whose financial and operating policy decisions the group controls.

Shares in the subsidiaries are stated at cost less provision for any impairment losses on an individual subsidiary basis.

Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

The securities that are intended to be held to maturity are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on acquisition. Amortisation is calculated on a straight-line basis to write off any premium or discount on acquisition of bonds and securities over the period from acquisition to their maturity.

Any profits or losses on disposal of investments are taken to the Income and Expenditure Statement.

Impairment of assets

Management is of the view that an annual assessment of impairment of the value of its major assets is not necessary as this process of projected recovery of the assets is not logical in view of the objectives of the Group.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis and includes freight and handling charges. Provision is made, where necessary, for obsolete, slow-moving and defective inventory in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Receivables

Receivables are carried at cost which is the original invoiced amount less allowance for doubtful debts. The carrying value approximates the fair value of receivables.

All known bad debts are written off and specific allowance is made for those debts which are considered to be doubtful.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and fixed deposits.

Payables

Payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Board and the Group.

Provisions

Provisions are recognised when the Board and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Conversion of foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximating those ruling at balance sheet date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Exchange differences arising from such transactions are recorded in the income and expenditure statement in the period in which they arise.

Income recognition

Sales at the museum shops and at the SPM are recognised at the point of sale. Admission fees are recognised upon the sale of tickets to visitors at the museums. Rental income and agency fees are recognised over the lease and service period. Revenue from archival services are recognised when the services have been rendered.

Contributions, donations and other sponsorships are recognised as income when they are received.

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding and at the interest rate applicable, on an effective yield basis.

Grants

Grants from the Government and contributions from other organisations and persons in the form of depreciable assets for the establishment of the Board or utilised for the purchase of depreciable assets are taken to the Deferred Capital Grants Account. The deferred grants are recognised in the income and expenditure statement over the periods necessary to match the depreciation and the net book value of disposals and write-offs of the assets purchased with the related grants.

Grants from the Government utilised for the purchase of heritage materials and contributions from other organisations and persons in the form of heritage materials or donations of such materials are taken to the Capital Reserve.

Government grants and contributions from other organisations to meet the current year's operating expenses are recognised as income in the same year.

Both capital and operating grants are accounted for on an accrual basis.

Employee benefits

Pension obligations

The Board and the Group contribute to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The Board's and the Group's contributions to CPF are charged to the income and expenditure statement in the period to which the contributions relate.

The Board provides an amount for pension payable to employees under a pension scheme. This pension amount payable to each employee upon retirement is dependent on the number of years of service that the pensioners have completed with the Board and the last drawn salary. The present value of the pension liability is computed using the yield-to-maturity of the pension monies as if they have been invested in a pension fund at the discount rate.

Employee leave entitlements

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

Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, investments, donations receivable, grants received in advance, and other receivables and payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures on financial risk management are provided in Note 28.

4 Heritage capital reserve

	Note	The Board		The Group	
		2003/2004 \$	2002/2003 \$	2003/2004 \$	2002/2003 \$
Heritage materials:					
Balance at beginning		111,557,635	104,375,735	111,557,635	104,375,735
Acquisitions					
- from Government grants	8 & 16	503,503	1,718,786	503,503	1,718,786
- from Non-Government grants	8 & 17(a)	105,703	1,167,884	105,703	1,167,884
- donations	8	26,529,176	4,295,230	26,529,176	4,295,230
		27,138,382	7,181,900	27,138,382	7,181,900
Disposals	8	(600)	-	(600)	-
Balance at end		138,695,417	111,557,635	138,695,417	111,557,635
Philatelic assets:					
Balance at beginning and at end		-	-	3,270,363	3,270,363
Total		138,695,417	111,557,635	141,965,780	114,827,998

The Heritage Capital Reserve comprises grants from the Government, contributions from other organisations and persons in the form of heritage materials for the establishment of the Board, grants and contributions utilised for the purchase of heritage materials, donations of heritage materials, and philatelic assets of SPM transferred from IDA.

Archival materials were transferred from the Government to the Board at a nominal value of \$1 per item as worked out and approved by the Ministry of Finance in FY1996/1997.

5 Accumulated surplus

The accumulated surplus is fully committed for future capital and operating expenditure of the Board.

6 Philatelic fund

	The Board		The Group	
	2003/2004	2002/2003	2003/2004	2002/2003
	\$	\$	\$	\$
Balance at beginning	4,399,762	4,822,000	4,399,762	4,822,000
Transfer to income and expenditure statements	-	-	(445,018)	(379,505)
Transfer to SPM	(445,018)	(379,505)	-	-
Utilisation of fund	(4,220)	(42,733)	(4,220)	(42,733)
Amortisation of premium on investments (Note 11)	(31,077)	-	(31,077)	-
Interest earned on investments	45,133	-	45,133	-
Balance at end	3,964,580	4,399,762	3,964,580	4,399,762

During the financial year ended 31 March 2002, the Board took over the membership and management of the Singapore Philatelic Museum ("SPM") and the management and administration of the Philatelic Fund amounting to \$5,272,471 from the Infocomm Development Authority of Singapore ("IDA").

The Philatelic Fund is established for the purpose of promoting philately, managing the philatelic archival materials, and establishing and managing a postal museum, being the Singapore Philatelic Museum ("SPM"). Any use of the Philatelic Fund not in accordance with the purposes and guidelines requires the prior approval of the Board.

7 Deferred capital grants

The Board and The Group

	Note	2003/2004	2002/2003
		\$	\$
Balance at beginning		112,474,727	107,963,581
Add:			
Receipts for capital expenditure			
- from capital grants	16	23,067,802	22,812,233
- from operating grants	16	1,163,988	674,399
- from Non-Government grants	17(b)	-	153,800
		24,231,790	23,640,432
Less:			
Transfer to income and expenditure statement			
- to match depreciation of the Board	9	18,712,586	19,114,006
- on write off of property, plant and equipment of the Board	9	71,216	15,280
		18,783,802	19,129,286
Balance at end		117,922,715	112,474,727

8 Heritage materials

	Note	Asian Civilizations Museum \$	Singapore History Museum \$	Singapore Art Museum \$	National Archives of Singapore \$	Art Bank Scheme \$	Government Institution Scheme \$	Total \$
The Board Cost/Valuation								
Balance as at 1.4.2003		45,678,131	27,472,009	35,224,126	1,084,617	451,925	1,646,827	111,557,635
Acquisitions								
- from Government grants	4 & 16	84,954	-	337,145	77,404	4,000	-	503,503
- from Non-Government grants	4 & 17(a)	18,896	-	86,807	-	-	-	105,703
- donations	4	254,100	893,976	25,381,100	-	-	-	26,529,176
Written off		(600)	-	-	-	-	-	(600)
Balance as at 31.3.2004		46,035,481	28,365,985	61,029,178	1,162,021	455,925	1,646,827	138,695,417
Cost		23,956,666	3,341,344	23,415,767	686,302	455,925	1,646,827	53,502,831
Valuation		22,078,815	25,024,641	37,613,411	475,719	-	-	85,192,586
Total		46,035,481	28,365,985	61,029,178	1,162,021	455,925	1,646,827	138,695,417

Heritage materials of the former National Museum, National Archives and Oral History Department of the Ministry of Information and the Arts were transferred to the Board on its establishment in 1993. The heritage materials comprising artworks and artefacts were valued by the Arts Appraisal Committee, Museum Curators or external valuers on a class basis (e.g. coins, ceramics) amounting to \$33,912,599 in 1993.

The Art Bank Scheme and the Government Institution Scheme are schemes to purchase artworks for the Government offices. The objectives of these schemes are to improve the ambience of the participating Government offices as well as to improve art appreciation amongst Government staff.

	Note	Asian Civilizations Museum \$	Singapore History Museum \$	Singapore Art Museum \$	National Archives of Singapore \$	Art Bank Scheme \$	Government Institution Scheme \$	Philatelic collections \$	Total \$
The Board Cost/Valuation									
Balance as at 1.4.2003		45,678,131	27,472,009	35,224,126	1,084,617	451,925	1,646,827	926,751	112,484,386
Acquisitions									
- from Government grants	4 & 16	84,954	-	337,145	77,404	4,000	-	-	503,503
- from Non-Government grants	4 & 17(a)	18,896	-	86,807	-	-	-	-	105,703
- donations	4	254,100	893,976	25,381,100	-	-	-	-	26,529,176
- from Members' Funds of SPM		-	-	-	-	-	-	16,302	16,302
Written off		(600)	-	-	-	-	-	-	(600)
Balance as at 31.3.2004		46,035,481	28,365,985	61,029,178	1,162,021	455,925	1,646,827	943,053	139,638,470
Cost		23,956,666	3,341,344	23,415,767	686,302	455,925	1,646,827	943,053	54,445,884
Valuation		22,078,815	25,024,641	37,613,411	475,719	-	-	-	85,192,586
Total		46,035,481	28,365,985	61,029,178	1,162,021	455,925	1,646,827	943,053	139,638,470

Heritage materials of the former National Museum, National Archives and Oral History Department of the Ministry of Information and the Arts were transferred to the Board on its establishment in 1993. The heritage materials comprising artworks and artefacts were valued by the Arts Appraisal Committee, Museum Curators or external valuers on a class basis (e.g. coins, ceramics) amounting to \$33,912,599 in 1993.

The Art Bank Scheme and the Government Institution Scheme are schemes to purchase artworks for the Government offices. The objectives of these schemes are to improve the ambience of the participating Government offices as well as to improve art appreciation amongst Government staff.

9 Property, plant and equipment

	Note	Building improvements	Mechanical and electric equipment	Audio visual and micrographic equipment	Furniture, fittings and office equipment	Computers	Motor vehicles	Works-in-progress	Total
		\$	\$	\$	\$	\$	\$	\$	\$
The Board Cost									
As at 1.4.2003		152,612,683	8,851,749	5,866,482	7,628,192	4,569,933	168,787	12,244,057	191,941,883
Additions		-	107,824	261,612	104,115	393,806	-	23,364,433	24,231,790
Transfer from works-in-progress		4,657,272	-	-	-	-	-	(4,657,272)	-
Written off	7	-	(12,139)	(2,100)	(160,085)	(83,954)	-	-	(258,278)
As at 31.3.2004		157,269,955	8,947,434	6,125,994	7,572,222	4,879,785	168,787	30,951,218	215,915,395
Accumulated depreciation									
As at 1.4.2003		63,259,115	2,938,016	4,062,481	5,084,191	4,053,391	69,962	-	79,467,156
Depreciation for the year	7	15,540,585	1,211,421	586,037	793,264	562,469	18,810	-	18,712,586
Written off	7	-	(8,279)	(1,313)	(93,516)	(83,954)	-	-	(187,062)
As at 31.3.2004		78,799,700	4,141,158	4,647,205	5,783,939	4,531,906	88,772	-	97,992,680
Depreciation for 2003		15,213,052	1,224,329	593,250	1,077,248	987,317	18,810	-	19,114,006
Net book value									
As at 31.3.2004		78,470,255	4,806,276	1,478,789	1,788,283	347,879	80,015	30,951,218	117,922,715
As at 31.3.2003		89,353,568	5,913,733	1,804,001	2,544,001	516,542	98,825	12,244,057	112,474,727

Building improvements with a net book value \$5,161,763 at 31.3.2004 (31.3.2003 - \$5,899,157) and mechanical and electric equipment with net book value of \$4,438,731 at 31.3.2004 (31.3.2003 - \$5,548,414) are on loan to STPI under a loan agreement.

Included in the works-in-progress balance as at 31.3.2004 are amounts of \$18,232,752 (31.3.2003 - \$4,739,413) for the conversion of National Museum Building to Singapore History Museum and \$9,391,604 (31.3.2003 - \$4,184,759) for the conversion of Istana Kampong Glam to Malay Heritage Centre.

10 Subsidiaries

	2003/2004	2002/2003
The Board		
	\$	\$
Unquoted equity shares, at cost	2	2

The subsidiaries are:

Name	Country of incorporation/ principal place of business	Cost of investment		Percentage of equity held		Principal activities
		2003/2004	2002/2003	2003/2004	2002/2003	
		\$	\$			
The Museum Shop Pte Ltd	Singapore	2	2	100	100	Dormant
Singapore Philatelic Museum	Singapore	-	-	100	100	Philatelic
		2	2			

The financial statements of the subsidiaries for the year ended 31 March 2004 are audited by Foo Kon Tan Grant Thornton, Singapore.

11 Investments

	The Board		The Group	
	2003/2004	2002/2003	2003/2004	2002/2003
	\$	\$	\$	\$
<u>Held-to-maturity securities</u>				
Statutory Board bonds, at cost	710,000	-	1,240,000	660,000
Premium	31,220	-	60,716	29,496
	741,220	-	1,300,716	689,496
Accumulated amortisation of premium				
Balance at beginning of the year	-	-	-	-
Amortisation for the year	(5,203)	-	(16,795)	-
Balance at the end of the year	(5,203)	-	(16,795)	-
	736,017	-	1,283,921	689,496
Statutory Board debentures, at cost	410,000	-	980,000	370,000
Premium	36,315	-	60,155	-
	446,315	-	1,040,155	370,000
Accumulated amortisation of premium				
Balance at beginning of the year	-	-	-	-
Amortisation for the year	(8,380)	-	(8,914)	-
Balance at the end of the year	(8,380)	-	(8,914)	-
	437,935	-	1,031,241	370,000

11 Investments (cont'd)

	The Board		The Group	
	2003/2004	2002/2003	2003/2004	2002/2003
	\$	\$	\$	\$
Singapore Government Securities, at cost	1,156,000	-	1,156,000	-
Premium	92,957	-	92,957	-
	1,248,957	-	1,248,957	-
Accumulated amortisation of premium				
Balance at beginning of the year	-	-	-	-
Amortisation for the year	(17,494)	-	(17,494)	-
Balance at the end of the year	(17,494)	-	(17,494)	-
	1,231,463	-	1,231,463	-
Total carrying value of non-current investments	2,405,415	-	3,546,625	1,059,496
Total amortisation for the year (Note 6)	31,077	-	43,203	-
Traded value of statutory board bonds	731,300	-	1,283,246	698,813
Traded value of statutory board debentures	434,600	-	1,050,578	403,669
Traded value of Singapore Government Securities	1,235,314	-	1,235,314	-
	2,401,214	-	3,569,138	1,102,482

The non-current investments have an effective interest rate of 3.70-3.81% (2003-2.68%) received semi-annually in arrears with maturity dates between 15.10.2005 to 21.9.2009.

12 Donations receivable

	2003/2004	2002/2003
The Board and The Group	\$	\$
Non-Government donations receivable	1,071,705	2,191,462
Non-current portion	-	(1,095,731)
Current portion	1,071,705	1,095,731

Donations receivable mainly relates to future funding for purchase of heritage materials and print equipment which have been received by the Board but the payments are due in various instalments in subsequent financial years. Accruals for these payments have been made as shown in Note 15.

13 Cash and cash equivalents

	The Board		The Group	
	2003/2004	2002/2003	2003/2004	2002/2003
	\$	\$	\$	\$
Cash and bank balances	47,515,701	57,897,277	47,604,372	57,933,636
Fixed deposits	12,329,893	11,280,355	13,165,122	12,234,769
	59,845,594	69,177,632	60,769,494	70,168,405

14 Other receivables

	The Board		The Group	
	2003/2004	2002/2003	2003/2004	2002/2003
	\$	\$	\$	\$
Interest receivable	-	-	9,057	8,112
Deposits	16,913	22,726	17,463	23,276
GST recoverable	97,528	-	97,528	-
Other receivables	689,133	777,175	693,643	802,894
Prepayments	632,131	604,653	655,021	624,379
	1,435,705	1,404,554	1,472,712	1,458,661

15 Other payables

	Note	The Board		The Group	
		2003/2004	2002/2003	2003/2004	2002/2003
		\$	\$	\$	\$
Accrual for other staff costs		2,259,850	1,451,901	2,307,198	1,471,014
Accrual for purchase of heritage materials and property, plant and equipment (a)	12	1,138,665	2,328,250	1,138,665	2,328,250
Donations and operating grant payable to STPI		241,667	838,105	241,667	838,105
Donations received in advance for exhibitions		2,368,687	457,850	2,368,687	457,850
Operating grant payable to MHF	16	291,091	-	291,091	-
Funds received for Chinatown Heritage Centre		-	32,625	-	32,625
GST payable		-	676,899	-	676,899
Income received in advance		50,426	37,000	50,426	37,000
Other payables		2,125,001	4,907,309	2,270,343	5,121,581
Accrual for pension costs	18	670,127	-	670,127	-
		9,145,514	10,729,939	9,338,204	10,963,324
Non-current portion:					
Accrual for purchase of heritage materials and property, plant and equipment (a)	12	1,138,665	1,164,125	1,138,665	1,164,125
		8,006,849	9,565,814	8,199,539	9,799,199

(a) This mainly relates to the purchase of heritage materials and print equipment which have been received by the Board but the payments are due in various installments in subsequent financial years. Non-government donations receivable has been set up to account for future funding of these payments.

16 Grants received in advance - Government

The Board and The Group

	Note	Total		Capital Grant		Operating Grant	
		2003/2004	2002/2003	2003/2004	2002/2003	2003/2004	2002/2003
		\$	\$	\$	\$	\$	\$
Balance at beginning		47,079,087	29,758,776	42,960,831	26,235,867	4,118,256	3,522,909
Add							
Receipts		59,067,444	84,935,328	18,136,433	44,410,473	40,931,011	40,524,855
		106,146,531	114,694,104	61,097,264	70,646,340	45,049,267	44,047,764
Transfer to Heritage Capital Reserve	4	(503,503)	(1,718,786)	(458,421)	(1,656,020)	(45,082)	(62,766)
Transfer to Deferred Capital Grants	7	(24,231,790)	(23,486,632)	(23,067,802)	(22,812,233)	(1,163,988)	(674,399)
Transfer to Income and Expenditure Statement		(41,395,569)	(42,409,599)	(2,921,986)	(3,217,256)	(38,473,583)	(39,192,343)
Transfer to MHF	15	(291,091)	-	-	-	(291,091)	-
Balance at end		39,724,578	47,079,087	34,649,055	42,960,831	5,075,523	4,118,256
Total grants received since establishment		572,671,522	513,604,078	276,155,983	258,019,550	296,515,539	255,584,528

Transfer to Heritage Capital Grants from operating grants relates to the purchases of heritage materials designated to be acquired from funds originating from the operating grants.

Transfer to Deferred Capital Grants from operating grants relates to the purchases of property, plant and equipment out of the operating grants.

Prior to FY 2003/2004, the Board manages and receives grants from MITA on behalf of MHF. With effect from 2 January 2004, MHF took over the management of its operating grants. Therefore, any unutilised balance of operating grants belonging to MHF remaining in Grants Received in Advance were transferred to operating grant payable to MHF during FY 2003/2004. (Note 15)

The balance of \$34,649,055 (2003 - \$42,960,831) in capital grants as at 31 March 2004 comprises amounts earmarked for projects-in-progress as well as amounts earmarked for projects where progress has been slightly delayed.

17 Donations received in advance - Non-Government

	Note	The Board		The Group	
		2003/2004 \$	2002/2003 \$	2003/2004 \$	2002/2003 \$
Balance at beginning		6,751,909	3,667,421	6,751,909	3,667,421
Add:					
Receipts		1,196,997	7,452,015	1,287,802	7,452,015
		7,948,906	11,119,436	8,039,711	11,119,436
Less:					
Transfer to Heritage Capital Reserve (a)		(18,896)	(3,091,421)	(18,896)	(3,091,421)
Transfer to Deferred Capital Grants (b)		(1,097,244)	(1,276,106)	(1,097,244)	(1,276,106)
Transfer to Income and Expenditure Statement		(70,560)	-	(117,187)	-
Balance at end		6,762,206	6,751,909	6,806,384	6,751,909
(a) Transfer to Heritage Capital Reserve		(18,896)	(3,091,421)	(18,896)	(3,091,421)
Add:					
Donations receivable		(86,807)	(672,753)	(86,807)	(672,753)
Less:					
Amount received for heritage materials additions in prior years		-	2,596,290	-	2,596,290
Net transfer to Heritage Capital Reserve for the year	4	(105,703)	(1,167,884)	(105,703)	(1,167,884)
(b) Transfer to Deferred Capital Grants		(1,097,244)	(1,276,106)	(1,097,244)	(1,276,106)
Less:					
Amount received for fixed assets additions in prior years		1,097,244	1,122,306	1,097,244	1,122,306
Net transfer to Deferred Capital Grants for the year	7	-	(153,800)	-	(153,800)

18 Staff costs

	The Board		The Group	
	2003/2004 \$	2002/2003 \$	2003/2004 \$	2002/2003 \$
Staff costs	16,952,804	16,673,838	17,625,786	17,275,049
Cost of defined contribution plans included in staff costs	2,070,198	2,217,563	2,152,952	2,302,666
Pension costs	670,127	-	670,127	-
Number of employees at end of year	351	356	361	369

There are currently 4 (2003 - 4) employees of the Board who are under pension schemes other than the CPF scheme. These employees were previously employed in the various departments under the then Ministry of Communications and Information and were transferred to the Board on its establishment in 1993. The pension amount payable to each employee upon retirement under these schemes is dependent on, among other factors, the number of years of service that the pensioners have completed with the Board and the last drawn salary. There is no accrual for the pension costs payable by the Board of approximately \$590,000 as at 31 March 2003 as the cost will be met out of the Board's annual operating grant from MITA in the financial year in which the pension costs arise. With effect from this financial year, pension costs will no longer be met out by annual operating grants and accrual for pension costs (Note 15) is made.

19 Supplies and materials

The Board and the Group

Supplies and materials include the cost of merchandise for resale in the Museum Shops of \$122 (2003 - \$344,718).

20 Publicity and public relations and transport, postages and communications

Publicity and public relations, and transport, postages and communications include the following expenses:

	The Board		The Group	
	2003/2004	2002/2003	2003/2004	2002/2003
	\$	\$	\$	\$
Overseas travelling	114,284	177,029	117,296	179,515
Entertainment	181,433	106,968	187,509	109,894

21 Projects managed for other organisations

The Board and the Group

During the year, the Board manages projects that were funded by the ASEAN Committee on Culture and Information. Funds totalling \$881,078 (2003 - \$652,536) were received up to 31 March 2004 and the outstanding fund balance on these projects as at 31 March 2004 was \$265,010 (2003 - \$371,814). These projects are not reflected in the financial statements of the Board.

22 National Heritage Fund

The Board and the Group

NHB was an IPC under Section 37(2)(c) of the Income Tax Act since its formation in 1993, under which it can grant tax deductions to its donors. Ministry of Finance felt that there should be a distinction between the charitable functions and the administrative functions of statutory boards to allow for greater transparency and public accountability. It was decided that IPC status should be granted to projects or auspices of funds managed by the statutory board itself. NHB was required to establish an omnibus fund to which IPC status will be transferred.

During the financial year, the Board approved the set up of the Institute of Public Character (IPC) Fund - National Heritage Fund ("NHF"), as well as the governing instruments of the fund.

With effect from 1 August 2003, all donations in support of NHB's charitable objects would be made payable to NHF in order to enjoy tax deductions.

	2003/2004	2002/2003
	\$	\$
Donation income for NHF		
Balance at beginning	-	-
Donations received during the year	996,281	-
Less: expenditure during the year	(170,462)	-
Balance at end	825,819	-
Donations received in advance for NHF		
Donations during the year and balance at end	34,600	-

23 Income tax

The Board is an institution of public character and is exempted from income tax under Sections 13(1)(e) and 37(2)(c) of the Income Tax Act.

The subsidiary company, SPM, is registered as a charity under the Charity Act 1994. The company will be exempted from tax if at least 80% of its income is applied for charitable purposes.

24 Capital expenditure commitments

	The Board		The Group	
	2003/2004	2002/2003	2003/2004	2002/2003
	\$	\$	\$	\$
Estimated amounts committed for future capital expenditure but not provided for in the financial statements	11,867,896	14,608,139	11,884,594	14,608,139
Authorised but not yet contracted for	85,400,755	118,760,302	85,400,755	118,760,302

25 Operating lease commitments

The Board and The Group

	2003/2004	2002/2003
	\$	\$
Minimum lease payments paid under operating leases	8,756,406	7,420,935

At the balance sheet date, the commitments in respect of operating leases with a term of more than one year were as follows:

	2003/2004	2002/2003
	\$	\$
Within one year	8,080,539	6,534,977
Within two to five years	5,282,010	8,511,291

The operating lease commitments relate to leases paid for the rental of office premises at the various museums and rental of other heritage organisations.

26 Contingent liabilities (unsecured)

The Board and The Group

	2003/2004	2002/2003
	\$	\$
Banker's guarantee	258,015	258,015

27 Rental income commitment

At the balance sheet date, the commitments in respect of rental income with a term of more than one year were as follows:

	2003/2004	2002/2003
The Board and The Group	\$	\$
Within one year	636,552	360,302
Within two to five years	206,199	294,006

The rental income commitment relates to rental income received from tenants carrying out businesses in the various museums and office premises.

28 Financial risk management

28.1 Foreign exchange risk

The Board and the Group have exposures to foreign exchange risk as they purchase heritage materials and other assets in foreign currencies. These exposures are managed by obtaining matching government grants and donations in foreign currencies.

28.2 Interest rate risk

Interest-bearing financial assets of the Group are mainly cash and bank balances and government bonds. Hence, any future variations in interest rates will not have a material impact on the results of the Group. The Group does not have any interest-bearing financial liabilities.

28.3 Credit risk

The Board and the Group have no significant concentrations of credit risks. Cash and cash equivalents are placed with creditworthy financial institutions. The Board and the Group have adopted guidelines on extending credit terms to travel agencies which bring in visitors to their museums and continuously monitor credit worthiness by reviewing their financial status.

28.4 Liquidity risk

The Board and the Group have no exposures to liquidity risk as its operations are funded by government grants and donations.

29 Financial instruments

Fair values

The carrying amounts of the financial assets and financial liabilities in the financial statements approximate their respective fair values.