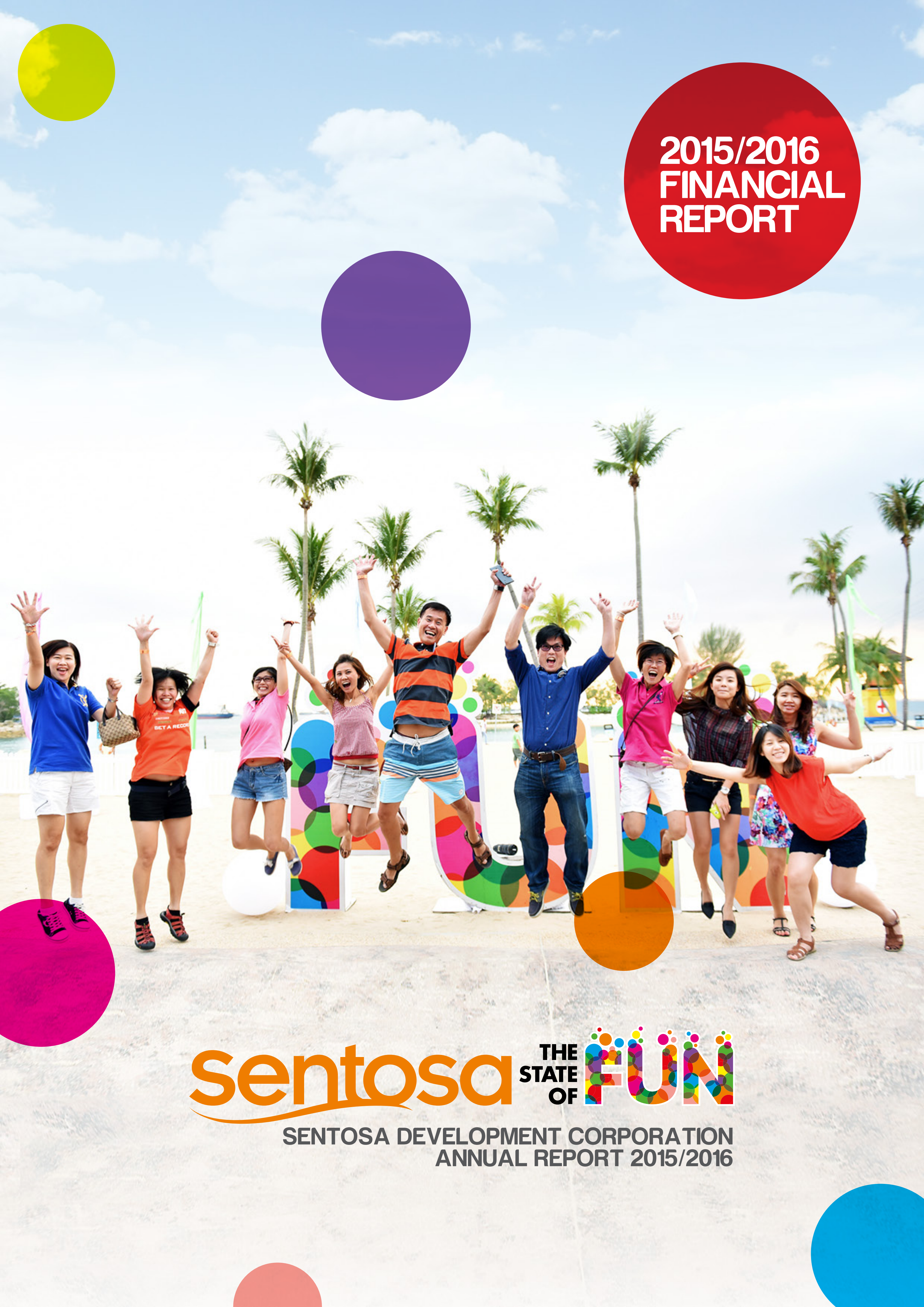

2015/2016 FINANCIAL REPORT

sentosa THE STATE OF FUN

SENTOSA DEVELOPMENT CORPORATION
ANNUAL REPORT 2015/2016

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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 2016, the statements of comprehensive income and 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 FS1 to FS43.

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 and fair presentation of the financial statements 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 statement of financial position, statement of comprehensive income and statement 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 so as to present fairly, in all material respects, the financial position of the Group and the Corporation as at 31 March 2016 and the financial performance and changes in equity of the Group and the Corporation and cash flows of the Group for the year ended on that date.

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 subsidiary corporations 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
Chartered Accountants

Singapore
22 June 2016

Statements of financial position
As at 31 March 2016

		Group		Corporation	
	Note	31 March 2016 $'000	31 March 2015 $'000	31 March 2016 $'000	31 March 2015 $'000
Assets					
Property, plant and equipment	4	808,338	804,001	741,481	734,212
Land premium	5	52,558	12,870	52,558	12,870
Rights of use of an asset	6	670	770	670	770
Investments in subsidiaries	7	–	–	41,108	41,108
Investments in joint ventures	8	11,979	10,921	–	–
Accrued income	9	19,464	12,670	19,464	12,670
Non-current assets		893,009	841,232	855,281	801,630
Inventories	10	6,314	5,764	4,708	4,259
Trade and other receivables	11	61,044	42,768	73,635	57,006
Cash and cash equivalents	12	2,183,605	2,225,969	2,155,482	2,208,958
Current assets		2,250,963	2,274,501	2,233,825	2,270,223
Total assets		**3,143,972**	**3,115,733**	**3,089,106**	**3,071,853**
Equity					
Capital account	13	14,128	11,270	14,128	11,270
Accumulated surplus	14				
– General fund		2,802,854	2,804,111	2,710,657	2,711,939
Revaluation reserve	15	16,176	16,176	–	–
Total equity		2,833,158	2,831,557	2,724,785	2,723,209
Liabilities					
Trade and other payables	16	97,098	99,987	152,944	167,479
Amounts held for Sentosa Cove Maintenance - Residential Fund ("SCRF")	17	3,539	1,150	3,539	1,150
Provisions	18	14,423	19,467	14,423	19,467
Deferred capital grants	19	772	354	772	354
Deferred income	20	5,516	5,160	5,516	5,160
Provision for contribution to Consolidated Fund	21	–	–	–	–
Income tax payable		511	844	–	–
Current liabilities		121,859	126,962	177,194	193,610

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

Statements of financial position (continued)
As at 31 March 2016

	Note	Group 31 March 2016 $'000	Group 31 March 2015 $'000	Corporation 31 March 2016 $'000	Corporation 31 March 2015 $'000
Liabilities					
Other payables	16	500	500	–	–
Provisions	18	68,260	73,923	68,122	73,786
Deferred capital grants	19	11,572	12,701	11,572	12,701
Deferred income	20	107,433	68,547	107,433	68,547
Deferred tax liabilities	22	1,190	1,543	–	–
Non-current liabilities		188,955	157,214	187,127	155,034
Total liabilities		310,814	284,176	364,321	348,644
Total equity and liabilities		**3,143,972**	**3,115,733**	**3,089,106**	**3,071,853**

Lee Kim Poo
Chairman

Quek Swee Kuan
Chief Executive Officer/Board member

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

Statements of comprehensive income
Year ended 31 March 2016

	Note	Group 2016 $'000	Group 2015 $'000	Corporation 2016 $'000	Corporation 2015 $'000
Income					
Admission fees and packages		108,559	99,433	88,805	82,097
Rental and hiring of facilities	23	44,413	42,403	46,596	44,052
Interest income		27,257	17,570	27,105	17,488
Other revenue	24	63,399	62,229	48,565	44,604
		243,628	221,635	211,071	188,241
Expenditure					
Write back of provision for differential premium		–	(108,095)	–	(108,095)
Cost of sale on admission fees and packages		30,825	23,190	32,539	27,689
Staff costs	25	80,267	78,251	64,276	63,289
Depreciation of property, plant and equipment		62,166	47,575	55,500	41,280
Amortisation of land premium		1,926	1,926	1,926	1,926
Amortisation of rights of use of an asset		100	24	100	24
Repairs and maintenance		23,633	21,555	22,056	20,089
Publicity and promotion		12,587	14,445	9,834	11,467
Inventories used		12,991	14,888	8,508	7,251
Interest expense		1	1	1	1
General and administrative expenses	26	22,518	23,753	18,385	20,502
		247,014	117,513	213,125	85,423
(Deficit)/Surplus before Government Grants from operations		(3,386)	104,122	(2,054)	102,818
Deferred capital grants amortised		772	354	772	354
Share of results of a joint venture, net of tax		1,058	1,612	–	–
(Deficit)/Surplus before taxation and contribution to Consolidated Fund		(1,556)	106,088	(1,282)	103,172
Income tax credit/(expense)	27	299	(340)	–	–
Contribution to Consolidated Fund	21	–	–	–	–
(Deficit)/Surplus for the year, net of taxation and contribution to Consolidated Fund from operations		(1,257)	105,748	(1,282)	103,172
Net (Deficit)/Surplus for the year, representing total comprehensive income for the year		(1,257)	105,748	(1,282)	103,172

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

Statements of changes in equity
Year ended 31 March 2016

Group	Capital account (Note 13) $'000	General fund (Note 14) $'000	Restricted funds (Note 14) $'000	Accumulated surplus (Note 14) $'000	Revaluation reserve (Note 15) $'000	Total equity $'000
At 1 April 2014	7,153	2,548,248	150,115	2,698,363	16,176	2,721,692
Surplus for the year	–	105,748	–	105,748	–	105,748
Total comprehensive income for the year	–	105,748	–	105,748	–	105,748
Transfer from Restricted fund to General fund	–	150,115	(150,115)	–	–	–
Capital contributed by the Government	4,117	–	–	–	–	4,117
At 31 March 2015	11,270	2,804,111	–	2,804,111	16,176	2,831,557
At 1 April 2015	11,270	2,804,111	–	2,804,111	16,176	2,831,557
Deficit for the year	–	(1,257)	–	(1,257)	–	(1,257)
Total comprehensive income for the year	–	(1,257)	–	(1,257)	–	(1,257)
Capital contributed by the Government	2,858	–	–	–	–	2,858
At 31 March 2016	14,128	2,802,854	–	2,802,854	16,176	2,833,158

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

Statements of changes in equity (continued)
Year ended 31 March 2016

	Capital account (Note 13) $'000	General fund (Note 14) $'000	Restricted funds (Note 14) $'000	Accumulated surplus (Note 14) $'000	Total equity $'000
Corporation					
At 1 April 2014	7,153	2,458,652	150,115	2,608,767	2,615,920
Surplus for the year	–	103,172	–	103,172	103,172
Total comprehensive income for the year	–	103,172	–	103,172	103,172
Transfer from Restricted funds to General funds	–	150,115	(150,115)	–	–
Capital contributed by the Government	4,117	–	–	–	4,117
At 31 March 2015	11,270	2,711,939	–	2,711,939	2,723,209
At 1 April 2015	11,270	2,711,939	–	2,711,939	2,723,209
Deficit for the year	–	(1,282)	–	(1,282)	(1,282)
Total comprehensive income for the year	–	(1,282)	–	(1,282)	(1,282)
Capital contributed by the Government	2,858	–	–	–	2,858
At 31 March 2016	14,128	2,710,657	–	2,710,657	2,724,785

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

Consolidated statement of cash flows
Year ended 31 March 2016

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
(Deficit)/Surplus before taxation and contribution to Consolidated Fund		(1,556)	106,088
Adjustments for:			
Interest expense		1	1
Interest income		(27,257)	(17,570)
Depreciation of property, plant and equipment		62,166	47,575
Amortisation of land premium		1,926	1,926
Amortisation of rights of use of an asset		100	24
Loss on disposal of property, plant and equipment		341	444
Deferred income recognised		(5,161)	(5,204)
Share of results of a joint venture		(1,058)	(1,612)
Write back of differential premium		–	(108,095)
Gain on liquidation of a joint venture		–	(486)
Amortisation of deferred capital grants		(772)	(354)
		28,730	22,737
Changes in working capital:			
Inventories		(550)	524
Trade and other receivables		(18,276)	(5,547)
Accrued income		(6,794)	(12,670)
Trade and other payables		(461)	(101,715)
Amounts held for SCRF		2,389	1,150
Provision for cove infrastructure		(10,707)	(19,998)
Deferred income		9,863	32,000
Cash generated from/(used in) operating activities		4,194	(83,519)
Amount returned to government – Specific fund		–	(112)
Contribution from Club members		34,540	–
Net tax paid		(387)	(484)
Net cash from/(used in) operating activities		38,347	(84,115)
Cash flows from investing activities			
Interest received		27,257	17,570
Payment of land premium		(41,614)	–
Purchase of property, plant and equipment		(69,356)	(102,104)
Purchase of rights of use of an asset		–	(794)
Proceeds from liquidation of a joint venture		–	486
Proceeds from disposal of property, plant and equipment		84	638
Net cash used in investing activities		(83,629)	(84,204)
Cash flows from financing activities			
Proceeds from capital contributed by the Government		2,858	4,117
Proceeds from Government grants		61	547
Interest paid		(1)	(1)
Net cash from financing activities		2,918	4,663
Net decrease in cash and cash equivalents		(42,364)	(163,656)
Cash and cash equivalents at 1 April		2,225,469	2,389,125
Cash and cash equivalents at 31 March	12	2,183,105	2,225,469

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 22 June 2016.

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 39 Artillery Avenue, Sentosa, Singapore 099958.

The Corporation's primary function is to control and administer Sentosa Island and encourage the development of 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 2016 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 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 as otherwise described in the notes below.

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 the 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 estimates are revised and in any future periods affected.

There are no areas of critical judgement in applying accounting policies and that have the most significant effect on the amounts recognised in the financial statements. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following note:

- Note 4 – Measurement of the recoverable amounts of property, plant and equipment

Measurement of fair values

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

2.5 Changes in accounting policies

With effect from 1 April 2015, the Group adopted the new or revised SB-FRSs that are mandatory for application from that date. The adoption of these new or revised SB-FRSs do not have any significant impact on the financial statements.

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 the Group, except as explained in Note 2.5.

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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 joint ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in joint ventures are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost which 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 joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

An impairment loss in respect of joint venture is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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.

Subsidiaries and joint venture in the separate financial statements

Investments in subsidiaries 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 profit or loss.

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 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, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the 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.

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, and cash and cash equivalents.

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 purpose 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.

Non-derivative financial liabilities

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 and other payables and loans and borrowings.

Fair value hedges

Changes in the fair value of financial instrument that are designated and qualify as fair value hedges are recorded in the statement of profit and loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Changes in the fair value of a derivative hedging instrument designated in a fair value hedge are recognised in profit or loss. The hedged item is adjusted to reflect changes in its fair value in respect of the risk being hedged; the gain or loss attributable to the hedged risk is recognised in profit or loss with an adjustment to the carrying amount of the hedged item.

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.

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 profit or loss.

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 profit or loss 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 as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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

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 ranging from 48 to 61 years
Buildings, attractions, facilities and renovations	-	3 to 50 years

Plant and machinery, operating equipment and other assets, comprising:

(i)	Plant and machinery (including cable car system)	-	3 to 63 years
(ii)	Transportation assets	-	4 to 50 years
(iii)	Furniture and fittings	-	1 to 27 years
(iv)	Computer equipment	-	3 to 10 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 profit or loss on a straight-line basis over the lease term.

3.6 Rights of use of an asset

Rights of use of an asset relates to the rights to the use of the floating sea barriers. This is stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged to the profit or loss on a straight-line basis over the useful life of 8 years.

3.7 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.

The cost of consumables and spare parts, and food and beverage products is determined on a first-in-first-out basis while the cost of merchandise 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 selling expenses.

3.8 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in a joint venture, 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 has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than 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.

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

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.

3.9 Employee benefits

Defined contribution plan

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

Short-term employee benefits

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

3.10 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. The unwinding of the discount is recognised as finance cost.

3.11 Amounts held for Sentosa Cove Maintenance – Residential Fund ("SCRF")

The Sentosa Development Corporation Act (the "Act") provides that the Corporation shall establish a maintenance fund and levy a maintenance fee on the owners, for the purposes of managing and maintaining the resort area and of providing and maintaining the infrastructure and other facilities and services for the use of persons living and working in the resort area. The amounts held for SCRF relate to the sinking fund and maintenance fund from maintenance fees received from the Cove residents less the expenditure incurred for the residential precinct to date, to be used for the purpose provided under the Act.

3.12 Provision for contribution to consolidated fund

The Corporation is required to make contribution to the Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidation Funds) Act, Chapter 319A. The provision is based on guidelines specified by the Ministry of Finance. It is computed based on a percentage pegged at the prevailing corporate tax rate for the year of assessment on the net surplus of the Corporation and after deducting prior year's accumulated deficits. Contribution is provided for on an accrual basis.

The Corporation is allowed to carry forward its deficits to offset against its future surplus. The deficits have no expiry date.

The benefits associated with the deficits are recognised as deferred income tax asset to the extent that realisation of the related benefits through future surplus are probable.

3.13 Deferred income

Deferred income comprises the following:

(a) Unamortised portion of the membership 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.

3.14 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) Admission fees and packages

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

(b) 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.

(c) Club income

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

Term membership fee is amortised over the term of the membership.

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.

Golfing 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.

(d) 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.

(e) Service, development, project management fees and headquarter support cost recovery

Service, development, project management fees and headquarter support cost recovery are recognised as revenue when services are rendered, and accepted by customers or related parties.

(f) Food and beverage

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

(g) Interest income

Interest income is recognised using the effective interest method.

(h) 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.

(i) Maintenance fund contributions

Maintenance fund contributions are recognised on an accrual basis.

(j) Dividend income

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

(k) Consent fee income

Consent fee income is recognised for the transfer of ownership for lease for which agreements have been concluded.

3.15 Cost of sales

Cost of land sale is calculated using percentage of saleable gross floor area and all direct costs incurred in the course of sale of land.

Cost of admission fees 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.

3.16 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that the grants will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised on profit or loss as other income on a systematic basis over the useful life of the asset.

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 profit or loss over the periods necessary to match the depreciation and gain or loss on disposal of the property, plant and equipment purchased with the grants.

3.17 Capital

Capital contributed by the Government is recognised in the capital account. Incremental costs directly attributable to the capital are recognised as a deduction from the capital, net of any tax effects.

3.18 Lease payments

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.

(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 the profit and loss 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 3.15(c). Contingent rents are recognised as revenue in the period in which they are earned.

3.19 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.

3.20 Tax

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

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.

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

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

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

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

3.21 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 2015, and have not been applied in preparing these financial statements. The Group and Corporation are currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements.

These new standards include, among others, SB-FRS 115 *Revenue from Contracts with Customers* and SB-FRS 109 *Financial Instruments* which are mandatory for adoption by the Group and Corporation on 1 January 2018.

- SB-FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, SB-FRS 115 replaces existing revenue recognition guidance, including SB-FRS 18 *Revenue*, SB-FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

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

As SB-FRS 115 and SB-FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and Corporation in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and Corporation. The Group and does not plan to adopt these standards early.

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
Cost					
At 1 April 2014	287,152	702,992	67,843	172,686	1,230,673
Additions	48	3,902	108,920	11,249	124,119
Disposals/Written-off	–	(11,064)	(141)	(18,130)	(29,335)
Reclassifications	–	88,051	(151,118)	63,067	–
At 31 March 2015	287,200	783,881	25,504	228,872	1,325,457
Additions	1,923	2,150	57,016	8,267	69,356
Disposals/Written-off	(37,409)	(4,908)	(3)	(7,594)	(49,914)
Reclassifications	227,332	(236,500)	(35,008)	44,176	–
At 31 March 2016	479,046	544,623	47,509	273,721	1,344,899
Accumulated depreciation					
At 1 April 2014	105,173	265,803	–	131,158	502,134
Charge for the year	5,600	27,777	–	14,198	47,575
Disposals/Written-off	–	(10,792)	–	(17,461)	(28,253)
At 31 March 2015	110,773	282,788	–	127,895	521,456
Charge for the year	18,078	22,661	–	21,427	62,166
Disposals/Written-off	(37,384)	(2,201)	–	(7,476)	(47,061)
Reclassifications	100,340	(111,868)	–	11,528	–
At 31 March 2016	191,807	191,380	–	153,374	536,561
Net carrying amounts					
At 1 April 2014	181,979	437,189	67,843	41,528	728,539
At 31 March 2015	176,427	501,093	25,504	100,977	804,001
At 31 March 2016	287,239	353,243	47,509	120,347	808,338

Included in the cost of property, plant and equipment was an amount of $500,000 (2015: $500,000) related to reinstatement costs for dismantling removal, and restoration of the property, plant and equipment, which was provided for as reinstatement costs.

In 2016, a review was conducted to streamline the various property, plant and equipment classes based on the nature of the property, plant and equipment, as a result of this exercise, certain assets were reclassified.

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**
Cost					
At 1 April 2014	267,711	631,336	67,199	164,372	1,130,618
Additions	48	3,625	108,412	10,114	122,199
Disposals/Written-off	–	(10,999)	(140)	(15,670)	(26,809)
Reclassifications	–	87,699	(150,110)	62,411	–
At 31 March 2015	267,759	711,661	25,361	221,227	1,226,008
Additions	1,705	884	56,552	6,437	65,578
Disposals/Written-off	(37,409)	(3,249)	(3)	(5,082)	(45,743)
Reclassifications	220,669	(233,204)	(34,673)	47,208	–
At 31 March 2016	452,724	476,092	47,237	269,790	1,245,843
Accumulated depreciation					
At 1 April 2014	103,628	247,861	–	124,899	476,388
Charge for the year	5,275	22,826	–	13,180	41,281
Disposals/Written-off	–	(10,730)	–	(15,143)	(25,873)
At 31 March 2015	108,903	259,957	–	122,936	491,796
Charge for the year	17,380	17,603	–	20,517	55,500
Disposals/Written-off	(37,384)	(544)	–	(5,006)	(42,934)
Reclassifications	97,126	(110,418)	–	13,292	–
At 31 March 2016	186,025	166,598	–	151,739	504,362
Net carrying amounts					
At 1 April 2014	164,083	383,475	67,199	39,473	654,230
At 31 March 2015	158,856	451,704	25,361	98,291	734,212
At 31 March 2016	266,699	309,494	47,237	118,051	741,481

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.

5 Land premium

	Group and Corporation	
	2016	**2015**
	$'000	**$'000**
Cost		
At 1 April	26,482	26,482
Addition	41,614	–
At 31 March	68,096	26,482
Accumulated amortisation		
At 1 April	13,612	11,686
Charge for the year	1,926	1,926
At 31 March	15,538	13,612
Net carrying amount	52,558	12,870

The cost of land premium is capitalised in accordance with accounting policy in note 3.5 and represents the amounts paid to Singapore Land Authority for the current and renewed lease term of the golf course land.

During the year, the Club extended the golf courses land lease for a period of 9 to 19 years with Singapore Land Authority. Amortisation of land premium for the renewed period will commence in year 2022 upon commencement of the lease renewal period.

6 Rights of use of an asset

	Group and Corporation	
	2016	**2015**
	$'000	**$'000**
Cost		
At 1 April	794	–
Additions during the year	–	794
At 31 March	794	794
Accumulated amortisation		
At 1 April	24	–
Charge for the year	100	24
At 31 March	124	24
Net carrying amount	670	770

7 Investments in subsidiaries

	Corporation	
	2016	**2015**
	$'000	**$'000**
Unquoted equity shares, at cost	41,108	41,108

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 2016 %	2015 %
Held by the Corporation				
Sentosa Leisure Holdings Pte Ltd ("SLH")	Currently in voluntary liquidation	Singapore	100	100
Mount Faber Leisure Group Pte Ltd *	Operation of the cable car system, wholesaler and retailer of merchandise, food and beverage services, marketing of panel advertisements, travel and tour agent and provision of private coach hire services	Singapore	100	100
Sentosa Leisure Management Pte Ltd *	Wholesaler and retailer of merchandise, the provision of food and beverage services, and to act as an agent of Sentosa Development Corporation to carry on any business which its ultimate holding corporation is authorised to carry on including but not limited to sales, ticketing, marketing, operations and attractions operator	Singapore	100	100
Sentosa Cove Resort Management Pte Ltd *	Estate and community management, including property and facility management of common properties within Sentosa Cove	Singapore	100	100
Held by subsidiaries				
Faber Tours Pte Ltd	Currently in voluntary liquidation	Singapore	100	100

* Audited by KPMG LLP, Singapore

8 Investments in joint ventures

	Group 2016 $'000	Group 2015 $'000
Unquoted shares, at cost	6,340	6,340
Share of post-acquisition profits (net of tax)	5,639	4,581
	11,979	10,921

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

In 2016 and 2015, the Group did not receive any dividend from its investments in 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 2016 %	2015 %
Held by subsidiary				
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

* Audited by PricewaterhouseCoopers LLP, Singapore

DCP (Sentosa) Pte Ltd (DCP) is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in DCP as a joint venture, which is equity-accounted.

The following table summarises the financial information of material joint venture:

	2016 $'000	2015 $'000
Revenue	24,620	30,018
Expenses	(19,330)	(21,956)
Total profit	5,290	8,062
Current assets	13,851	13,235
Non-current assets	61,385	62,603
Current liabilities	(9,336)	(16,277)
Non-current liabilities	(6,033)	(4,974)
Net assets	59,867	54,587

	2016 $'000	2015 $'000
Group's interest in net assets of joint venture at beginning of the year	10,921	9,309
Share of total profit	1,058	1,612
Carrying amount of interest in joint venture at end of the year	11,979	10,921

9 Accrued income

Accrued income relates to recognition of guaranteed annual payments which is expected to be received in subsequent periods from tenants on long term leases.

10 Inventories

	Group		Corporation	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Land held for sale	3,028	3,028	3,028	3,028
Consumables and spare parts	749	720	749	720
Merchandise	1,211	1,214	–	–
Food and beverage products	303	279	96	97
Attraction tickets	1,023	523	835	414
	6,314	5,764	4,708	4,259

11 Trade and other receivables

	Group		Corporation	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Current				
Trade receivables, net of impairment loss (i)	33,915	23,017	30,943	18,441
Other receivables	25,676	16,726	22,127	14,093
Changes in fair value of firm commitment (ii)	–	1,227	–	1,227
Deposits	753	1,340	415	429
Amounts due from subsidiaries (trade)	–	–	1,203	916
Amounts due from subsidiaries (non-trade) (iii)	–	–	18,392	21,665
Trade and other receivables	60,344	42,310	73,080	56,771
Prepayments	700	458	555	235
	61,044	42,768	73,635	57,006

(i) Trade receivables are non-interest bearing, and are generally on 30 (2015: 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 $1,105,000 (2015: $376,000) relating to receivables for expenses incurred for the maintenance of offshore islands on behalf of the Government.

(ii) The firm commitment as of 31 March 2016 was JPY2,393,293,000 which is equivalent to S$28,724,000 (2015: JPY3,009,022,000 equivalent to S$34,422,000).

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

The Corporation and Group's exposure to credit risk, and impairment losses related to trade and other receivables, is disclosed in Note 30.

12 Cash and cash equivalents

	Group		Corporation	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and on hand	4,078	4,428	3,225	2,479
Deposits placed with Accountant-General's Department	2,150,287	2,187,120	2,123,018	2,172,058
Fixed deposits with financial institutions	29,240	34,421	29,239	34,421
Total cash and bank balances	2,183,605	2,225,969	2,155,482	2,208,958
Less: Cash held on behalf of a statutory board	(500)	(500)	(500)	(500)
Total cash and cash equivalents	2,183,105	2,225,469	2,154,982	2,208,458

Fixed deposits placed with financial institutions and deposits placed with the Accountant-General's Department mature in varying periods of between 1 day and 1 year (2015: 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.

Included in the cash and cash equivalents of the Group and Corporation is an amount of $500,000 (2015: $500,000) held on behalf of a statutory board for the maintenance of the Southern Islands.

Included in the cash and cash equivalents of the Group and Corporation is an amount of $6,327,000 (2015: Nil) held for the managing and maintaining of Sentosa Cove Residential Precinct.

Deposits placed with the AGD mature in varying periods of between 1 day and 1 year (2015: 1 day and 1 year), depending on the immediate cash requirements of the Group and Corporation, 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 Corporation is 1.24% (2015: 0.65%) per annum.

13 Capital account

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

Group and Corporation	**2016** **$'000**	**2015** **$'000**
At 1 April	11,270	7,153
Capital contributed by the Government	2,858	4,117
At 31 March	14,128	11,270

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 contribution from the Government.

The Group defines capital as capital contributed by government and accumulated surplus. The Group's approach to capital management remains unchanged from the financial year ended 31 March 2016.

14 Accumulated surplus

Income and expenditure are generally accounted for under the General fund in the profit or loss.

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

	Group 2016 $'000	Group 2015 $'000	Corporation 2016 $'000	Corporation 2015 $'000
Current				
Trade payables	22,801	11,680	19,584	7,990
Accrued operating expenses	44,652	58,095	32,621	37,402
Deposits	5,061	5,035	4,793	4,556
Accruals for property tax	483	1,397	483	1,397
Advance receipts	13,599	13,434	13,599	13,434
Liability for short-term compensating absences	1,183	1,268	609	632
Other payables	8,988	9,078	5,928	3,850
Changes in fair value of firm commitment	331	–	331	–
Amounts due to subsidiaries (trade) (i)	–	–	1,010	269
Amounts due to subsidiaries (non-trade) (i)	–	–	73,986	97,949
	97,098	99,987	152,944	167,479
Non-current				
Other payables	500	500	–	–
Total financial liabilities	97,598	100,487	152,944	167,479

(i) Amounts due to subsidiaries (non-trade) are 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 30.

17 Amounts held for Sentosa Cove Maintenance - Residential Fund ("SCRF")

This represents maintenance fees received from the Cove residents less the expenditure incurred for residential precincts that are held by the Corporation, and comprises the sinking fund and maintenance fund.

18 Provisions

	Group 2016 $'000	Group 2015 $'000	Corporation 2016 $'000	Corporation 2015 $'000
At 1 April	93,390	113,125	93,253	112,987
Provision utilised during the year	(10,707)	(19,735)	(10,708)	(19,734)
At 31 March	82,683	93,390	82,545	93,253
Comprises:				
Current	14,423	19,467	14,423	19,467
Non-current	68,260	73,923	68,122	73,786
Total	82,683	93,390	82,545	93,253

Provision 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.

19 Deferred capital grants

	Group and Corporation 2016 $'000	Group and Corporation 2015 $'000
At 1 April	13,055	12,862
Amounts amortised	(772)	(354)
Amounts received	61	547
At 31 March	12,344	13,055
Comprises:		
Current	772	354
Non-current	11,572	12,701
Total	12,344	13,055
Total capital grants received since establishment	510,371	510,310

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

20 Deferred income

	Note	Group and Corporation 2016 $'000	Group and Corporation 2015 $'000
Deferred lease income			
At 1 April		47,216	16,405
Additions during the year		–	32,000
Amounts taken to profit or loss:			
– Lease income amortised	23	(1,146)	(1,189)
At 31 March		46,070	47,216
Deferred membership fee			
At 1 April		26,491	30,506
Additions during the year		44,403	–
Amounts taken to profit or loss		(4,015)	(4,015)
At 31 March		66,879	26,491
Total		112,949	73,707
Comprises:			
Current		5,516	5,160
Non-current		107,433	68,547
Total		112,949	73,707

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

The additions during the year represent the members' contribution for lease renewal and Tanjong golf course redevelopment.

21 Provision for 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 (2015: $2,029,000) resulting from the amortisation of deferred income is not subject to contribution to Consolidated Fund.

	Corporation	
	2016	**2015**
	$'000	**$'000**
Net surplus of the Corporation before contribution to Consolidated Fund	(1,282)	103,172
Deferred income on membership entrance fee	(2,029)	(2,029)
Net surplus subject to contribution to Consolidated Fund	(3,311)	101,143
Contribution to Consolidated Fund:		
- Current year	–	–

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

22 Deferred tax liabilities

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	At 1 April 2014 $'000	Recognised in profit or loss (Note 27) $'000	At 31 March 2015 $'000	Recognised in profit or loss (Note 27) $'000	At 31 March 2016 $'000
Group					
Deferred tax liabilities					
Property, plant and equipment	(1,780)	237	(1,543)	353	(1,190)

Deferred tax assets have not been recognised in respect of the following items:

	2016 $'000	2015 $'000
Group		
Unutilised tax losses	3,144	3,162

The unutilised tax losses and capital allowances are subject to agreement by the tax authorities and compliance with the relevant provisions of Singapore Income Tax Act.

At the reporting date, the Group has not recognised deferred tax assets arising from unutilised tax losses that are available for offset against future taxable profits, for which no deferred tax asset is recognised, as it is not probable that taxable profits will be available against which the deferred tax assets can be utilised.

23 Rental and hiring of facilities

	Note	Group 2016 $'000	Group 2015 $'000	Corporation 2016 $'000	Corporation 2015 $'000
Rental income		43,267	41,214	45,450	42,863
Lease income amortised	20	1,146	1,189	1,146	1,189
		44,413	42,403	46,596	44,052

24 Other revenue

	Group		Corporation	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Club income	24,512	27,422	24,512	27,422
Sales of merchandise, net of discounts	8,095	9,522	–	–
Headquarter support cost recovery	–	–	2,214	2,294
Project management fees	912	206	661	206
Sponsorship income	705	259	584	252
Food and beverage	12,854	14,472	4,411	5,371
Maintenance fund contribution	6,472	6,208	6,472	6,208
Consent fee	197	–	197	–
Liquidated damages	472	–	472	–
Gain on liquidation of a joint venture	–	486	–	–
Others	9,180	3,654	9,042	2,851
	63,399	62,229	48,565	44,604

Included in "Others" is an amount of $6,590,000 (2015: $Nil) relating to the recognition of fair value gain on property, plant and equipment in exchange for the demolishment of an existing property, plant and equipment, which has been fully depreciated.

25 Staff costs

	Group		Corporation	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Direct staff:				
Wages and salaries	71,865	68,281	61,854	57,461
CPF contributions	9,917	11,317	2,667	5,827
	81,782	79,598	64,521	63,288
Outsourced to a subsidiary:				
Wages and salaries	–	–	1,183	1,162
CPF contributions	–	–	87	186
	–	–	1,270	1,348
Total staff costs	81,782	79,598	65,791	64,636
Staff costs capitalised in development projects-in-progress	(1,515)	(1,347)	(1,515)	(1,347)
	80,267	78,251	64,276	63,289

26 General and administrative expenses

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

	Group		Corporation	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Reversal of impairment loss recognised on doubtful trade receivables, net	–	(428)	–	(398)
Property taxes	110	4,540	(638)	3,863
Utilities	4,788	6,144	3,831	5,252
Exchange loss	209	280	200	283
Changes in fair value of hedged firm commitment	1,558	1,593	1,558	1,593
Changes in fair value of hedging instruments	(1,558)	(1,593)	(1,558)	(1,593)
Loss on disposal of property, plant and equipment	341	444	302	448
Operating lease expenses	920	1,176	53	–

27 Income tax (credit)/expense

	Note	Group	
		2016	2015
		$'000	$'000
Current tax expense			
Current year		340	766
Over provision in respect of prior years		(286)	(189)
		54	577
Deferred tax credit			
Current year		(334)	(233)
Over provision in respect of prior years		(19)	(4)
	22	(353)	(237)
Total income tax (credit)/expense		(299)	340

Reconciliation of effective tax rate

	2016	2015
(Deficit)/surplus before income tax	(1,556)	106,088
Statutory tax expense at corporate rate of 17%	(265)	18,035
Non-deductible expenses	98	106
Income not subject to tax	144	(17,736)
Deferred tax assets not recognised	192	160
Over provision in respect of prior years	(305)	(193)
Others	(163)	(32)
	(299)	340

Corporation

The Corporation is not subject to income tax. However, it is required to contribute to the Consolidated Fund (Note 21).

28 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	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Capital commitments in respect of property, plant and equipment	16,644	60,402	16,011	58,933

Operating lease commitments – as lessor

The Group leases land to certain hotels and other tenants for 3 to 92 (2015: 3 to 92) 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 profit or loss of the Group and the Corporation during the financial year amounted to $44,413,000 (2015: $42,403,000) and $46,596,000 (2015: $44,052,000) respectively, of which $15,260,000 (2015: $15,436,000) was related to the variable rental income received during the financial year.

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

	Group		Corporation	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Within 1 year	27,946	30,224	29,629	31,005
Within 2 to 5 years	92,974	97,980	96,953	98,725
After 5 years	1,039,628	1,074,615	1,039,628	1,074,615
	1,160,548	1,202,819	1,166,210	1,204,345

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 2 to 15 (2015: 2 to 16) years with an option to renew the leases after that date.

	Group		Corporation	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Within 1 year	759	765	54	46
Within 2 to 5 years	3,443	2,418	1,021	–
After 5 years	6,279	6,892	–	–
	10,481	10,075	1,075	46

29 Significant related party transactions

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.

Key management personnel compensation comprises:

	Group		Corporation	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Short-term employee benefits	8,545	8,560	5,791	5,883
CPF contributions	329	321	175	170
Board members' fees	171	163	118	113
	9,045	9,044	6,084	6,166

Other significant related party transactions

During the financial year, other than those disclosed elsewhere in the financial statements, the following significant transactions were carried out by the Group and Corporation with its related parties in the normal course of business on terms agreed between the parties.

	Group		Corporation	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Ministries and Statutory Boards				
Purchases and services paid to other ministries	–	1,015	–	1,014
Purchases and services paid to other statutory boards	66,313	97,445	66,055	97,303
Computer and IT related services	17	63	17	63
Services rendered to other ministries	38	1	23	–
Services rendered to other statutory boards	619	268	559	131
Subsidiaries				
Admission fee income from subsidiaries	–	–	1,880	1,750
Rental income from subsidiaries	–	–	2,746	1,763
Headquarter support fee income from subsidiaries	–	–	2,214	2,294
Purchase of goods and services from subsidiaries	–	–	9,319	8,348
Management fee expense from subsidiaries	–	–	34,258	34,433

	Group		Corporation	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Joint ventures				
Rental income from joint venture	689	689	689	689
Other related parties				
Services rendered by related parties	177	59	173	59
Services rendered to related parties	44	–	16	–

30 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.

At any point in time, the Group hedges its purchases commitments of its estimated foreign currency exposure. The Group uses fixed deposit to hedge its currency risk, such fixed deposit generally are designated as fair value hedges.

To hedge the fair value risk of the purchases commitments denominated in Japanese Yen (JPY), the Group uses fixed deposits denominated in JPY. The changes in fair values of the hedged items resulting from changes in JPY against SGD are offset against the changes in the value of the fixed deposit.

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 23% (2015: 18%) of the Group's trade receivables were due from 5 (2015: 5) major customers located in Singapore.

Impairment losses

The ageing of trade receivables at the reporting date is:

	Gross 2016 $'000	**Impairment losses 2016 $'000**	**Gross 2015 $'000**	**Impairment losses 2015 $'000**
Group				
Not past due	30,315	(82)	20,261	–
Past due less than 30 days	2,878	(25)	1,421	–
Past due 30 to 60 days	556	(53)	629	–
Past due 61 to 90 days	112	–	163	–
Past due more than 90 days	3,378	(3,164)	3,449	(2,906)
	37,239	(3,324)	25,923	(2,906)
Corporation				
Not past due	27,618	(82)	16,798	–
Past due less than 30 days	2,794	(25)	861	–
Past due 30 to 60 days	540	(53)	288	–
Past due 61 to 90 days	26	–	132	–
Past due more than 90 days	3,213	(3,088)	3,243	(2,881)
	34,191	(3,248)	21,322	(2,881)

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

	Group		Corporation	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
At 1 April	2,906	5,691	2,881	5,636
Provided during the year	464	285	399	274
Reversal during the year	(14)	(713)	–	(672)
Utilised during the year	(32)	(2,357)	(32)	(2,357)
At 31 March	3,324	2,906	3,248	2,881

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 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 (2015: 25) basis points higher/lower with all other variables held constant, the Group's and the Corporation's net surplus/(deficit) before contribution to Consolidated Fund would have been higher/lower by the amounts shown below.

		2016		2015	
	Note	**25 bp increase $'000**	**25 bp decrease $'000**	**25 bp increase $'000**	**25 bp decrease $'000**
Group					
Deposits placed with Accountant-General's Department	12	5,376	(5,376)	5,468	(5,468)
Fixed deposits	12	73	(73)	86	(86)
		5,449	(5,449)	5,554	(5,554)
Corporation					
Deposits placed with Accountant-General's Department	12	5,308	(5,308)	5,430	(5,430)
Fixed deposits	12	73	(73)	86	(86)
		5,381	(5,381)	5,516	(5,516)

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:

			Cash flows		
	Note	**Carrying amount $'000**	**Contractual cash flows $'000**	**Within 1 year $'000**	**1 to 5 years $'000**
Group					
2016					
Non-derivative financial liabilities					
Trade and other payables*	16	97,267	(97,267)	(96,767)	(500)
Firm commitment:					
- Outflow	16	331	(28,724)	(21,221)	(7,503)
2015					
Non-derivative financial liabilities					
Trade and other payables	16	100,487	(100,487)	(99,987)	(500)
Non-derivative financial assets					
Firm commitment:					
- Outflow	11	1,227	(34,422)	(27,378)	(7,044)
Corporation					
2016					
Non-derivative financial liabilities					
Trade and other payables*	16	152,613	(152,613)	(152,613)	–
Firm commitment:					
- Outflow	16	331	(28,724)	(21,221)	(7,503)
2015					
Non-derivative financial liabilities					
Trade and other payables	16	167,479	(167,479)	(167,479)	–
Non-derivative financial assets					
Firm commitment:					
- Outflow	11	1,227	(34,422)	(27,378)	(7,044)

** Excludes firm commitment*

Foreign currency risk

The Group incurs foreign currency risk on contracts denominated in foreign currencies. At the reporting date, the Group does not have significant exposure to foreign currency risk. The Group ensures that the net exposure (if any) is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

Estimation of fair values

Other financial assets and liabilities

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Financial instruments by category

		Carrying amount			**Fair value**
	Note	**Loans and receivables $'000**	**Other financial liabilities $'000**	**Total $'000**	**Level 2 $'000**
Group					
31 March 2016					
Trade and other receivables*	11	60,344	–	60,344	–
Cash and cash equivalents	12	2,183,605	–	2,183,605	–
		2,243,949	–	2,243,949	–
Trade and other payables	16	–	97,598	97,598	331
Amounts held for Sentosa Cove Maintenance - Residential Fund		–	3,539	3,539	–
		–	101,137	101,137	331
31 March 2015					
Trade and other receivables*	11	42,310	–	42,310	1,227
Cash and cash equivalents	12	2,225,969	–	2,225,969	–
		2,268,279	–	2,268,279	1,227
Trade and other payables	16	–	100,487	100,487	–
Amounts held for Sentosa Cove Maintenance - Residential Fund		–	1,150	1,150	–
		–	101,637	101,637	–

* *Excludes prepayments*

	Note	Carrying amount			Fair value
		Loans and receivables $'000	Other financial liabilities $'000	Total $'000	Level 2 $'000
Corporation					
31 March 2016					
Trade and other receivables*	11	73,080	–	73,080	–
Cash and cash equivalents	12	2,155,482	–	2,155,482	–
		2,228,562	–	2,228,562	–
Trade and other payables	16	–	152,944	152,944	331
Amounts held for Sentosa Cove Maintenance - Residential Fund		–	3,539	3,539	–
		–	156,483	156,483	331
31 March 2015					
Trade and other receivables*	11	56,771	–	56,771	1,227
Cash and cash equivalents	12	2,208,958	–	2,208,958	–
		2,265,729	–	2,265,729	1,227
Trade and other payables	16	–	167,479	167,479	–
Amounts held for Sentosa Cove Maintenance - Residential Fund		–	1,150	1,150	–
		–	168,629	168,629	–

* *Excludes prepayments*

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