The National Art Gallery, Singapore
(A Company Limited by Guarantee)
Registration Number: 200900977G

Annual Report
Year ended 31 March 2012

Registration:

Incorporated on 16 January 2009 (Company Registration Number: 200900977G) with Memorandum and Articles of Association as its constituent documents.

Registered as a charity under the Charities Act, Chapter 37.

Registered Address:

61 Stamford Road
#04-01 Stamford Court
Singapore 178892

Board of Directors:

		Date of Appointment
Koh Seow Chuan	Chairman	1 July 2011
Hsieh Fu Hua	Deputy Chairman	1 March 2012
Jane Ittogi	Member	1 July 2011
Koh Soon Hwa Michael Paul	Member	1 July 2011
Benson Puah Tuan Soon	Member	1 July 2011
Liew Choon Boon	Member	1 July 2011
Suriani Suratman	Member	1 July 2011
Edwin Low Chee Ann	Member	1 July 2011
Ng Hsueh Ling	Member	1 July 2011
Kwee Liong Seen	Member	1 July 2011

Audit Committee:

		Date of Appointment
Kwee Liong Seen	Chairman	15 August 2011
Benson Puah Tuan Soon	Member	15 August 2011
Liew Choon Boon	Member	15 August 2011
Ng Hsueh Ling	Member	15 August 2011

Acquisition Committee:

		Date of Appointment
Edwin Low Chee Ann	Chairman	15 August 2011
Suriani Suratman	Member	15 August 2011
Quek Tse Kwang	Member	15 August 2011
Teo Han Wue	Member	15 August 2011
Jimmy Chua	Member	15 August 2011
Philip Ng Fook Leong	Member	15 August 2011
Milenko Prvacki	Member	15 August 2011
Tan Buck Chye	Member	15 August 2011

Nomination and Remuneration Committee:

		Date of Appointment
Hsieh Fu Hua	Chairman	15 August 2011
Koh Seow Chuan	Member	15 August 2011
Jane Ittogi	Member	15 August 2011
Benson Puah Tuan Soon	Member	15 August 2011

Board Executive Committee:

		Date of Appointment
Hsieh Fu Hua	Chairman	1 May 2012
Koh Seow Chuan	Member	1 May 2012
Jane Ittogi	Member	1 May 2012
Benson Puah Tuan Soon	Member	1 May 2012

Bankers:

DBS Bank Ltd

Company Secretary:

Lee Bee Fong

Auditors:

KPMG LLP

Directors' report

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2012.

Directors

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

Koh Seow Chuan
Hsieh Fu Hua
Jane Ittogi
Koh Soon Hwa Michael Paul
Benson Puah Tuan Soon
Liew Choon Boon
Suriani Suratman
Edwin Low Chee Ann
Ng Hsueh Ling
Kwee Liong Seen

Principal activities

The Company is registered as a charity under the Charities Act, Chapter 37.

The objectives of the charity are to contribute to building Singapore as a regional hub for visual arts and to focus on the display, promotion, research and study of Southeast Asian art, including Singapore art.

The company has a Board comprising ten Directors. The Board has delegated specific responsibilities to three committees, namely the Audit Committee, Nomination & Remuneration Committee, and Acquisition Committee.

As a charity, the company complies with the Code of Governance issued by the Charity Council in 19 January 2011, which becomes effective from 1 April 2011. The company adopts Singapore Financial Reporting Standards (FRS) in reporting its financial performance.

The assets of the charity consists mainly cash held as working capital of the company. The charity will utilise the cash to develop content and programmes in preparation for the opening of the Gallery. The National Art Gallery, Singapore, will showcase Singapore and Southeast Asian art from 19th century to recent times. It aims to capture the artistic spirit of Singapore and Southeast Asia and to foster a greater sense of national and cultural pride. It also aims to serve as a rallying point for Singaporeans to celebrate our achievements in the visual arts and our cultural and national milestones within two historically significant buildings. Visitors to the Gallery can also expect to see international exhibitions in the gallery featuring important works and leading collections from around the world.

There have been no significant changes in activities during the financial year.

Review of activities during the financial year

In the financial year ending 31 March 2012, the Company organised research exhibitions in collaborations with the Singapore Art Museums as well as rolled out events and a number of publications for art enthusiasts. Development of the galleries' storyline is underway. The company collaborated with Fukuoka Asian Art Museum on an exhibition focusing on the birth and development of Singapore art. The Company continued to acquire Singapore and Southeast Asian art from 19^{th} century to recent times and received the continued support of sponsors and artefact donors to augment the National Collection. Key construction works for the conservation and adaptive reuse of the former Supreme Court and City Hall buildings are in progress.

The Company has also put in place an overarching framework of corporate policies and governance. Key corporate functions like finance, human resource, IT and procurement were in-sourced during the year, allowing for better management control and streamlining of its corporate operations.

Director's interests

As the Company is a company limited by guarantee and has no share capital, the statutory information required to be disclosed by the directors under Section 201(6)(g) and Section 201(12) of the Companies Act, Chapter 50 does not apply.

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

Except as disclosed in note 14 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

As the Company is a company limited by guarantee and has no share capital, the statutory information required to be disclosed under Section 201(12) of the Companies Act, Chapter 50 does not apply.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Michael Koh
Director

Koh Seow Chuan
Director

27 June 2012

Statement by Directors

In our opinion:

(a) the financial statements set out on pages FS1 to FS17 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2012 and the results, changes in member's funds and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50, the Singapore Charities Act, Chapter 37 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Michael Koh
Director

Koh Seow Chuan
Director

27 June 2012

KPMG LLP
16 Raffles Quay #22-00
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Singapore 048581

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Independent auditors' report

Members of the Company
The National Art Gallery, Singapore

Report on the financial statements

We have audited the accompanying financial statements of The National Art Gallery, Singapore (the "Company"), which comprise the statement of financial position as at 31 March 2012, the statement of comprehensive income, statement of changes in members' funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS17.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act"), the Singapore Charities Act, Chapter 37 (the "Charities Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act, the Charities Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2012 and the results, changes in members' funds and cash flows of the Company for the year ended on that date.

Report on other legal and regulatory requirements

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

During the course of our audit, nothing has come to our attention that causes us to believe that during the year the Company has not complied with the requirements of Regulation 7 of the Charities (Fund Raising Appeals) Regulations.

KPMG LLP

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
27 June 2012

Statement of financial position
As at 31 March 2012

	Note	2012 $	2011 $
Non-current asset			
Plant and equipment	5	371,545	190,671
Current assets			
Other receivables	6	332,472	8,878,948
Cash and cash equivalents		1,164,698	95,637
		1,497,170	8,974,585
Total assets		1,868,715	9,165,256
Reserves			
Accumulated surplus		55,744	31,596
Total equity		55,744	31,596
Non-current liabilities			
Deferred capital grants	7	371,545	190,671
Provision for restoration cost		82,550	82,550
		454,095	273,221
Current liabilities			
Other payables and accrued operating expenses	8	1,356,476	1,150,667
Grants received in advance	9	-	7,685,522
Deferred donations	10	2,400	24,250
		1,358,876	8,860,439
Total liabilities		1,812,971	9,133,660
Total equity and liabilities		1,868,715	9,165,256
Members' guarantee	4	30	30

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

Statement of comprehensive income
Year ended 31 March 2012

	Note	2012 $	2011 $
Income			
Donation income		21,850	281,623
Interest income		17,639	9,601
Others		6,509	16,089
		45,998	307,313
Operating expenditure			
Staff costs		5,327,912	4,243,441
Depreciation of plant and equipment		114,235	93,190
Rental of premises/equipment		594,466	537,956
Utilities		21,422	16,780
Exhibition expenses		24,426	281,104
Repairs and maintenance		89,884	107,980
Other services and fees		205,393	343,442
Consultancy and professional fees		357,749	851,303
IT expenses		333,917	239,865
Art handling services		9,023	61,002
Goods and services tax expenses		-	704
Supplies and materials		169,255	287,786
Publicity and public relations		72,778	194,926
Programmes expenses		-	551,551
Security systems and services		24,885	97,794
Staff welfare and development		61,920	55,874
Transport, postages and communications		105,260	190,451
		7,512,525	8,155,149
Deficit before government grants		(7,466,527)	(7,847,836)
Grants			
Deferred capital grants amortised	7	114,235	93,190
Grants received from Government	9	7,376,440	7,786,242
Surplus before income tax	11	24,148	31,596
Income tax expense	12	-	-
Surplus for the year, representing total comprehensive income for the year		24,148	31,596

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

Statement of changes in members' funds
Year ended 31 March 2012

	Accumulated surplus $
2011	
At 1 April 2010	-
Profit for the year/ Total comprehensive income for the year	31,596
At 31 March 2011	31,596
2012	
At 1 April 2011	31,596
Profit for the year/ Total comprehensive income for the year	24,148
At 31 March 2012	55,744

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

Statement of cash flows
Year ended 31 March 2012

	2012	2011
	$	$
Cash flows from operating activities		
Surplus for the year	24,148	31,596
Adjustments for:		
Interest income	(17,639)	(9,601)
	6,509	21,995
Change in other receivables	1,134,978	-
Change in other payables and accrued operating expenses	205,809	-
Cash receipts from refund of expenses	-	95
Bank charges paid	-	(708)
Net cash from operating activities	1,347,296	21,382
Cash flows from investing activities		
Interest received	10,145	-
Acquisition of plant and equipment	(266,530)	-
Net cash used in investing activities	(256,385)	-
Cash flows from financing activities		
Funds received from immediate holding entity	-	50,000
Donations utilised	(21,850)	(25,750)
Cash flows from financing activities	(21,850)	24,250
Net increase in cash and cash equivalents	1,069,061	45,632
Cash and cash equivalents at 1 April	95,637	50,005
Cash and cash equivalents at 31 March	1,164,698	95,637

Non-cash transactions

Prior to 1 January 2012, all expenses incurred are paid by National Heritage Board on behalf of the Company from grants and donations received from the Ministry of Information, Communications and the Arts and other donors, by National Heritage Board on behalf of the Company (note 9).

From 1 January 2012, all expenses incurred are paid by the Company directly and all donations are also received and held by the Company.

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 27 June 2012.

1 Domicile and activities

The National Art Gallery (the Company) is incorporated in the Republic of Singapore and has its registered office at 61 Stamford Road, #04-01 Stamford Court, Singapore 178892.

The principal activities of the Company are to contribute to building Singapore as a regional hub for visual arts and to focus on the display, promotion, research and study of Southeast Asian art, including Singapore art.

The Company is registered as a charity under the Charities Act, Chapter 37.

The immediate and ultimate holding entity during the financial year is National Heritage Board, a statutory board under the Ministry of Information, Communications and the Arts (MICA).

2 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair value as stated in the respective accounting policies detailed below.

The financial statements are presented in Singapore dollars, which is the Company's functional currency.

The preparation of financial statements in conformity with 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.

Changes in accounting policies

Identification of related party relationships and related party disclosures

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

The adoption of FRS 24 (2010) affects only the disclosures made in the financial statements and did not have an impact on these disclosures. There is no financial effect on the results and financial position of the Company for the current and previous financial years.

3 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2, which addresses changes in accounting policies.

3.1 Foreign currency transactions

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

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

3.2 Plant and equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located when the Company has an obligation to remove the asset or restore the site and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

The cost of replacing a component of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in the statement of comprehensive income as incurred.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment.

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

Leasehold improvements	3 years
Computers	3 years
Audio visual equipment	5 years

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

3.3 Financial instruments

(i) Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

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

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

Non-derivative financial assets comprise loans and receivables.

Loans and receivables

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

Loans and receivables comprise other receivables and cash and cash equivalents. Cash and cash equivalents comprise cash at bank.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

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

Non-derivative financial liabilities comprise other payables and accrued operating expenses.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

3.4 Impairment

(i) Non-derivative financial assets

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

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

Loans and receivables

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

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in the statement of comprehensive income and reflected in an allowance account against loans and receivables. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.5 Grants

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

Government grants and contributions from other organisations and persons for the purchase of depreciable assets are taken to the deferred capital grant account. The deferred capital grants are recognised in the statement of comprehensive income over the periods necessary to match the depreciation/write-off and/or impairment loss of the assets purchased, with the related grants.

Government grants received by the Company to meet the current year's operating expenses are recognised by the Company in the year these operating expenses were incurred. Grants received in advance are recorded on the statement of financial position of the Company.

3.6 Employee benefits

Defined contribution plans

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

Short-term benefits

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

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

3.7 Provisions

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

3.8 Revenue recognition

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

Contributions and other sponsorships

Contributions and other sponsorships are recognised as income when the right to receive the contributions and other sponsorships has been established.

Donations

Donations for general purposes are recognised in the statement of comprehensive income upon receipt.

Donations for specific purposes with conditions attached are recognised in the statement of comprehensive income when it is probable that these conditions would be met, over the periods that the Company recognises as expenses the related costs that the donations are intended to compensate. Any unutilised donations for the year are taken to "deferred donations" account.

Interest income

Interest income is recognised as it accrues in statement of comprehensive income, using the effective interest method.

3.9 Lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Leased assets are not recognised in the Company's statement of financial position.

3.10 Income tax expense

The National Art Gallery, Singapore is a tax-exempted institution under the provisions of the Income Tax Act (Cap. 134, 2004 Revised Edition).

3.11 New accounting standards and interpretations not yet adopted

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

4 Member guarantee

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

As at 31 March 2012, the Company has 3 members.

5 Plant and equipment

	Leasehold improvements $	Computers $	AV equipment $	Total $
Cost				
At 1 April 2010	254,302	-	-	254,302
Additions	28,713	14,974	-	43,687
At 31 March 2011	283,015	14,974	-	297,989
Additions	1,551	290,606	2,952	295,109
At 31 March 2012	284,566	305,580	2,952	593,098
Accumulated depreciation				
At 1 April 2010	14,128	-	-	14,128
Depreciation for the year	92,774	416	-	93,190
At 31 March 2011	106,902	416	-	107,318
Depreciation for the year	94,769	18,974	492	114,235
At 31 March 2012	201,671	19,390	492	221,553
Carrying amount				
At 31 March 2011	176,113	14,558	-	190,671
At 31 March 2012	82,895	286,190	2,460	371,545

6 Other receivables

	2012 $	2011 $
Amount due from supervisory ministry	105,889	-
Amount due from immediate holding entity	57,937	8,738,139
Deposits	139,682	139,682
Interest receivable	-	1,127
Loans and receivables	303,508	8,878,948
Prepayment	28,964	-
Other receivables	332,472	8,878,948

As at 31 March 2011, amount due from immediate holding entity relates to grants from the supervisory ministry that is held on behalf of the Company by the immediate holding entity. The amount is unsecured, interest-free and repayable on demand.

As at 31 March 2012, the amounts due from supervisory ministry and immediate holding entity are unsecured, interest-free and repayable on demand.

7 Deferred capital grants

	Note	2012 $	2011 $
Balance at beginning of the year		190,671	240,174
Add: Grants received for capital expenditure transferred from Government grants	9	295,109	43,687
Less: Grants taken to the statement of comprehensive income			
- depreciation of plant and equipment		(114,235)	(93,190)
Balance at end of the year		371,545	190,671

8 Other payables and accrued operating expenses

	2012 $	2011 $
Other payables	488,742	425,021
Amount due to supervisory ministry	35,755	-
Amount due to immediate holding entity	335,754	-
Amount due to other related party	280	-
Accrued operating expenses	495,945	725,646
	1,356,476	1,150,667

The contractual undiscounted cash flows of other payables and accrued operating expenses are expected to occur within one year and to be equivalent to their respective carrying amounts.

9 Grants received in advance

	Note	2012 $	2011 $
Government grants at beginning of the year		7,685,522	1,772,140
Add: Grants received and receivable during the year		-	13,743,311
Add: Prior year adjustment		(13,973)	-
Less:			
Amounts transferred to deferred capital grants	7	(295,109)	(43,687)
Amounts transferred to the statement of comprehensive income		(7,376,440)	(7,786,242)
At 31 March		-	7,685,522

Operating grants received from the supervisory ministry are held on behalf by its immediate holding entity. All receipts of Government grants are handled by the immediate holding entity.

10 Deferred donations

	2012 $	2011 $
At beginning of the year	24,250	50,000
Add: Donations received during the year	-	250,000
Less: Amounts transferred to the statement of comprehensive income	(21,850)	(275,750)
At end of the year	2,400	24,250

11 Surplus before income tax

The following item has been included in arriving at surplus before income tax:

	2012 $	2011 $
Contributions to defined contribution plans included in staff costs	573,015	343,090

12 Income tax expense

The Company is registered as a charity under the Charities Act. With effect from YA2008, all registered charities are not required to file income tax returns and will enjoy automatic income tax exemption without having the need to meet the 80% spending rule. No provision for taxation has been made in the financial statements.

13 Operating lease commitments

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

	2012	2011
	$	$
Within 1 year	457,105	548,526
After 1 year but within 5 years	-	457,105
	457,105	1,005,631

The lease commitments relate to the rental of the office premises. The lease will run for a period of 3 years with the option to renew the lease after that date.

14 Significant related party transactions

Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. The key management personnel of the Company are considered to be related parties to the Company under FRS 24 Related Party Disclosures (2010).

Key management personnel compensation comprised:

	2012	2011
	$	$
Short-term employee benefits	1,182,728	780,831
Post-employment benefits	79,337	38,149
	1,262,065	818,980

The key management personnel compensation above comprises the compensation of the Chief Executive Officer and key management personnel of the Company. The Chief Executive Officer of the Company is also the Chief Executive Officer of the Company's immediate holding company, National Heritage Board. The Chief Executive Officer's short-term employee benefits included above only represents the payment made by the Company for the Chief Executive Officer's portfolio in the Company.

Related party transactions

Other than disclosed elsewhere in the financial statements, significant transactions with related parties are as follows:

	2012	2011
	$	$
Immediate holding entity		
Management service fees	306,020	564,960
Recharge of payroll costs for seconded personnel	440,341	275,368

Management service fees relates to corporate services (i.e. finance, human resource, information technology and procurement services) provided by the immediate holding entity to the Company.

15 Financial risk management

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

Credit risk

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

As at reporting date, the Company is not exposed to significant concentration of credit risk apart from cash which are placed with a single financial institution. Cash and cash equivalents are placed with banks and financial institutions which are regulated.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Liquidity risk

The Company receives its funds from MICA which are drawn down on a regular basis to meet its funding requirements, as well as donations from foundations, corporations and individuals. The funds from MICA are held by the immediate holding entity on behalf of the Company. There were no outstanding fund receivables from MICA as at 31 March 2012. Subsequent to the year end, MICA has approved an additional funding of $45 million (see note 16).

Interest rate risk

As at reporting date, the Company is not significantly exposed to any interest rate risk.

Estimation of fair values

The notional amounts of financial assets and liabilities with a maturity of less than one year (including other receivables, cash and cash equivalents, and other payables and accrued operating expenses) are assumed to approximate their fair values due to their short period to maturity.

Financial instruments by category

Set out below is a comparison by category of carrying amounts of all the Company's financial instruments that are carried in the financial statements.

	Note	Loans and receivables $	Other financial liabilities $	Total
2012				
Assets				
Other receivables	6	303,508	-	303,508
Cash and cash equivalents		1,164,698	-	1,164,698
		1,468,206	-	1,468,206
Liabilities				
Other payables and accrued operating expenses	8	-	1,356,476	1,356,476
2011				
Assets				
Other receivables	6	8,878,948	-	8,878,948
Cash and cash equivalents		95,637	-	95,637
		8,974,585	-	8,974,585
Liabilities				
Other payables and accrued operating expenses	8	-	1,150,667	1,150,667

16 Subsequent events

(i) In May 2012, the supervisory ministry has approved $45 million grants to be disbursed to the Company from 2013 to 2015.

(ii) On 2 May 2012, the Chief Executive Officer of the Company relinguished his portfolio to concentrate on his duties as Chief Executive Officer of National Heritage Board.

Supplementary Information – Key management remuneration

Number of key management in remuneration bands is as follow:

	2012	2011
$300,000 to below $350,000	1	-
$250,000 to below $300,000	1	1
$200,000 to below $250,000	-	-
$150,000 to below $200,000	2	1
$100,000 to below $150,000	1	2
$50,000 to below $100,000	2	1
Below $50,000	1	-
	8	5

FS18 does not form part of the Company's financial statements.