

SINGAPORE ART MUSEUM

(Incorporated in Singapore Registration Number: 201330746G)

ANNUAL REPORT

For the financial year ended 31 March 2016

SINGAPORE ART MUSUEM

(Incorporated in Singapore)

ANNUAL REPORT

For the financial year ended 31 March 2016

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SINGAPORE ART MUSEUM

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 March 2016

1. Corporate Information

Singapore Art Museum ("SAM") was incorporated under the Companies Act, Cap 50 on 13 November 2013 and is a public company limited by guarantee, and a registered Charity with Institution of a Public Character (IPC) status, governed by its own Memorandum and Articles of Association.

Members of SAM

Yeoh Chee Yan
Jane Ittogi
Koh Seow Chuan

External auditor

PricewaterhouseCoopers LLP

Internal auditor

Ernst & Young Advisory Pte Ltd

Panel of legal advisors

Hin Tat Augustine & Partners
Infinitus Law Corporation
RHT Law Taylor Wessing
Samuel Seow Law Corporation
Wong Partnership

Principal banker

UOB Bank Limited

Company secretary

Ms Claire Tham Li Mei, Hin Tat Augustine & Partners

Charity status

Charity Registration No. 201330746G

Charity Registration Date: 9 December 2013

SINGAPORE ART MUSEUM

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 March 2016

1. Corporate information (continued)

Company Status

Company limited by guarantee

Incorporation Date:
13 November 2013

Unique Entity Number (UEN):
201330746G

IPC Status

IPC status effective period: 12 December 2015 to 11 December 2018

Registered address

61 Stamford Road, #02-02 Stamford Court, Singapore 178892
Tel: (65) 6697 9742 Fax: (65) 6334 7919
Email: enquiries@singaporeartmuseum.sg
Website: www.singaporeartmuseum.sg

2. Board matters

2.1 Board Composition and Roles

The Board comprises eleven directors at the date of this report, one of whom is a representative from MCCY. The Board members, except for the executive director, do not receive any remuneration for their services.

SAM's Board of Directors has collective responsibility for the following:

- a. provide advice on strategic directions;
- b. establish a corporate governance framework that ensures optimal use of public funds allocated to SAM and proper review of relevant policies and procedures to safeguard the tangible and intangible assets of the SAM; and
- c. review Management's overall performance.

SINGAPORE ART MUSEUM

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 March 2016

2. Board matters (continued)

2.2 Board of Directors

<u>Name</u>	<u>Designation</u>	<u>Date of appointment</u>
Jane Ittogi Chair Singapore Art Museum	Chair	13 November 2013
Chong Siak Ching Chief Executive Officer National Gallery Singapore	Member	13 November 2013
Brian McAdoo College Rector and Professor of Science Yale-NUS College	Member	1 April 2014
Philip Antony Jeyaretnam Global Vice Chair & Regional CEO Dentons Rodyk & Davidson LLP	Member	1 April 2014
Kathy Lai Sou Tien Chief Executive Officer National Arts Council	Member	1 April 2014
Kenneth Whye Choe Executive Director Goldman Sachs (Singapore)	Member	13 November 2013
Ronny Tan Chong Tee	Member	13 November 2013
Wee Teng Wen Managing Director The Lo & Behold Group Pte Ltd	Member	13 November 2013
Yeo Whee Jim Senior Director, Arts & Heritage Ministry of Culture, Community and Youth	Member	13 November 2013
Zulkifli Bin Baharudin Managing Director Global Business Integrators Pte Ltd	Member	1 April 2014

SINGAPORE ART MUSEUM

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 March 2016

2. Board matters (continued)

2.2 Board of Directors (continued)

<u>Name</u>	<u>Designation</u>	<u>Date of appointment</u>
Collin Tseng Chern Yang @ Collin Liu Chern Yang Chief Operating Officer (Southeast Asia) Baker & McKenzie LLP	Member	1 April 2015

2.3 Executive Committee (EXCO)

The EXCO assists the Board in the stewardship and oversight of SAM and exercises such powers and/or functions on behalf of the Board on matters that have been specifically delegated to the EXCO.

Committee members in office as at the date of this report are listed as follows:

<u>Name</u>	<u>Designation</u>	<u>Date of appointment</u>
Jane Ittogi Chair Singapore Art Museum	Chair	13 November 2013
Ronny Tan Chong Tee	Member	13 November 2013
Kenneth Whye Choe Executive Director, Goldman Sachs (Singapore)	Member	13 November 2013
Kathy Lai Sou Tien Chief Executive Office National Arts Council	Member	17 September 2014
Philip Antony Jeyaretnam Global Vice Chair & Regional CEO Dentons Rodyk & Davidson LLP	Member	2 February 2016

SINGAPORE ART MUSEUM

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 March 2016

2. Board matters (continued)

2.4 Audit Committee (AC)

The AC assists the Board in fulfilling its oversight responsibilities in SAM's system of internal controls, financial reporting processes, the internal and external audit processes and the Enterprise Risk Management Framework.

Committee members in office as at the date of this report are listed as follows:

<u>Name</u>	<u>Designation</u>	<u>Date of appointment</u>
Collin Tseng Chern Yang @ Collin Liu Chern Yang Chief Operating Officer (Southeast Asia) Baker & McKenzie LLP	Chairman	1 April 2015
Wee Teng Wen Managing Director The Lo & Behold Group	Member	21 February 2014
Yeo Whee Jim Senior Director, Arts & Heritage Ministry of Culture, Community and Youth	Member	21 February 2014
Catherine Loh Chief Executive Officer Community Foundation of Singapore	Member	21 February 2014
Martina Wong Head of Finance, Asia Pacific Schroders Investment Management (Singapore) Ltd	Member	21 February 2014

SINGAPORE ART MUSEUM

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 March 2016

2. Board matters (continued)

2.5 Finance Committee (FC)

The FC assists to provide financial oversight for SAM and review of budgeting and financial planning, financial reporting, while providing guidance to management on financial matters.

Committee members in office as at the date of this report are listed as follows:

<u>Name</u>	<u>Designation</u>	<u>Date of appointment</u>
Zulkifli Bin Baharudin Managing Director Global Business Integrators Pte Ltd	Chairman	18 May 2015
Yeo Whee Jim Senior Director, Arts & Heritage Ministry of Culture, Community and Youth	Member	18 May 2015
Brian McAdoo College Rector and Professor of Science Yale-NUS College	Member	18 May 2015

2.6 Acquisition Committee

The Acquisition Committee advises on matters relating to artwork purchase and donation, as well as SAM's collection strategy.

Committee members in office as at the date of this report are listed as follows:

<u>Name</u>	<u>Designation</u>	<u>Date of appointment</u>
Kenneth Whye Choe Executive Director Goldman Sachs (Singapore)	Chairman	1 July 2014
Cheo Chai Hiang Artist	Member	1 July 2014
Michaelangelo Samson Managing Director and Regional Head (SEA) Standard Chartered Bank	Member	1 July 2014

SINGAPORE ART MUSEUM

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 March 2016

2. Board matters (continued)

2.6 Acquisition Committee (continued)

<u>Name</u>	<u>Designation</u>	<u>Date of appointment</u>
Peter Schoppert Managing Director NUS Press Pte Ltd	Member	1 July 2014
Melani Setiawan Sonologist and Art Writer	Member	1 July 2014
Tay Swee Lin Director F.B. Consultants LLP	Member	1 July 2014
Brian McAdoo College Rector and Professor of Science Yale – NUS college	Member	2 February 2016

2.7 Remuneration

The Directors do not receive remuneration from the Company. The annual remuneration of the Company's three highest paid staff by remuneration bands is as follows:

	2016	2015
	\$	\$
\$200,000 to below \$300,000	-	-
\$100,000 to below \$200,000	3	-
\$0 to below \$100,000	-	3
	<u>3</u>	<u>3</u>

3. Conflict of interest

SAM's Memorandum and Articles of Association state that a Director should ensure he does not place himself in a position whereby, directly or indirectly his duties or interests might be in conflict with his duties or interests as a Director. Disclosure of interests is required should a Director be in conflict with his duties and interests as a Director. He should not participate or vote on the matter.

SAM has put in place a Conflict of Interest Policy for Staff and a Code of Ethics for Board Directors and Board Committee Members.

SINGAPORE ART MUSEUM

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 March 2016

4. Principal activity and objectives

The objectives and principal activities of the Company are to operate a contemporary art gallery in Singapore and to deepen interest in and appreciation of contemporary art through art-related presentations, research and publications, as well as through outreach, education and public programmes.

5. Review of activities and financial state during the financial year

SAM organized a slew of exhibitions, community exhibitions and public and educational programmes in FY2015. It boasted 11 well-received exhibitions (including community ones) and a rich, varied programming calendar. The major highlights of the year were, Imaginarium, After Utopia, President's Young Talents, 5 Stars and Time of Others. Apart from the regular exhibitions, SAM also organized several community exhibitions such as Project Dreamcatchers and the annual Think Contemporary Exhibition. SAM ended 2015 by partnering with the Yellow Ribbon Project which features individual and collaborative artworks of inmates working under the mentorship of local artists.

SAM organizes regular programming such as public holiday Open Houses, talks and workshops, concerts and festivals. In addition to its regular programming, SAM also works with the National Arts Council (NAC) and National Heritage Board (NHB) on island or precinct-wide events such as Art Week and the Night Festival. SAM also engaged with disadvantaged communities through events and partnerships with social organizations, and hosted the RALLY: We Can! arts festival. In addition, the museum partnered the Institute of Policy Studies (IPS) on the IPS-SAM Spotlight on Cultural Policy Series, contributing to the discourse on issues beyond art. On the education front, the SAM education team works closely with ministries and umbrella institutions like the Ministry of Education (MOE), National Institute of Education (NIE), Early Childhood Development Agency (ECDA) and British Council. SAM's museum-based education, exemplified by its Peer-led Guiding programme and the Think Contemporary educational programme, encourages holistic learning through the lens provided by contemporary art.

SINGAPORE ART MUSEUM

DIRECTORS' STATEMENT

For the financial year ended 31 March 2016

The directors present their statement to the members together with the audited financial statements for the financial year ended 31 March 2016.

In the opinion of the directors,

- (a) the financial statements as set out on pages 12 to 27 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Jane Ittogi
Chong Siak Ching
Brian McAdoo
Philip Antony Jeyaretnam
Kathy Lai Sou Tien
Kenneth Whye Choe
Ronny Tan Chong Tee
Wee Teng Wen
Yeo Whee Jim
Zulkifli Bin Baharudin
Collin Tseng Chern Yang @ Collin Liu Chern Yang (appointed on 1 April 2015)

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

The Company is a company limited by guarantee and has no share capital or debentures. Therefore, there are no matters to be disclosed under Section 9 of the Twelfth Schedule of the Companies Act, Cap 50.

SINGAPORE ART MUSEUM

DIRECTORS' STATEMENT

For the financial year ended 31 March 2016

Share options

The Company is a company limited by guarantee and has no share capital or debentures. Therefore, there are no matters to be disclosed under Section 7 and Section 2 of the Twelfth Schedule of the Companies Act, Cap 50.

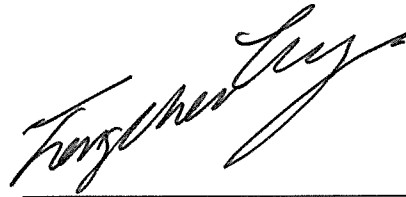
Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors,



Jane Ittogi
Director



Collin Tseng Chern Yang @
Collin Liu Chern Yang
Director

15 SEP 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE ART MUSEUM

Report on the Financial Statements

We have audited the accompanying financial statements of Singapore Art Museum set out on pages 12 to 27, which comprise the balance sheet as at 31 March 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act"), the Singapore Charities Act, Chapter 37 (the "Charities Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's 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

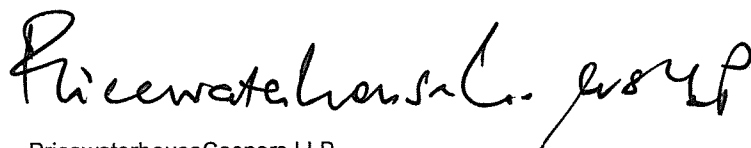
In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act, the Charities Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 March 2016, and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

During the course of our audit, nothing has come to our attention that caused us to believe that during the year:

- (a) The use of the donation moneys was not in accordance with the objectives of the Charity as required under regulation 16 of the Charities (Institutions of a Public Character) Regulations; and
- (b) The Charity has not complied with the requirements of regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.



PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 15 SEP 2016

SINGAPORE ART MUSEUM

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2016

	Note	For the financial year ended 31 March 2016 \$	For the financial year ended 31 March 2015 \$
Income			
Rental income		856,322	803,211
Donation income		1,270,390	1,072,181
Service income		329,552	384,418
Admission fees		381,518	421,618
Other income		193,917	112,774
		3,031,699	2,794,202
Expenses			
- Employee compensation	4	(5,045,529)	(4,318,090)
- Exhibition expenses		(1,709,618)	(2,884,997)
- Depreciation of property, plant and equipment	8	(225,266)	(223,090)
- IT expenses		(337,228)	(868,348)
- Publicity and public relations		(864,683)	(932,260)
- Rental on operating leases		(2,355,300)	(2,394,410)
- Repairs and maintenance		(1,115,452)	(1,450,965)
- Security services		(805,005)	(663,375)
- Utilities		(1,130,115)	(1,464,059)
- Others		(2,294,242)	(1,577,869)
Total expenses		(15,882,438)	(16,777,463)
Deficit before grants		(12,850,739)	(13,983,261)
Grants			
- Deferred capital grants amortised	12	147,055	154,234
- Operating grants	10	11,510,000	12,521,002
- Other grants	10	1,520,422	-
		13,177,477	12,675,236
Net surplus/(deficit) and total comprehensive Income/(loss)		326,738	(1,308,025)

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

SINGAPORE ART MUSEUM

BALANCE SHEET

As at 31 March 2016

	Note	2016 \$	2015 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	6,890,159	2,576,403
Trade receivables		122,710	181,032
Other receivables		24,944	188,930
Other current assets	7	332,985	428,527
		<u>7,370,798</u>	<u>3,374,892</u>
Non-current assets			
Property, plant and equipment	8	412,531	608,861
		<u>7,783,329</u>	<u>3,983,753</u>
LIABILITIES			
Current liabilities			
Other payables	9	2,406,020	2,618,069
Grants received in advance	10	3,898,558	300,000
Deferred donations	11	255,276	21,892
		<u>6,559,854</u>	<u>2,939,961</u>
Non-current liabilities			
Deferred capital grants	12	247,607	394,662
		<u>6,807,461</u>	<u>3,334,623</u>
NET ASSETS			
		<u>975,868</u>	<u>649,130</u>
EQUITY			
Accumulated surplus		975,868	649,130
Total equity		<u>975,868</u>	<u>649,130</u>

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

SINGAPORE ART MUSEUM

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 March 2016

	Accumulated <u>surplus</u> \$
At 1 April 2015	649,130
Total comprehensive income	326,738
At 31 March 2016	<u>975,868</u>
At 1 April 2014	1,957,155
Total comprehensive loss	(1,308,025)
At 31 March 2015	<u>649,130</u>

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

SINGAPORE ART MUSEUM

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Deficit before grants		(12,850,739)	(13,983,261)
Adjustments for:			
- Depreciation		225,266	223,090
- Donation income		(1,270,390)	(1,072,181)
		<u>(13,895,863)</u>	<u>(14,832,352)</u>
Change in working capital:			
- Trade receivables		58,322	(181,032)
- Other receivables		163,986	491,336
- Other current assets		95,542	(238,198)
- Other payables		(212,049)	2,051,846
Net cash used in operating activities		<u>(13,790,062)</u>	<u>(12,708,400)</u>
Cash flows from investing activities			
Additions of property, plant and equipment		(28,936)	(283,055)
Net cash used in investing activities		<u>(28,936)</u>	<u>(283,055)</u>
Cash flows from financing activities			
Grants received		16,628,980	12,821,002
Donations received		1,503,774	1,094,073
Net cash provided by financing activities		<u>18,132,754</u>	<u>13,915,075</u>
Net increase in cash and cash equivalents		4,313,756	923,620
Cash and cash equivalent as at beginning of financial year		<u>2,576,403</u>	<u>1,652,783</u>
Cash and cash equivalent as at end of financial year	6	<u>6,890,159</u>	<u>2,576,403</u>

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

SINGAPORE ART MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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

1. General information

Singapore Art Museum (the "Company") is incorporated on 13 November 2013 in the Singapore. The address of its registered office is 61 Stamford Road, #02-02 Stamford Court, Singapore 178892.

The principal activity of the Company is to operate a contemporary art gallery in Singapore and to deepen interest in and appreciation of contemporary art through art-related presentations, research and publications, as well as through outreach, education and public programmes.

The Company is registered as a charity under the Charities Act, Chapter 37 on 9 December 2013.

The comparative figures presented are for the year ended 31 March 2015.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("SFRS"), under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with SFRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements.

Interpretations and amendments to published standards effective in 2016

On 1 April 2015, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

SINGAPORE ART MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. Significant accounting policies (continued)

2.2 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Donations for general purposes are recognised as income upon receipt.

Donations with restriction and/or conditions attached are recognised as income if the restrictions and conditions are under the Company's purview and it is probable that these restrictions and conditions would be met. Otherwise, these donations are recognised and taken to the "deferred donations" account until the above criteria are fulfilled or when the restrictions and/or conditions are met.

Admission fees are recognised as income upon the sale of tickets to visitors at the museums.

Rental income is recognised on a straight-line basis over the lease period.

Income from rendering of services is recognised when the services have been rendered.

2.3 Employee compensation

Defined contribution plans

The Company's contributions to defined contribution plans are recognised as employee compensation expense when the contributions are due.

2.4 Operating lease payments

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

2.5 Property, plant and equipment

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

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

SINGAPORE ART MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful lives</u>
Furniture and fittings	2 - 8 years
Office equipment	2 - 6 years
Audio visual equipment	2 - 8 years
Computer equipment	3 years
Mechanical and electrical equipment	8 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.6 Impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

SINGAPORE ART MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. Significant accounting policies (continued)

2.7 Loans and receivables

Bank balances and trade and other receivables are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2.8 Grants

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

Government grants for the purchase of depreciable assets are taken to the deferred capital grant account. The deferred capital grants are recognised in the profit or loss over the periods necessary to match the depreciation of the related assets purchased with the grants. Upon the disposal of the assets, the balance of the related deferred capital grants is recognised in profit or loss to match the net book value of the assets written off.

Government grants in respect of the current year's operating expenses are recognised as income in the same year.

Other grants are recognised as income over the period necessary to match the intended costs. Such grants which are received but not utilised are included in the grants received in advance account.

SINGAPORE ART MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. Significant accounting policies (continued)

2.9 Other payables

Other payables represent unpaid liabilities for goods and services provided to the Company prior to the end of financial year. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.10 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.11 Currency translation

The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

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

3. Members' guarantee

The Company is limited by guarantee whereby each member of the Company undertakes to meet the debts and liabilities of the Company, in the event of its liquidation, to an amount not exceeding \$10 per member.

As at 31 March 2016, the Company has 3 members (2015: 3 members).

SINGAPORE ART MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

4. Employee compensation

	For the financial year ended 31 March 2016 \$	For the financial year ended 31 March 2015 \$
Wages and salaries	4,368,976	3,766,844
Employer's contribution to Central Provident Fund	676,553	551,246
	<u>5,045,529</u>	<u>4,318,090</u>

5. Income tax expense

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

6. Cash and cash equivalents

	2016 \$	2015 \$
Cash at bank and on hand	6,870,159	2,556,403
Fixed deposits	20,000	20,000
	<u>6,890,159</u>	<u>2,576,403</u>

7. Other current assets

	2016 \$	2015 \$
Deposits	299,669	407,249
Prepayment	33,316	21,278
	<u>332,985</u>	<u>428,527</u>

SINGAPORE ART MUSEUM

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2016

8. Property, plant and equipment

	Furniture and fittings	Office equipment	Mechanical & electrical equipment	Audio visual equipment	Computer equipment	Total
	\$	\$	\$	\$	\$	\$
<u>Cost</u>						
At 1 April 2015	29,450	502,670	-	192,401	171,805	896,326
Additions	-	18,808	3,350	-	6,778	28,936
At 31 March 2016	29,450	521,478	3,350	192,401	178,583	925,262
<u>Accumulated depreciation</u>						
At 1 April 2015	10,054	167,150	-	53,849	56,412	287,465
Depreciation charge	6,909	120,680	70	38,769	58,838	225,266
At 31 March 2016	16,963	287,830	70	92,618	115,250	512,731
Net book value						
At 31 March 2016	12,487	233,648	3,280	99,783	63,333	412,531
<u>Cost</u>						
At 1 April 2014	29,450	415,070	-	168,751	-	613,271
Additions	-	87,600	-	23,650	171,805	283,055
At 31 March 2015	29,450	502,670	-	192,401	171,805	896,326
<u>Accumulated depreciation</u>						
At 1 April 2014	2,957	46,318	-	15,100	-	64,375
Depreciation charge	7,097	120,832	-	38,749	56,412	223,090
At 31 March 2015	10,054	167,150	-	53,849	56,412	287,465
Net book value						
At 31 March 2015	19,396	335,520	-	138,552	115,393	608,861

SINGAPORE ART MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

9. Other payables

	2016	2015
	\$	\$
Other payables	825,936	780,930
Accrued operating expenses	1,580,084	1,837,139
	<u>2,406,020</u>	<u>2,618,069</u>

10. Grants received in advance

	2016	2015
	\$	\$
Beginning of financial year	300,000	-
Grants received during the year	16,628,980	12,821,002
Transferred to income statement	(13,030,422)	(12,521,002)
End of financial year	<u>3,898,558</u>	<u>300,000</u>

11. Deferred donations

	2016	2015
	\$	\$
Beginning of financial year	21,892	-
Donations received	1,503,774	1,094,073
Transferred to income statement	(1,270,390)	(1,072,181)
End of financial year	<u>255,276</u>	<u>21,892</u>

12. Deferred capital grants

	2016	2015
	\$	\$
Beginning of financial year	394,662	548,896
Amortised to income statement	(147,055)	(154,234)
End of financial year	<u>247,607</u>	<u>394,662</u>

SINGAPORE ART MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

13. Commitments

(a) Operating lease commitments where the Company is a lessee

The Company leases office premises under operating lease agreements.

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

	2016	2015
	\$	\$
Not later than one year	2,335,799	2,355,300
More than one year	2,083,276	2,424,351
	<u>4,419,075</u>	<u>4,779,651</u>

(b) Operating lease commitments where the Company is a lessor

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

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

	2016	2015
	\$	\$
Not later than one year	<u>538,200</u>	<u>538,200</u>

14. Related party transactions

Key management personnel compensation is as follows:

	2016	2015
	\$	\$
Wages and salaries	176,863	191,760
Post-employment benefits - Contribution to Central Provident Fund	11,682	17,574
	<u>188,545</u>	<u>209,334</u>

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For the financial year ended 31 March 2016

15. Charities Act and Regulations

As required for disclosure under regulation 17 of the Charities (Institutions of a Public Character) Regulations, the Company has received tax deductible donations of \$1,271,295 (2015:\$85,600) for the financial year ended 31 March 2016.

16. Financial risk management

Financial risk factors

The Company's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Company's financial performance.

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

(a) Market risk

(i) Currency risk

The Company's operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

(ii) Interest rate risk

The Company has interest-bearing assets in cash at bank. These interest bearing assets are short-term in nature, therefore, any future variations in interest rates will not have a material impact on the results of the Company.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company adopts the policy of dealing only with counterparties of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing with financial institutions and other counterparties with high credit ratings.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet. The Company's major classes of financial assets are cash at bank, deposits and trade and other receivables.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

16. Financial risk management (continued)

(b) Credit risk (continued)

(i) *Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially counterparties with good collection track record with the Company.

The age analysis of trade receivables past due but not impaired is as follows:

	2016	2015
	\$	\$
Past due less than 3 months	51,652	57,112
Past due 3 to 6 months	4,717	65,238
	<u>56,369</u>	<u>122,350</u>

(c) Liquidity risk

The table below analyses non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year
	\$
At 31 March 2016	
Other payables	<u>2,406,020</u>
At 31 March 2015	
Other payables	<u>2,618,069</u>

(d) Capital risk

The Company is limited by guarantee with no share capital and is mainly funded by government grants. The Company is not subject to any externally imposed capital requirements.

SINGAPORE ART MUSEUM

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

16. Financial risk management (continued)

(e) Financial instruments by category

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	2016	2015
	\$	\$
Loans and receivables	7,337,482	3,353,614
Financial liabilities at amortised cost	<u>2,406,020</u>	<u>2,618,069</u>

17. New or revised accounting standards and interpretations

The Company has not early adopted any mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the Company's accounting periods beginning on or after 1 April 2016. However, management anticipates that the adoption of these standards, amendments and interpretations will not have a material impact on the financial statements of the Company in the period of their initial adoption.

18. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Singapore Art Museum on **15 SEP 2016**