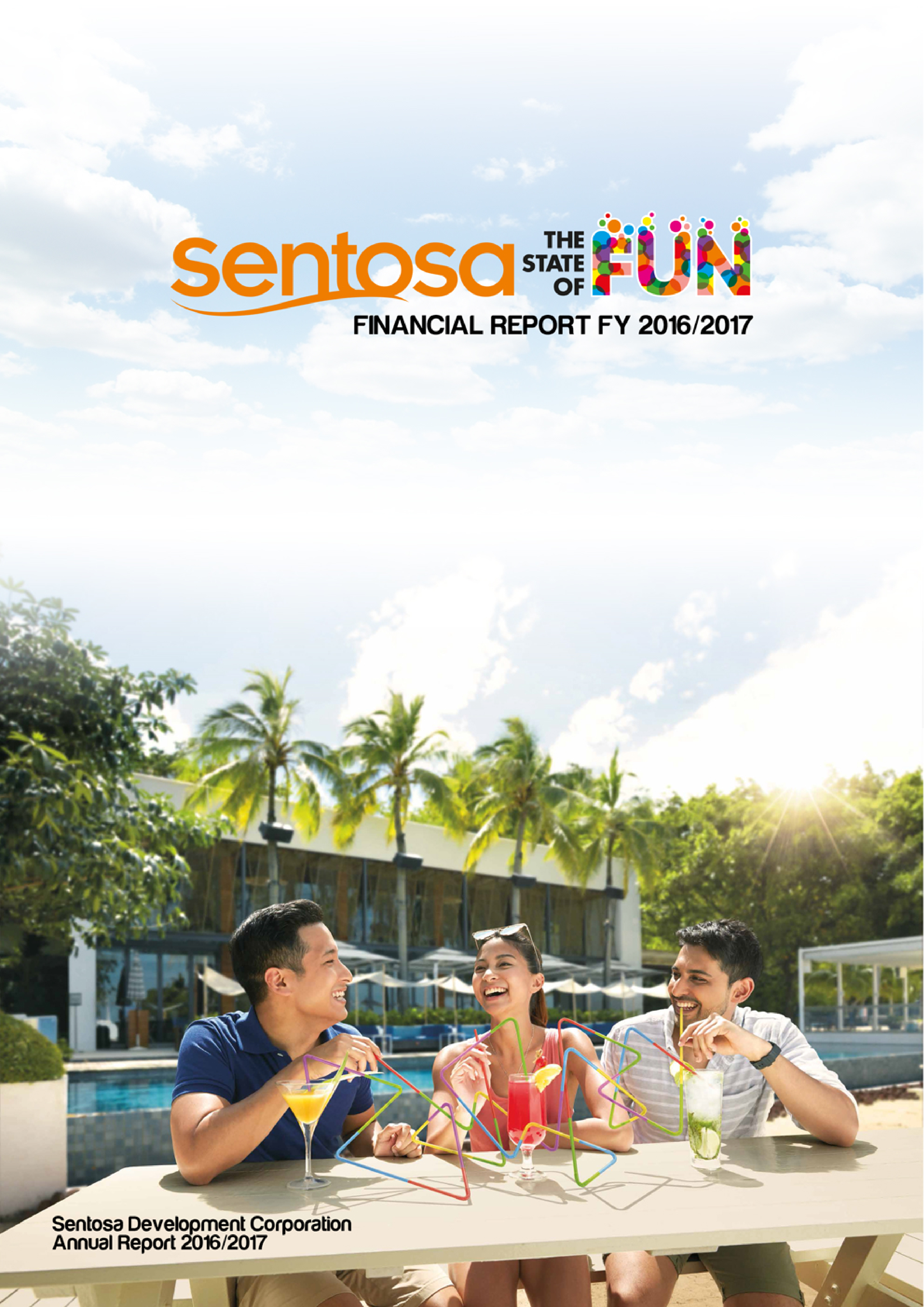
FINANCIAL REPORT FY 2016/2017



Sentosa Development Corporation
Annual Report 2016/2017

Sentosa Development Corporation and its subsidiaries

Annual Financial Statements
31 March 2017

Sentosa Development Corporation and its subsidiaries

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Independent auditor's report to the Member of Sentosa Development Corporation

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sentosa Development Corporation (the "Corporation") and its subsidiaries (collectively, the "Group"), which comprise the statement of financial position of the Group and Corporation as at 31 March 2017, statements of comprehensive income of the Group and Corporation, statements of changes in equity of the Group and Corporation and the consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of comprehensive income, statement of financial position and the statement of changes in equity of the Corporation are properly drawn up in accordance with the provisions of the Sentosa Development Corporation Act, Chapter 291 (the Act) and Singapore Statutory Board Financial Reporting Standards in Singapore (SB-FRSs) so as to present fairly, in all material respects, the state of affairs of the Group and the Corporation as at 31 March 2017 and the results and changes in equity of the Group and the Corporation and cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of 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.

A statutory board is constituted based on its Act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Group or for the Group to cease operations.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report to the Member of Sentosa Development Corporation

Other matters

The financial statements of Sentosa Development Corporation and its subsidiaries for the year ended 31 March 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 22 June 2016.

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.

(b) the accounting and other records of those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the Singapore Companies Act, Chapter 50.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

21 June 2017

Sentosa Development Corporation and its subsidiaries

Statement of financial position
As at 31 March 2017

	Note	Group 2017	Group 2016	Corporation 2017	Corporation 2016
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	4	812,077	808,338	749,651	741,481
Land premium	5	50,632	52,558	50,632	52,558
Right of use of asset	6	570	670	570	670
Investments in subsidiaries	7	–	–	41,108	41,108
Investments in joint ventures	8	12,964	11,979	–	–
Accrued income	9	25,731	19,464	25,731	19,464
		901,974	893,009	867,692	855,281
Current assets					
Inventories	10	4,000	6,314	2,186	4,708
Trade and other receivables	11	50,036	60,344	48,126	73,080
Prepayments		1,240	700	506	555
Investments	12	938,650	–	938,650	–
Financial derivatives at fair value	13	5,078	–	5,078	–
Cash and cash equivalents	14	204,425	2,183,605	182,009	2,155,482
		1,203,429	2,250,963	1,176,555	2,233,825
Total assets		2,105,403	3,143,972	2,044,247	3,089,106
Current liabilities					
Trade and other payables	18	93,455	96,132	153,752	151,978
Financial derivatives at fair value	13	714	–	714	–
Provisions	19	14,636	14,423	14,636	14,423
Deferred capital grants	20	566	772	566	772
Deferred membership fees	21(a)	6,056	5,337	6,056	5,337
Deferred lease income	21(b)	1,146	1,146	1,146	1,146
Provision for contribution to Consolidated Fund	22	2,404	–	2,404	–
Income tax payables		726	511	–	–
		119,703	118,321	179,274	173,656
Non-current liabilities					
Other payables	18	500	500	–	–
Provisions	19	34,458	68,260	34,320	68,122
Deferred capital grants	20	11,211	11,571	11,211	11,571
Deferred membership fees	21(a)	57,580	62,508	57,580	62,508
Deferred lease income	21(b)	43,779	44,925	43,779	44,925
Deferred tax liabilities	23	921	1,190	–	–
		148,449	188,954	146,890	187,126
Total liabilities		268,152	307,275	326,164	360,782

Statement of financial position
As at 31 March 2017

	Note	Group 2017	Group 2016	Corporation 2017	Corporation 2016
		$'000	$'000	$'000	$'000
Equity attributable to owner of the Corporation					
Capital account	15	14,571	14,128	14,571	14,128
FUNDS AND RESERVES					
Accumulated surplus					
- General fund	16	1,800,630	2,802,854	1,697,638	2,710,657
- Restricted fund	16	5,874	3,539	5,874	3,539
- Revaluation reserve	17	16,176	16,176	–	–
Total equity		1,837,251	2,836,697	1,718,083	2,728,324
Total equity and liabilities		2,105,403	3,143,972	2,044,247	3,089,106

Moses Lee
Chairman

Quek Swee Kuan
Chief Executive Officer/
Board Member

Singapore
21 June 2017

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Sentosa Development Corporation and its subsidiaries

Statement of comprehensive income
For the financial year ended 31 March 2017

GROUP

	Note	General Fund 2017	General Fund 2016 Reclassified	Restricted Fund 2017	Restricted Fund 2016 Reclassified	TOTAL 2017	TOTAL 2016 Reclassified
		$'000	$'000	$'000	$'000	$'000	$'000
Income							
Admission fees and packages		107,818	108,559	–	–	107,818	108,559
Rental and hiring of facilities	24	44,623	44,413	–	–	44,623	44,413
Interest income		21,719	27,246	89	11	21,808	27,257
Other revenue	25	59,755	57,564	8,594	7,418	68,349	64,982
Write back of provision of Cove infrastructure	19	24,500	–	–	–	24,500	–
		258,415	237,782	8,683	7,429	267,098	245,211
Expenditure							
Cost of sale for admission fees and packages		33,925	30,825	–	–	33,925	30,825
Staff costs	26	79,122	79,373	948	893	80,070	80,266
Depreciation of property, plant and equipment		57,578	62,166	–	–	57,578	62,166
Amortisation of land premium		1,926	1,926	–	–	1,926	1,926
Amortisation of rights of use of an asset		100	100	–	–	100	100
Repairs and maintenance		22,467	21,770	2,274	1,872	24,741	23,642
Publicity and promotion		12,039	12,568	–	10	12,039	12,578
Inventories used		12,491	12,991	–	–	12,491	12,991
General and administrative expenses	27	27,441	19,449	3,045	3,070	30,486	22,519
		247,089	241,168	6,267	5,845	253,356	247,013
Surplus/(deficit) before Government Grants from operations		11,326	(3,386)	2,416	1,584	13,742	(1,802)
Deferred capital grants amortised		566	772	–	–	566	772
Share of results of a joint venture, net of tax		985	1,058	–	–	985	1,058
Operating grants		54,469	–	–	–	54,469	–
Surplus/(deficit) before taxation and contribution to Consolidated Fund		67,346	(1,556)	2,416	1,584	69,762	28
Income tax credit	28	159	299	–	–	159	299
Contribution to Consolidated Fund		(1,529)	–	(875)	–	(2,404)	–
Surplus/(deficit) for the year, net of taxation and contribution to Consolidated Fund from operations		65,976	(1,257)	1,541	1,584	67,517	327
Net surplus/(deficit) for the year, representing total comprehensive income for the year		65,976	(1,257)	1,541	1,584	67,517	327

Sentosa Development Corporation and its subsidiaries

Statement of comprehensive income
For the financial year ended 31 March 2017

CORPORATION

	Note	General Fund 2017 $'000	General Fund 2016 Reclassified $'000	Restricted Fund 2017 $'000	Restricted Fund 2016 Reclassified $'000	TOTAL 2017 $'000	TOTAL 2016 Reclassified $'000
Income							
Admission fees and packages		90,325	88,805	–	–	90,325	88,805
Rental and hiring of facilities	24	47,572	46,596	–	–	47,572	46,596
Interest income		21,374	27,094	89	11	21,463	27,105
Other revenue	25	43,729	42,731	8,594	7,418	52,322	50,149
Write back of provision of Cove infrastructure	19	24,500	–	–	–	24,500	–
		227,500	205,226	8,683	7,429	236,182	212,655
Expenditure							
Cost of sale for admission fees and packages		38,596	32,539	–	–	38,596	32,539
Staff costs	26	64,633	63,383	948	893	65,581	64,276
Depreciation of property, plant and equipment		50,631	55,500	–	–	50,631	55,500
Amortisation of land premium		1,926	1,926	–	–	1,926	1,926
Amortisation of rights of use of an asset		100	100	–	–	100	100
Repairs and maintenance		20,804	20,184	2,274	1,872	23,077	22,056
Publicity and promotion		10,378	9,824	–	10	10,378	9,834
Inventories used		7,471	8,508	–	–	7,471	8,508
Interest expense		–	1	–	–	–	1
General and administrative expenses	27	31,286	15,315	3,045	3,070	34,331	18,385
		225,825	207,280	6,267	5,845	232,091	213,125
Surplus/(deficit) before Government Grants from operations		1,675	(2,054)	2,416	1,584	4,091	(470)
Deferred capital grants amortised		566	772	–	–	566	772
Operating grants		54,469	–	–	–	54,469	–
Surplus/(deficit) before taxation and contribution to Consolidated Fund		56,710	(1,282)	2,416	1,584	59,126	302
Contribution to Consolidated Fund		(1,529)	–	(875)	–	(2,404)	–
Surplus/(deficit) for the year, net of taxation and contribution to Consolidated Fund from operations		55,181	(1,282)	1,541	1,584	56,722	302
Net surplus/(deficit) for the year, representing total comprehensive income for the year		55,181	(1,282)	1,541	1,584	56,722	302

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Sentosa Development Corporation and its subsidiaries

Statement of changes in equity
For the financial year ended 31 March 2017

Group	Capital account (Note 15) $'000	General fund $'000	Restricted funds $'000	Accumulated surplus (Note 16) $'000	Revaluation reserve (Note 17) $'000	Total equity $'000
At 1 April 2015	11,270	2,804,111	–	2,804,111	16,176	2,831,557
	–	–	1,150	1,150	–	1,150
As reclassified at 1 April 2015	11,270	2,804,111	1,150	2,805,261	16,176	2,832,707
Surplus for the year	–	(1,257)	1,584	327	–	327
Sinking fund (Note 16)	–	–	805	805	–	805
Total comprehensive income for the year	–	(1,257)	2,389	1,132	–	1,132
Capital contributed by the Government	2,858	–	–	–	–	2,858
At 31 March 2016	14,128	2,802,854	3,539	2,806,393	16,176	2,836,697
At 1 April 2016	14,128	2,802,854	3,539	2,806,393	16,176	2,836,697
Surplus for the year	–	65,976	1,541	67,517	–	67,517
Sinking fund (Note 16)	–	–	794	794	–	794
Total comprehensive income for the year	–	65,976	2,335	68,311	–	68,311
Return of funds to the Government	–	(1,068,200)	–	(1,068,200)	–	(1,068,200)
Capital contributed by the Government	443	–	–	–	–	443
At 31 March 2017	14,571	1,800,630	5,874	1,806,504	16,176	1,837,251

Sentosa Development Corporation and its subsidiaries

Statement of changes in equity
For the financial year ended 31 March 2017

Corporation	**Capital account (Note 15)** $'000	**General fund** $'000	**Restricted funds** $'000	**Accumulated surplus (Note 16)** $'000	**Total equity** $'000
At 1 April 2015	11,270	2,711,939	–	2,711,939	2,723,209
	–	–	1,150	1,150	1,150
As reclassified at 1 April 2015	11,270	2,711,939	1,150	2,713,089	2,724,359
Surplus for the year	–	(1,282)	1,584	302	302
Sinking fund (Note 16)	–	–	805	805	805
Total comprehensive income for the year	–	(1,282)	2,389	1,107	1,107
Capital contributed by the Government	2,858	–	–	–	2,858
At 31 March 2016	14,128	2,710,657	3,539	2,714,196	2,728,324
At 1 April 2016	14,128	2,710,657	3,539	2,714,196	2,728,324
Surplus for the year	–	55,181	1,541	56,722	56,722
Sinking fund (Note 16)	–	–	794	794	794
Total comprehensive income for the year	–	55,181	2,335	57,516	57,516
Return of funds to the Government	–	(1,068,200)	–	(1,068,200)	(1,068,200)
Capital contributed by the Government	443	–	–	–	443
At 31 March 2017	14,571	1,697,638	5,874	1,703,512	1,718,083

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of cash flows
For the financial year ended 31 March 2017

Group	Note	2017 $'000	2016 Reclassified $'000
Cash flows from operating activities			
Surplus before taxation and contribution to Consolidated Fund		69,762	28
Adjustments for:			
Interest expense		–	1
Interest income		(33,686)	(27,257)
Dividend income		(2,699)	–
Depreciation of property, plant and equipment	4	57,562	62,166
Amortisation of land premium	5	1,926	1,926
Amortisation of rights of use of an asset	6	100	100
Land held for sale written-off	27	3,028	–
Loss on disposal/write-off of property, plant and equipment		5,004	341
Unrealised fair value gain from investment	25	(5,958)	–
Amortisation of deferred membership	21 (a)	(6,742)	(7,299)
Amortisation of deferred lease income	21 (b)	(1,146)	(1,146)
Share of results of a joint venture	8	(985)	(1,058)
Write back of provision of Cove infrastructure		(24,500)	–
Amortisation of deferred capital grants	20	(566)	(772)
Operating profit before working capital changes		61,100	27,030
Changes in working capital			
Increase in inventories		(714)	(550)
Decrease/(increase) in trade and other receivables and prepayments		10,562	(18,276)
Increase in accrued income		(6,267)	(6,794)
Decrease in trade and other payables		(2,677)	(9,055)
Increase in deferred income		–	9,863
Decrease in provision		(9,089)	(10,707)
Cash generated from operating activities		52,915	(8,489)
Net tax refund/(paid)		105	(387)
Membership fees received	21 (a)	2,533	47,223
Net increase in cash of Sentosa Cove Residential Fund		(763)	(6,327)
Net cash generated from operating activities		54,790	32,020
Investing activities			
Interest received		33,686	27,257
Dividends received		2,699	–
Payment of land premium		–	(41,614)
Purchase of property, plant and equipment		(66,328)	(69,356)
Net purchase/sale of investments		(937,056)	–
Proceeds from disposal of property, plant and equipment		23	84
Net cash used in investing activities		(966,976)	(83,629)

Statement of cash flow
For the financial year ended 31 March 2017

	Note	2017 $'000	2016 Reclassified $'000
Cash flows from financing activities			
Proceeds from capital contributed by the Government		443	2,919
Return of funds to the Government		(1,068,200)	–
Interest expense		–	(1)
Net cash (used in)/from financing activities		(1,067,757)	2,918
Net decrease in cash and cash equivalents		(1,979,943)	(48,691)
Cash and cash equivalents at the beginning of the financial year		2,176,778	2,225,469
Cash and cash equivalents at the end of the financial year	14	196,835	2,176,778

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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 2017 comprise the Corporation and its subsidiaries (together referred to as the "Group") and the Group's interest in joint ventures.

2. Summary of significant accounting policies

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").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($’000), except when otherwise indicated.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group.

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
SB-FRS 115 *Revenue from Contracts with Customers*	1 January 2018
SB-FRS 109 *Financial Instruments*	1 January 2018
SB-FRS 1001 *Accounting and Disclosure for Non-Exchange Revenue*	1 January 2018
Amendments to SB-FRS 102 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
SB-FRS 116 *Leases*	1 January 2019
Amendments to SB-FRS 110 and SB-FRS 28 *Sale of Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined **

*** The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the ASC in December 2015 via Amendments to Effective Date of Amendments to SB-FRS 110 and SB-FRS 28*

Except for FRS 115, FRS 109 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115, FRS 109 and FRS 116 are described below.

<u>SB-FRS 115 *Revenue from Contracts with Customers*</u>

SB-FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under SB-FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in SB-FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

FRS 115 requires the identification of performance obligations, considerations for accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of SB-FRS 115 and plans to adopt the new standard on the required effective date.

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective (cont'd)*

SB-FRS 109 *Financial Instruments*

SB-FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

SB-FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of SB-FRS 109 and plans to adopt the standard on the required effective date.

SB-FRS 116 *Leases*

SB-FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of ‘low value’ assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

2.4 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Corporation. Consistent accounting policies are applied to like transactions and events in similar circumstances.
All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;

- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. Summary of significant accounting policies (cont'd)

2.5 *Functional and foreign currency*

(a) *Functional currency*

The management has determined the currency of the primary economic environment in which the Group operates i.e. functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

(b) *Foreign currency transactions*

Transactions in foreign currencies are measured in the functional currency of the Group and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating.

2.6 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets 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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.7 *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.

2.8 *Right of use asset*

Right of use 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.

2.9 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Group's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2. Summary of significant accounting policies (cont'd)

2.11 *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.

2.12 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Loan and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.12 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

Financial assets and financial liabilities at fair value through profit or loss which are held
trading

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives, including separated embedded derivatives are also classified as held for trading.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required

Regular way purchases and sales of financial assets

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

<u>De-recognition</u>

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.12 *Financial instruments (cont'd)*

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.13 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.14 *Hedge accounting*

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

Fair value hedges

The change in the fair value of a hedging derivative is recognised in profit or loss in finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.14 *Hedge accounting (cont'd)*

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.
When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

2.15 *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.

2.16 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Merchandise: the cost is determined on a weighted average basis

- Food and beverage and consumables and spare parts: the cost is determined based on a first-in first-out 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 the estimated costs of completion and the estimated costs necessary to make the sale.

2. Summary of significant accounting policies (cont'd)

2.17 *Provisions*

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 *Restricted fund*

The Sentosa Development Corporation Act (the "Act") provides that the Corporation shall establish a maintenance fund and levy a maintenance fee on the Sentosa Cove owners, for the purposes of managing and maintaining the Sentosa Cove 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 in the Sentosa Cove Residential Fund relate to maintenance contribution received from the Sentosa Cove residents less the expenditure incurred for the residential precinct to date, are restricted to be used for the specified purpose provided under the Act.

The income and expenditure relating to these that are subject to legal or grantor/donor imposed stipulation are accounted for under Restricted Fund in the Group's and Corporation's statement of comprehensive income.

2.19 *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.

2. Summary of significant accounting policies (cont'd)

2.20 *Deferred membership fees*

Deferred membership fee comprises club membership fee and term membership fee.

Club membership fee refers to the lump sum payment made by members for the ordinary membership which is amortised and recognised as income on a straight-line basis over the lease term of the land occupied by the Club. The lease term of the land occupied by the Club is 30 years (the "Existing Lease").

In 2015, the lease term of the land occupied by the Club for Tanjong Golf Course and Serapong Golf Course was extended to 2040 and 2030 respectively (the "Extended Lease").

Additional club membership fee collected for the Extended Lease will commence amortisation upon expiry of the Existing Lease and will be amortised on a straight-line basis over the Extended Lease period.

Term membership fee refers to the yearly membership fee paid by members in advance and it is amortised and recognised as income on a straight-line basis over a year.

2.21 *Deferred lease income*

Deferred lease income is 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.

2.22 *Government grants*

Capital grant

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.

Operating grant

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

2. Summary of significant accounting policies (cont'd)

2.23 *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.

2.24 *Employee benefits*

Defined contribution plan

The Group makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Short-term employee benefits

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

2.25 *Leases*

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 profit or 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.

As lessor

Leases in which the Group does not transfer 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 2.26(b). Contingent rents are recognised as revenue in the period in which they are earned.

2. Summary of significant accounting policies (cont'd)

2.26 *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, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(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***

Membership income comprises of the following:

(i) amortisation of the club membership fee and recognised on a straight-line basis over the remaining lease term of the land occupied by the Club;
(ii) term membership fees are amortised over a year;
(iii) transfer fees on club membership that are recognised on approval of transfer; and
(iv) upon sale of a corporate membership, 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.
(v) upon a change of corporate nominee, nominee fees are recognised on approval of admission of the corporate nominee by the General Committee.
(vi) members' subscription income from subscription fees is recognised on an accrual basis.

Golfing income comprises of income from green fees and fees from other social facilities provided by the Club that are recognised when services have been rendered, and accepted by customers.

2. Summary of significant accounting policies (cont'd)

2.26 *Revenue (cont'd)*

(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.

2. Summary of significant accounting policies (cont'd)

2.27 *Taxes*

Sentosa Development Corporation is a tax-exempted institution under the provisions of the Income Tax Act (Chapter 134, 2008 Revised Edition). The subsidiaries of the Corporation are subject to local tax legislation.

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax law used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rate (and tax law) that have been enacted or substantively enacted at the end of each reporting period.

2. Summary of significant accounting policies (cont'd)

2.27 *Taxes (cont'd)*

(b) *Deferred tax (cont'd)*

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.28 *Share capital and share issuance expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.29 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgement made in applying accounting policies*

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 that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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.

(a) ***Useful life of property, plant and equipment***

The cost of property, plant and equipment is depreciated on a straight line basis over their estimated useful lives. Managements estimates the useful lives of these property, plant and equipment to be within 3 to 103 years (2016: 3 to 103 years). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

The carrying amounts of the Group's and the Corporation's property, plant and equipment as at 31 March 2017 are disclosed in Note 4 to the financial statements.

3. Significant accounting judgements and estimates

3.2 *Key sources of estimation uncertainty (cont'd)*

(b) ***Impairment of loans and receivables***

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 11 to the financial statements.

(c) ***Provision for Cove infrastructure***

There is a present, legal and constructive obligation for the provision of infrastructure and amenities to purchasers of the Cove land, for which management expects to incur the expenditure.

In determining the provision, assumptions and estimates are made in relation to the expected cost for incurring the infrastructure expenditure. Provision for cove infrastructure is based on the most reliable estimates using comparable tendered contracts and quotes where available. The carrying amount of the provision as the end of the reporting period is disclosed in Note 19 to the financial statements.

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 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	–
As at 31 March 2016 and 1 April 2016	479,046	544,623	47,509	273,721	1,344,899
Additions	626	2,221	53,309	10,172	66,328
Disposals/written off	(354)	(3,843)	(542)	(7,964)	(12,703)
Transfers	32,287	13,707	(56,598)	10,604	–
As at 31 March 2017	511,605	556,708	43,678	286,533	1,398,524
At 1 April 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	–
As at 31 March 2016 and 1 April 2016	191,807	191,380	–	153,374	536,561
Charge for the year	7,190	26,807	–	23,565	57,562
Disposals/written off	(324)	(2,321)	–	(5,031)	(7,676)
As at 31 March 2017	198,673	215,866	–	171,908	586,447
Net book values					
As at 31 March 2016	287,239	353,243	47,509	120,347	808,338
As at 31 March 2017	312,932	340,842	43,678	114,625	812,077

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 property, plant and equipment. As a result of this exercise, certain assets were reclassified.

4. Property, plant and equipment (cont'd)

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 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	–
As at 31 March 2016 and 1 April 2016	452,724	476,092	47,237	269,790	1,245,843
Additions	444	757	52,537	9,420	63,158
Disposals/written-off	(32)	(3,747)	–	(6,852)	(10,631)
Transfers	32,287	13,707	(56,598)	10,604	–
As at 31 March 2017	485,423	486,809	43,176	282,962	1,298,370
At 1 April 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	–
As at 31 March 2016 and 1 April 2016	186,025	166,598	–	151,739	504,362
Charge for the year	6,230	21,605	–	22,779	50,614
Disposals/written-off	(2)	(2,260)	–	(3,995)	(6,257)
As at 31 March 2017	192,253	185,943	–	170,523	548,719
Net book values					
As at 31 March 2016	266,699	309,494	47,237	118,051	741,481
As at 31 March 2017	293,170	300,866	43,176	112,439	749,651

5. Land premium

	Group and Corporation	
	2017	**2016**
	$'000	$'000
Cost		
At 1 April	68,096	26,482
Addition	–	41,614
At 31 March	68,096	68,096
Accumulated amortisation		
At 1 April	15,538	13,612
charge for the year	1,926	1,926
At 31 March	17,464	15,538
Net carrying amount	50,632	52,558

The cost of land premium is capitalised in accordance with accounting policy in Note 2.7 and represents the amounts paid to Singapore Land Authority for the current and renewed lease term of the golf course land.

During the last financial year, the Club extended its land lease period of the Tanjong Golf Course and Serapong Golf Course for 19 years and 9 years respectively. Amortisation of land premium will commence in year 2022 upon commencement of the lease renewal period.

6. Right of use asset

	Group and Corporation	
	2017	**2016**
	$'000	$'000
Cost		
At 1 April	794	794
Additions during the year	–	–
At 31 March	794	794
Accumulated amortisation		
At 1 April	124	24
Charge for the year	100	100
At 31 March	224	124
Net carrying amount	570	670

7. Investments in subsidiaries

	Corporation	
	2017	**2016**
	$'000	$'000
Unquoted equity shares, at cost	41,108	41,108

Details of the subsidiaries are as follows:

Name	Principal activities	Country of incorporation/ place of business	Percentage of ownership held by the Group 2017 %	Percentage of ownership held by the Group 2016 %
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 carrying on including but not limited to sales, ticketing, marketing, operations and attractions operator	Singapore	100	100

7. Investments in subsidiaries (cont'd)

Name	Principal activities	Country of incorporation/ place of business	Percentage of ownership held by the Group 2017 %	2016 %
Held by the Corporation (cont'd)				
Sentosa Cove Resort Management Pte Ltd *	Estate and community management, including property and facility management of common properties within Sentosa Cove	Singapore	100	100

* Audited by Ernst & Young LLP, Singapore

8. Investments in joint ventures

	Group 2017 $'000	2016 $'000
Unquoted shares, at cost	6,340	6,340
Share of post-acquisition profits (net of tax)	6,624	5,639
	12,964	11,979

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

In 2017 and 2016, the Group did not receive any dividend from its investments in joint ventures.

8. Investments in joint ventures (cont'd)

Details of the joint ventures are as follows:

Name	**Principal activities**	**Country of incorporation/ place of business**	**Percentage of ownership held by the Group 2017**	**2016**
			%	%
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 PricewaterhouseCopers LLP, Singapore

Resort World Singapore ("RWS") and the Group's subsidiary, Sentosa Leisure Management Pte Ltd ("SLM"), has 80% and 20% share respectively in DCP (Sentosa) Pte Ltd ("DCP").

Based on the joint venture agreement, the quorum of shareholders and directors meeting can only be achieved with the presence of at least one director/representative each from SLM and RWS. Furthermore, SLM and RWS has equal rights in determining DCP's business and its conduct. Accordingly DCP is accounted for as a joint venture.

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

	2017	**2016**
	$'000	$'000
Revenue	19,937	24,620
Expenses	(15,009)	(19,330)
Total profit	4,928	5,290
Current assets	15,583	13,851
Non-current assets	59,652	61,385
Current liabilities	(3,478)	(9,336)
Non-current liabilities	(6,937)	(6,033)
Net assets	64,820	59,867
Group's interest in net assets of joint venture at beginning of year	11,979	10,921
Share of total profit	985	1,058
Carrying amount of interest in joint venture at end of the year	12,964	11,979

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	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Land held for sale	–	3,028	–	3,028
Consumables and spare parts	1,026	749	917	749
Merchandise	1,310	1,211	–	–
Food and beverage products	504	303	109	96
Attraction tickets	1,160	1,023	1,160	835
	4,000	6,314	2,186	4,708
Statement of comprehensive income:				
Inventories recognised as an expense in cost of sales	33,925	30,825	38,596	32,539
Inventories recognised as part of inventories used	12,491	12,991	7,471	8,508

Land held for sale was written-off during the year as it was assessed to be unsuitable for sale.

11. Trade and other receivables

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Current				
Trade receivables	24,338	33,915	20,088	30,943
Other receivables	16,886	25,676	14,731	22,127
Investment receivables	8,275	–	8,275	–
Deposits	537	753	196	415
Amounts due from subsidiaries (trade)	–	–	287	1,203
Amounts due from subsidiaries (non-trade)	–	–	4,549	18,392
Total trade and other receivables	50,036	60,344	48,126	73,080
Add: Cash and cash equivalents (Note 14)	204,425	2,183,605	182,009	2,155,482
Total loans and other receivables	254,461	2,243,949	230,135	2,228,562

11. Trade and other receivables (cont'd)

Trade receivables

Trade receivables are non-interest bearing, and are generally on 30 (2015: 30) 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 $652,000 (2015: $1,105,000) relating to receivables for expenses incurred for the maintenance of offshore islands on behalf of the Government.

All trade receivables are denominated in Singapore dollar.

Investment receivables

Investment receivables includes interests and dividends receivables from the investments in equities and bonds.

Amounts due from subsidiaries (trade and non-trade)

Amounts due from subsidiaries are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Receivables that are past due but not impaired

The Group has trade receivables amounting to $7,621,000 (2016: $6,924,000) that are past due at the end of the reporting period but not impaired.

The Corporation has trade receivables amounting to $6,377,000 (2016: $6,573,000) that are past due at the end of the reporting period but not impaired.

These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	2017 $'000	**2016** $'000
Group		
Past due less than 30 days	2,096	2,878
Past due 30-60 days	614	556
Past due 61-90 days	166	112
Past due more than 90 days	4,745	3,378
	7,621	6,924
Corporation		
Past due less than 30 days	1,168	2,794
Past due 30-60 days	574	540
Past due 61-90 days	129	26
Past due more than 90 days	4,506	3,213
	6,377	6,573

11. Trade and other receivables (cont'd)

Receivables that are impaired

The Group's and Corporation's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group		**Corporation**	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Trade receivables – nominal amounts	3,392	3,324	3,240	3,248
Less: allowance for doubtful debt	(3,392)	(3,324)	(3,240)	(3,248)
	–	–	–	–

	Group		**Corporation**	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
At 1 April	3,324	2,906	3,248	2,881
Provided during the year	107	464	13	399
Reversal during the year	(39)	(14)	(21)	–
Utilised during the year	–	(32)	–	(32)
At 31 March	3,392	3,324	3,240	3,248

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Investment receivables denominated in foreign currencies at 31 March are as follows:

	Group and Corporation	
	2017	**2016**
	$'000	$'000
United States dollars	4,889	–
Euros	480	
British Pounds	612	
Japanese yen	112	–
Others	784	–

12. Investments

	Group and Corporation	
	2017	**2016**
	$'000	$'000
Quoted investments		
At fair value		
Singapore government bonds	115,009	–
Other government bonds	130,099	–
Corporate bonds	510,555	–
Equity securities	182,987	–
	938,650	–

These investments are managed by external investment managers appointed by the Corporation and are held with an appointed external custodian.

The fair values of Singapore government bonds, other government bonds, corporate bonds and equity securities are based on the last closing bid market prices on the last market day of the financial year.

Investments at fair value through income or expenditure denominated in foreign currencies at 31 March are as follows:

	Group and Corporation	
	2017	**2016**
	$'000	$'000
United States dollars	517,767	–
Euros	47,436	–
Hong Kong dollars	36,989	–
British pounds	27,501	–
Japanese yen	17,088	–
Others	67,993	–

13. Financial derivatives at fair value

	Group and Corporation					
	2017			**2016**		
	Notional amount	**Assets**	**Liabilities**	**Notional amount**	**Assets**	**Liabilities**
	$'000	$'000	$'000	$'000	$'000	$'000
Futures contracts	30,402	144	(14)	–	–	–
Forward foreign exchange contracts	986,029	4,934	(700)	–	–	–
	1,016,432	5,078	(714)	–	–	–

Futures contracts are entered into for efficient portfolio management of the investment portfolio. Foreign exchange forward contracts are entered into for hedging purposes to manage currency risk of the investment portfolio. The notional amount is the value of the underlying futures and foreign exchange forward contracts.

13. Financial derivatives at fair value (cont'd)

Financial derivatives denominated in foreign currencies as at 31 March are as follow:

	Group and Corporation	
	2017	**2016**
	$'000	$'000
United States dollars	399	–
Others	(348)	

14. Cash and cash equivalents

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Cash at bank and on hand	22,467	4,078	22,075	3,225
Cash placed with custodian	42,110	–	42,110	–
Deposits placed with Accountant-General's Department	137,969	2,150,287	115,945	2,123,018
Fixed deposits with financial institutions	1,879	29,240	1,879	29,239
	204,425	2,183,605	182,009	2,155,482
Less: Cash held on behalf of a statutory board	(500)	(500)	(500)	(500)
Less: Cash of Sentosa Cove Residential Fund	(7,090)	(6,327)	(7,090)	(6,327)
	196,835	2,176,778	174,419	2,148,655

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 (2016: 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 (2016: $500,000) held on behalf of a statutory board for the maintenance of the Southern Islands.

The weighted average effective interest rate of cash and cash equivalents held by the Group and Corporation is 1.37% (2016: 1.24%) per annum.

Cash and cash equivalent denominated in foreign currencies as at 31 March are as follow:

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Japanese yen	20,610	28,760	20,610	28,760
United states dollar	29,285	478	29,285	478
Others	3,026	–	3,026	–

15. Capital account

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

	Group and Corporation	
	2017	**2016**
	$'000	$'000
At 1 April	14,128	11,270
Capital contributed by the Government	443	2,858
At 31 March	14,571	14,128

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.

16. Accumulated surplus

(a) ***General Fund***

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

(b) ***Restricted Fund***

The restricted fund refers to the net funds held in the Sentosa Cove Residential Fund. The accounting policy for the Restricted Fund is disclosed in note 2.18.

The assets and liabilities of the restricted fund is as follows:

	Group and Corporation	
	2017	**2016**
	$'000	$'000
Trade and other receivables	1,847	13
Cash and cash equivalents	7,090	6,327
	8,937	6,340
Trade and other payables	2,188	2,801
Provision for contribution to Consolidated Fund	875	–
	3,063	2,801
Net assets	5,874	3,539

17. 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.

18 Trade and other payables

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Current				
Trade payables	11,649	22,801	9,829	19,584
Accrued operating expenses	43,214	44,652	32,757	32,621
Deposits	5,533	5,061	5,407	4,793
Accruals for property tax	328	483	328	483
Advance receipts	18,042	13,599	15,345	13,599
Liability for short-term compensating absences	1,300	1,183	675	609
Other payables	4,623	8,022	2,926	4,962
Investment payables	7,738	–	7,738	–
Changes in fair value of firm commitment	1,028	331	1,028	331
Amounts due to subsidiaries (trade)	–	–	936	1,010
Amounts due to subsidiaries (non-trade)	–	–	76,783	73,986
	93,455	96,132	153,752	151,978
Non-current				
Other payable	500	500	–	–
Total	93,955	96,632	153,752	151,978
Less: Changes in fair value of firm commitment	(1,028)	(331)	(1,028)	(331)
Less: Other payable	(500)	(500)	–	–
Total financial liabilities carried at amortised cost	92,427	95,801	152,724	151,647

Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30-days terms. All trade payables are denominated in SGD.

Investment payables

Investment payables includes management fees payable to the fund managers and the outstanding amounts for the bonds and equities purchased at year end.

Changes in fair value of firm commitment

The firm commitment as of 31 March 2017 was JPY1,756,033,000 which is equivalent to S$22,026,000 (2016: JPY2,393,293,000 equivalent to S$28,724,000).

18 Trade and other payables (cont'd)

Amount due to subsidiaries (trade and non-trade)

These amounts are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Investment payables denominated in foreign currencies at 31 March are as follows:

	Group and Corporation	
	2017	**2016**
	$'000	$'000
United States dollars	4,110	–
Others	1,027	–

19. Provisions

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
At 1 April	82,683	93,390	82,545	93,252
Provision utilised during the year	(9,089)	(10,707)	(9,089)	(10,707)
Write back of provision	(24,500)	–	(24,500)	–
At 31 March	49,094	82,683	48,956	82,545
Comprises:				
Current	14,636	14,423	14,636	14,423
Non-current	34,458	68,260	34,320	68,122
Total	49,094	82,683	48,956	82,545

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.

20. Deferred capital grants

	Group and Corporation	
	2017	**2016**
	$'000	$'000
At 1 April	12,343	13,055
Amounts amortised	(566)	(772)
Amounts received	–	60
At 31 March	11,777	12,343
Comprises		
Current	566	772
Non-current	11,211	11,571
	11,777	12,343
Total capital grants received since establishment	510,371	510,371

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

21(a) Deferred membership fee

Club membership fee

	2017	**2016**
	$'000	$'000
At 1 April	66,880	26,492
Additions	118	44,403
	66,998	70,895
Credited to profit or loss	(4,423)	(4,015)
At 31 March	62,575	66,880

The additions represent the members' contributions for the lease renewal in respect of Tanjong Golf Course and Serapong Golf Course and the redevelopment of Tanjong Golf Course.

21(a) Deferred membership fee (cont'd)

Term membership fee

	2017	2016
	$'000	$'000
At 1 April	965	1,429
Additions	2,415	2,820
	3,380	4,249
Credited to profit or loss	(2,319)	(3,284)
At 31 March	1,061	965
Comprises:		
Current	6,056	5,337
Non-current	57,580	62,508
Total	63,636	67,845

The additions represent the members' contribution for the lease renewal in respect of Tanjong Golf Course and Serapong Golf Course and the redevelopment of Tanjong Golf Course.

21(b) Deferred lease income

	Group and Corporation	
	2017	2016
	$'000	$'000
Deferred lease income		
At 1 April	46,071	47,217
Amounts taken to profit or loss:		
- Lease income amortised (Note 24)	(1,146)	(1,146)
At 31 March	44,925	46,071
Comprises:		
Current	1,146	1,146
Non-current	43,779	44,925
Total	44,925	46,071

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

22. 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 (2016: $2,029,000) resulting from the amortisation of deferred membership fee is not subject to contribution to Consolidated Fund.

	Group and Corporation	
	2017	**2016**
	$'000	$'000
Net surplus of the Corporation before contribution to Consolidated Fund	59,126	302
Deferred membership fee on membership entrance	(2,029)	(2,029)
Unutilised loss brought forward	(44,099)	(42,372)
Net surplus subject to contribution to Consolidated Fund	12,998	(44,099)
Contribution to Consolidated Fund:		
Current year	2,209	–
Prior years	195	–
Total	2,404	–

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

23. Deferred tax liabilities

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 2015	Recognised in profit or loss	At 1 April 2016	Recognised in profit or loss	At 1 April 2017
	$'000	$'000	$'000	$'000	$'000
Group					
Deferred tax liabilities					
Property, plant and equipment	(1,543)	353	(1,190)	269	(921)

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

	2017	2016
	$'000	$'000
Group		
Unutilised tax losses	3,648	3,144

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.

24. Rental and hiring of facilities

	Group		Corporation	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Rental income	43,477	43,267	46,426	45,450
Lease income amortised (Note 21)	1,146	1,146	1,146	1,146
	44,623	44,413	47,572	46,596

25. Other revenue

	Group		Corporation	
	2017	**2016 Reclassified**	**2017**	**2016 Reclassified**
	$'000	$'000	$'000	$'000
Club income	22,979	24,512	22,979	24,512
Sales of merchandise, net of discounts	8,472	8,095	–	–
Headquarter support cost recovery	–	–	1,787	2,214
Project management fees	1,004	912	947	661
Sponsorship income	928	705	412	584
Food and beverage	12,346	12,854	3,414	4,411
Maintenance fund contributions	8,594	7,418	8,594	7,418
Liquidated damages	–	472	–	472
Investment income				
Dividend income	2,699	–	2,699	–
Interest income	11,878	–	11,878	–
Realised fair value loss on investment	(8,091)	–	(8,091)	–
Unrealised fair value gain on investment	5,958	–	5,958	–
Net foreign currency exchange gain	587	–	587	–
Other investment income	(1,086)	–	(1,086)	–
	11,946	–	11,946	–
Others	2,081	10,014	2,244	9,877
	68,349	64,982	52,322	50,149

26. Staff costs

	Group		Corporation	
	2017	2016 Reclassified	2017	2016 Reclassified
	$'000	$'000	$'000	$'000
Wages and salaries	71,570	70,349	62,919	61,522
CPF contributions	8,500	9,917	2,662	2,754
	80,070	80,266	65,581	64,276

27. General and administrative expenses

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

	Group		Corporation	
	2017	2016 Reclassified	2017	2016 Reclassified
	$'000	$'000	$'000	$'000
Property tax	2,949	110	4,415	(638)
Utilities	4,827	4,788	3,935	3,831
Land held for sale written off (Note 10)	3,028	–	3,028	–
Investment related expenses	1,934	228	1,934	228
Professional and consultancy fees	3,812	2,316	3,359	2,067
Printing and stationery	1,671	1,640	1,516	1,510
Travelling and transport	1,626	2,071	1,459	1,956
Exchange (loss)/gain	(353)	209	(372)	200
Changes in fair value of hedged firm commitment	697	1,558	697	1,558
Changes in fair value of hedging instruments	(697)	(1,558)	(697)	(1,558)
Loss on disposal of property, plant and equipment	307	341	244	203
Operating lease expenses	772	920	101	53

28. Income tax credit

The Corporation is a tax exempt institution under the provision of the Income Tax Act (Chapter 134, 2008 Revised Edition). The subsidiaries of the Corporation are subject to tax under Singapore income tax legislation.

	Group	
	2017	**2016 Reclassified**
	$'000	$'000
Current tax expense		
Current year	565	340
Over provision in respect of prior years	(455)	(286)
	110	54
Deferred tax credit		
Current year	(269)	(334)
Over provision in respect of prior years	–	(19)
	(269)	(353)
Total income tax credit	(159)	(299)
Reconciliation of effective tax rate		
Surplus before income tax	69,762	28
Tax using Singapore tax rate at 17%	11,860	5
(Surplus)/deficit not subject to tax	(9,621)	218
Non-deductible expenses	27	98
Income not subject to tax	(1,643)	(74)
Effect of partial tax exemption and tax relief	(55)	–
Deferred tax assets not recognised	119	192
Over provision in respect of prior years	(455)	(305)
Others	(391)	(433)
	(159)	(299)

29. Commitments

Capital commitments

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

	Group 2017	Group 2016	Corporation 2017	Corporation 2016
	$'000	$'000	$'000	$'000
Capital commitments in respect of property, plant and equipment	44,901	16,644	44,345	16,011

Operating lease commitments - as lessor

The Group leases land to certain hotels and other tenants for 3 to 92 (2016: 3 to 92) years under operating leases. There are no restrictions placed upon the Group and the Corporation by entering into these leases. Some leases has escalation clauses. 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 $44,623,000 (2016: $44,413,000) and $47,572,000 (2016: $46,596,000) respectively, of which $15,260,000 (2016: $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 2017	Group 2016	Corporation 2017	Corporation 2016
	$'000	$'000	$'000	$'000
Within 1 year	29,792	27,946	31,989	29,629
Within 2 to 5 years	98,428	92,974	101,817	96,953
After 5 years	1,017,954	1,039,628	1,017,954	1,039,628
	1,146,174	1,160,548	1,151,760	1,166,210

29. Commitments (cont'd)

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 (2016: 2 to 15) years with an option to renew the leases after that date.

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Within 1 year	2,796	759	459	54
Within 2 to 5 years	4,893	3,443	179	1,021
After 5 years	6,279	6,279	–	–
	13,968	10,481	638	1,075

30. 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	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Short-term employee benefits	8,329	8,545	5,502	5,791
CPF contributions	397	329	226	175
Board members' fees	169	171	118	118
	8,895	9,045	5,846	6,084

30. Significant related party transactions (cont'd)

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	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Ministries and Statutory Boards				
Purchases and services paid to other ministries	2	–	2	–
Purchases and services paid to other statutory boards	2,063	66,330	1,842	66,072
Services rendered to other ministries	225	38	225	23
Services rendered to other statutory board	4,228	5,164	4,200	5,142
Subsidiaries				
Admission fee income from subsidiaries	–	–	2,458	1,880
Rental income from subsidiaries	–	–	3,060	2,746
Headquarter support fee income from subsidiaries	–	–	1,786	2,214
Purchase of goods and services from subsidiaries	–	–	13,146	9,319
Management fee expense form subsidiaries	–	–	35,612	34,258
Joint ventures				
Rental income from joint venture	689	689	689	689
Other related parties				
Services rendered by related parties	346	177	340	173
Services rendered to related parties	149	44	122	16

31. Fair value of assets and liabilities

Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are 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.

Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of reporting period:

Group and Corporation	**Note**	**Level 1** S$'000	**Level 2** S$'000	**Total** S$'000
2017				
Financial assets:				
Singapore government bonds		115,009	–	115,009
Other government bonds		130,099	–	130,099
Corporate bonds		510,555	–	510,555
Equity securities		182,987	–	182,987
Sub-Total		938,650	–	938,650
<u>Derivative financial instruments</u>				
Futures		145	–	145
Forward foreign exchange contracts		–	4,933	4,933
Sub-Total		145	4,933	5,078
Total		938,795	4,933	943,728
Financial liabilities:				
<u>Derivative financial instruments</u>				
Futures		(14)	–	(14)
Forward foreign exchange contracts		–	(700)	(700)
<u>Non derivative financial instruments</u>				
Firm commitment		–	(1,028)	(1,028)
Total		(14)	(1,728)	(1,742)

31. Fair value of assets and liabilities (cont'd)

Assets and liabilities measured at fair value (cont'd)

Group and Corporation	Note	Level 1 S$'000	Level 2 S$'000	Total S$'000
2016				
Financial liabilities:				
Non derivative financial instruments				
Firm commitment		–	(331)	(331)
Total		–	(331)	(331)

Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

Forward currency contracts and futures are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

32. Financial risk management objectives and policies

Overview

The Group is exposed to financial risks arising from its operations, investments and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market risk. The board of directors reviews and agrees policies and procedures for the management of these risks. It has always been the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

The Group's exposure to these financial risks have changed with the inception of the investment programme this year and the manner in which it manages and measures the risks have been updated accordingly.

(a) ***Credit risk***

Credit risk is the risk of loss that may arise from outstanding investment, financial instruments, trade and other receivables should a counterparty default on its obligations. The major classes of financial assets of the Group are investments managed by professional fund managers, bank deposits, trade and other receivables.

32. Financial risk management objectives and policies (cont'd)

(a) ***Credit risk (cont'd)***

The Group limits its credit risk exposure in respect of investments and financial instruments by investing in fixed income securities rated at least Investment Grade and specifying maximum exposure that can transacted with any one counterparty.

For trade and other receivables, 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 creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. 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. For other financial assets, the Group minimises credit risk by dealing mainly with high credit rating counterparties.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet.

At the reporting date, approximately 32% (2016: 23%) of the Group's trade receivables were due from 5 (2016: 5) major customers located in Singapore.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 11 (Trade and other receivables).

(b) ***Liquidity risk***

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of noninvestment financial assets and liabilities. In addition, the Group is also exposed to risk of insufficient liquidity in the market for its investments and financial instruments that may limit its ability to liquidate these investments at a reasonable fair value.

As part of its overall liquidity management, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. SDC also limits exposure to only investments and financial instruments with sufficient market liquidity.

32. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

Analysis of financial instruments by remaining contractual maturities

The table below summaries the expected contractual undiscounted cash outflows of financial liabilities, including interest payments.

Group	2017 $'000 One year or less	2017 $'000 One to five years	2017 $'000 Total	2016 $'000 One year or less	2016 $'000 One to five years	2016 $'000 Total
Financial liabilities:						
Trade and other payables	92,427	–	92,427	95,801	–	95,801
Firm commitment	22,026	–	22,026	21,221	7,503	28,724
Total undiscounted financial liabilities	114,453	–	114,453	117,022	7,503	124,525

Corporation	2017 $'000 One year or less	2017 $'000 One to five years	2017 $'000 Total	2016 $'000 One year or less	2016 $'000 One to five years	2016 $'000 Total
Financial liabilities:						
Trade and other payables	152,724	–	152,724	151,647	–	151,647
Total undiscounted financial liabilities	152,724	–	152,724	151,647	–	151,647

(c) *Interest rate risk*

(i) Investments

Interest rate risk is the risk that the fair value or future cash flows of the Group's investments and financial instruments will fluctuate because of changes in market interest rates. The Group is subjected to interest rate risk as it invests in Singapore government bonds, other government bonds and corporate bonds.

The Group manages its interest rate risk through having a diversified portfolio and limits the allowable deviations for duration, thus monitoring and controlling exposure risk. The performance of the externally managed funds is regularly reviewed by the Internal Investment Team.

The sensitivity analysis below has been determined based on exposures to interest rate risks at the reporting date.

32. Financial risk management objectives and policies (cont'd)

(c) ***Interest rate risk (cont'd)***

(i) Investments (cont'd)

In respect of the floating rate bonds, a +/- 1% change in interest rate as at March 2017 will result in a +/- S$568,000 increase/decrease in interest income for the Group and Corporation. This analysis was performed assuming all other variables remain constant.

(ii) Other Financial Assets and Financial Liabilities

Interest rate risk is the risk that the fair value or future cash flows of the Group's non-investment financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its deposits with the Accountant-General's Department. The Group's policy is to obtain the most favourable interest rates available without increasing its interest rate exposure.

At the reporting date, if interest rates had been 25 (2016: 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.

	2017		**2016**	
	25 basis point increase	**25 basis point decrease**	**25 basis point increase**	**25 basis point decrease**
	$'000	$'000	$'000	$'000
Group				
Deposits placed with Accountant-General's Department (Note 14)	345	(345)	5,376	(5,376)
Fixed deposits (Note 14)	5	(5)	73	(73)
	350	(350)	5,449	(5,449)
Corporation				
Deposits placed with Accountant-General's Department (Note 14)	290	(290)	5,308	(5,308)
Fixed deposits (Note 14)	5	(5)	73	(73)
	295	(295)	5,381	(5,381)

32. Financial risk management objectives and policies (cont'd)

(d) *Foreign currency risk*

(i) Investments

The Group's investments and financial instruments are held in various foreign currencies, including United States dollars, Hong Kong Dollars and Japanese Yen, and therefore is exposed to foreign exchange risk. The Group manages its foreign currency exposure by hedging through currency forward contracts as stipulated in the Group's foreign currency hedging policy.

The Group's foreign currency exposure for investments and financial instruments as at end of each reporting period are as follows:

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
United States Dollars	42,090	–	42,090	–
Hong Kong Dollars	36,989	–	36,989	–
Japanese Yen	11,344	–	11,344	–
Others	63,191	–	63,191	–

The following table demonstrates the sensitivity of the Group's surplus to a reasonably possible change in the United State Dollars, Hong Kong dollar and Japanese yen exchange rates against SGD with all other variables held constant.

		2017	**2016**
		$'000	$'000
		Surplus	Deficit
SGD/USD	- strengthened 1%	421	–
	- weakened 1%	(421)	–
SGD/HKD	- strengthened 1%	370	–
	- weakened 1%	(370)	–
SGD/JPY	- strengthened 1%	110	–
	- weakened 1%	(110)	–

32. Financial risk management objectives and policies (cont'd)

(d) ***Foreign currency risk (cont'd)***

(ii) Other Financial Assets and Financial Liabilities

The Group's operation is not exposed to significant foreign exchange risk as most of its transactions are transacted in Singapore dollars.

At the end of each reporting period, the carrying amounts of non-investment financial assets and liabilities denominated in foreign currencies at 31 March are mainly in United States Dollars and Japanese Yen are as follows:

	Group				Corporation			
	Assets		Liabilities		Assets		Liabilities	
	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
United States Dollars	34,594	478	4,132	–	34,594	478	4,132	–
Japanese Yen	20,722	28,760	30	–	20,722	28,760	30	–
Others	5,114	–	1,397	–	5,114	–	1,397	–

The following table demonstrates the sensitivity of the Group's surplus to a reasonably possible change in the United State Dollars and Japanese yen exchange rates against SGD with all other variables held constant.

		2017 $'000 Surplus	2016 $'000 Deficit
SGD/USD	- strengthened 1%	305	–
	- weakened 1%	(305)	–
SGD/JPY	- strengthened 1%	207	288
	- weakened 1%	(207)	(288)

(e) ***Market price risk***

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices. The Group is exposed to market price risk arising from its investments in quoted equity securities and bonds. The Group manages its price risk through having a diversified portfolio and target weights, thus monitoring and controlling exposure risk. The performance of the externally managed funds is regularly reviewed by the Internal Investment Team.

In respect of these investments, a +/- 2% change in investment value as at 31 March 2017 will result in a +/- S$18,773,000 increase/decrease in net surplus for the Group and Corporation. This analysis has been performed with all other variables constant.

All the above sensitivity disclosures in this note has been disclosed in accordance with the requirements of SB-FRS 107. In Management's opinion, the sensitivity analysis is not fully representative of the risk considerations for its investments. The Group's investments are regularly assessed with a larger spectrum of risk considerations included in the long term asset allocation policy.

33. 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.

34. Prior year reclassification

In prior year, the Group treated the Sentosa Cove Residential Fund ("SCRF") as amount held on behalf for the Sentosa Cove property owners and presented the residential fund on the balance sheet as a liability.

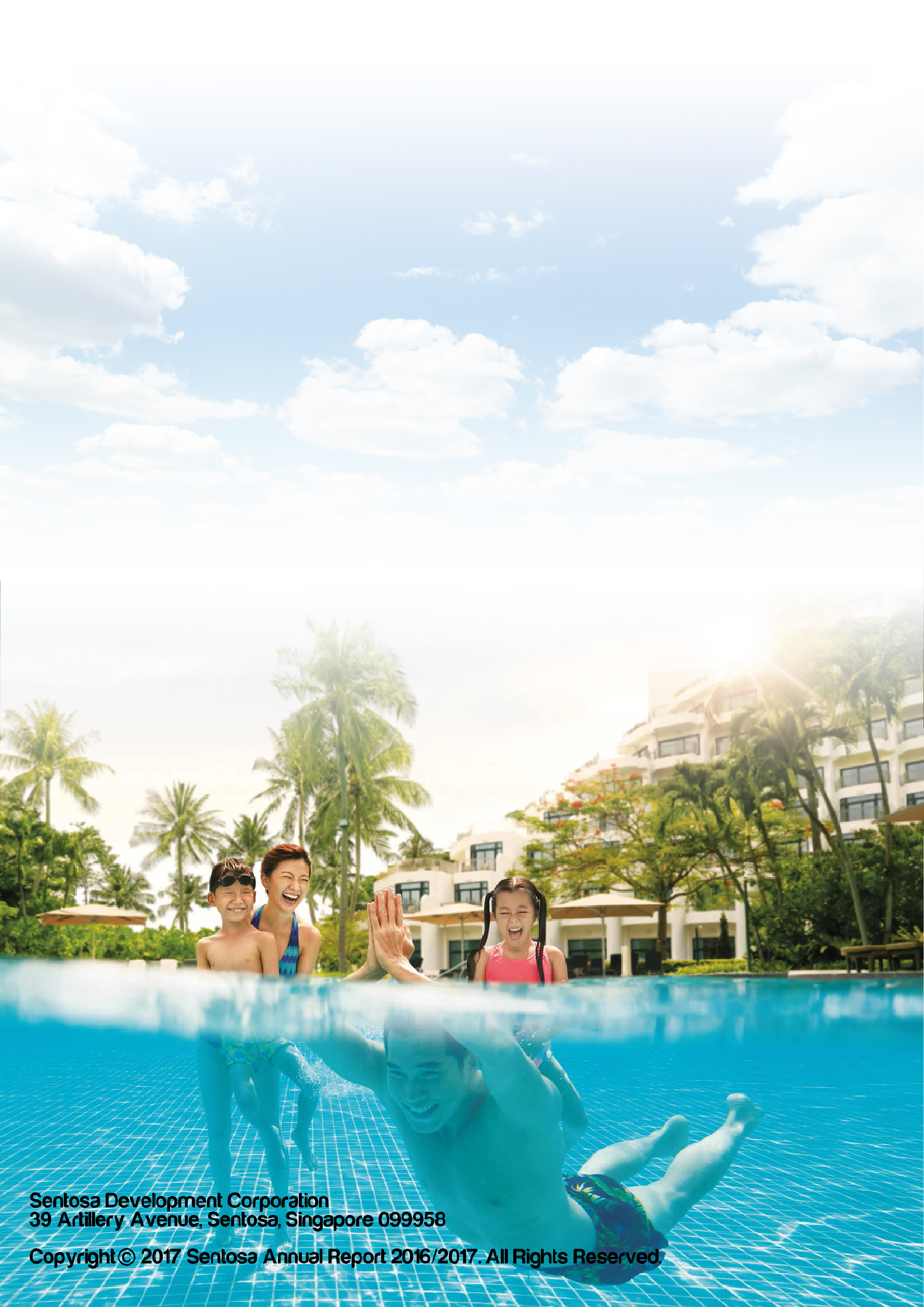
However, in accordance with the Act, the maintenance funds in SCRF are only to be used for managing and maintaining the Cove resident's area only. The Group has assessed that the maintenance monies received and expenses incurred for managing and maintaining the Cove resident's area are restricted funds in accordance with the SB-FRS Guidance Notes. As a result, management has changed the presentation of the SCRF as a restricted fund. Comparatives have been reclassified accordingly.

35. Comparative financial statements

The comparative financial statements for the financial year ended 31 March 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 22 June 2016.

36. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 March 2017 were authorised for issue in accordance with a resolution of the directors on 21 June 2017.



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