

THE NATIONAL ART GALLERY, SINGAPORE
(Incorporated in Singapore. Registration Number: 200900977G)

ANNUAL REPORT
For the financial year ended 31 March 2013

THE NATIONAL ART GALLERY, SINGAPORE
(Incorporated in Singapore)

FINANCIAL STATEMENTS
For the financial year ended 31 March 2013

Contents

	Page
Corporate Governance Report	1
Directors' Report	4
Statement by Directors	7
Independent Auditor's Report	8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13

THE NATIONAL ART GALLERY, SINGAPORE

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 March 2013

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:

Koh Seow Chuan	Chairman	(Retired on 30 June 2013)
Hsieh Fu Hua	Deputy Chairman	(Appointed as Chairman on 1 July 2013)
Jane Ittogi	Member	
Puah Tuan Soon Benson	Member	
Suriani Bte Suratman	Member	
Kwee Liong Seen	Member	
Chong Siak Ching	Member	
Chen Huey Rosa	Member	
Edwin Low Chee Ann	Member	(Retired on 30 June 2013)
Ng Hsueh Ling	Member	(Retired on 30 June 2013)
Yeo Whee Jim	Member	(Retired on 30 June 2013)
Jose Isidro Navato Camacho	Member	(Appointed on 1 July 2013)
Kenson Kwok	Member	(Appointed on 1 July 2013)
Wee Sin Tho	Member	(Appointed on 1 July 2013)

Executive Committee:

Hsieh Fu Hua	Chairman	
Koh Seow Chuan	Member	(Retired on 30 June 2013)
Jane Ittogi	Member	
Puah Tuan Soon Benson	Member	
Kwee Liong Seen	Member	(Appointed on 1 August 2012)
Chong Siak Ching	Member	(Appointed on 15 October 2012)
Jose Isidro Navato Camacho	Member	(Appointed on 25 July 2013)

THE NATIONAL ART GALLERY, SINGAPORE

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 March 2013

Nomination and Remuneration Committee:

Hsieh Fu Hua	Chairman	
Koh Seow Chuan	Member	(Retired on 30 June 2013)
Jane Ittogi	Member	
Puah Tuan Soon Benson	Member	
Kwee Liong Seen	Member	
Jose Isidro Navato Camacho	Member	(Appointed on 25 July 2013)

Project Development Committee:

Koh Seow Chuan	Chairman	
Koh Soon Hwa Michael Paul	Deputy Chairman	(Retired on 30 June 2013)
Chong Siak Ching	Deputy Chairman	(Appointed as member on 1 February 2013, as Deputy Chairman on 25 July 2013)
Raymond Woo	Member	
Teh Hee Seang	Member	
Seah Choo Meng	Member	
Tan Kian Huay	Member	(Appointed on 1 February 2013)
Lee Chuan Seng	Member	(Appointed on 25 July 2013)

Acquisition Committee:

Edwin Low Chee Ann	Chairman	
Suriani Bte Suratman	Member	
Teo Han Wue	Member	
Milenko Prvacki	Member	
Quek Tse Kwang	Member	(Retired on 30 June 2013)
Jimmy Chua Tin Chew	Member	(Retired on 30 June 2013)
Philip Ng Fook Leong	Member	(Retired on 30 June 2013)
Tan Buck Chye	Member	(Retired on 30 June 2013)
Shareen Khattar Harrison	Member	(Appointed on 25 July 2013)
Kenson Kwok	Member	(Appointed on 25 July 2013)
Somporn Rodboon	Member	(Appointed on 25 July 2013)
Ahmad Mashadi	Member	(Appointed on 25 July 2013)

THE NATIONAL ART GALLERY, SINGAPORE

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 March 2013

Audit Committee:

Kwee Liong Seen	Chairman	(Retired on 30 June 2013)
Puah Tuan Soon Benson	Chairman	(Appointed as Chairman on 25 July 2013)
Liew Choon Boon	Member	(Retired on 31 January 2013)
Ng Hsueh Ling	Member	(Retired on 30 June 2013)
Yeo Whee Jim	Member	(Appointed on 1 February 2013, retired on 30 June 2013)
Chen Huey Rosa	Member	(Appointed on 25 July 2013)
Jose Isidro Navato Camacho	Member	(Appointed on 25 July 2013)
Yeo Lian Sim	Member	(Appointed on 25 July 2013)
Kyle Lee	Member	(Appointed on 25 July 2013)

THE NATIONAL ART GALLERY, SINGAPORE

STATEMENT BY DIRECTORS

For the financial year ended 31 March 2013

The directors present their report to the members together with the audited financial statements for the financial year ended 31 March 2013.

Directors

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

Hsieh Fu Hua
Jane Ittogi
Puah Tuan Soon Benson
Suriani Bte Suratman
Kwee Liong Seen
Chong Siak Ching
Chen Huey Rosa
Jose Isidro Navato Camacho
Kenson Kwok
Wee Sin Tho

The following directors have retired from the Board at end of their term on 30 June 2013:

Koh Seow Chuan
Ng Hsueh Ling
Edwin Low Chee Ann
Yeo Whee Jim

The following ex officio directors have left their previous offices, rendering them retired from the Board on the following dates:

Koh Soon Hwa Michael Paul (28 February 2013)
Liew Choon Boon (31 January 2013)

Principal activities

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

The objectives of the charity are to research and exhibit Southeast Asian artworks and promote Southeast Asian art, including Singapore art, for the enjoyment of all. The Company will play an active role in driving, developing and fostering visual arts development in Singapore and the larger Southeast Asian region and establish its function as a regional connecting hub and knowledge centre.

THE NATIONAL ART GALLERY, SINGAPORE

STATEMENT BY DIRECTORS

For the financial year ended 31 March 2013

Principal activities (continued)

The Company has a Board comprising ten (10) Directors. The Board has delegated specific responsibilities to five (5) committees, namely the Executive Committee, Nomination & Remuneration Committee, Project Development Committee, Acquisition Committee and Audit Committee.

The assets of the charity consists mainly cash held as working capital of the company. The charity will utilise the cash to develop exciting content and programmes in preparation for the opening of the Gallery. The National Art Gallery, Singapore aims to capture the artistic spirit of Singapore and Southeast Asia. By sharing stories of our region's unique art within the global context, the Gallery seeks to be a leading visual arts institution that inspires and engages our people and our neighbours, creating a dialogue between the art of Singapore, Southeast Asia and the world. At the same time, the Gallery will partner reputable institutions, collectors and artists from all over the world to co-curate exhibitions, co-develop programmes, and develop joint research projects.

Review of activities during the financial year

In the financial year ending 31 March 2013, the Company organised a research exhibition, Seeing the Kite Again Series II at the Singapore Art Museum and collaborated with the Fukuoka Asian Art Museum on an exhibition, The Birth and Development of Singapore Art, which explored the history and development of visual arts in Singapore. The Company continued to acquire Singapore and Southeast Asian art from 19th century to present day and received significant artwork donations to augment the National Collection. Work on developing the galleries' storylines as well as exciting content and programmes in preparation for the opening is also underway.

Key structures and fittings within the buildings are being cleaned and restored. Design and construction work on the two buildings – former Supreme Court and City Hall, are in progress and on track for the opening in 2015.

For Corporate Governance structure, the Company has also put in place a framework and policies in Human Resources, Information Technology and Finance and Procurement with the implementation of Staff Welfare and Benefits Policies, Whistle Blowing Policy and Procurement Policy.

Arrangements to enable directors to acquire shares and debentures

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

THE NATIONAL ART GALLERY, SINGAPORE

STATEMENT BY DIRECTORS

For the financial year ended 31 March 2013

Directors' interests in shares or debentures

The Company is a company limited by guarantee and has no share capital or debentures. Therefore, there are no matters to be disclosed under Section 201(6)(f) and (g), Section 201(6A)(g) and (h), Section 201(11) and Section 201(12) of the Companies Act, Cap 50.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit, which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the Company or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 13 to the financial statements.

Independent auditor

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

On behalf of the Board of Directors



Hsieh Fu Hua
Chairman

25 July 2013



Chong Siak Ching
Director

THE NATIONAL ART GALLERY, SINGAPORE

STATEMENT BY DIRECTORS

For the financial year ended 31 March 2013

In the opinion of the directors,

- (a) the financial statements as set out on pages 9 to 25 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013 and of the results, changes in equity and cash flows of the Company for the financial year then ended; 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.

On behalf of the Board of Directors



Hsieh Fu Hua
Chairman

25 July 2013



Chong Siak Ching
Director

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NATIONAL ART GALLERY,
SINGAPORE**

Report on the Financial Statements

We have audited the accompanying financial statements of The National Art Gallery, Singapore set out on pages 9 to 25, which comprise the statement of financial position as at 31 March 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act, the Charities Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013, and of the results, changes in equity and cash flows of the Company for the financial 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.



PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 25 July 2013

THE NATIONAL ART GALLERY, SINGAPORE

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2013

	Note	2013 \$	2012 \$
Income			
Donation income		-	21,850
Interest income		543	17,639
Other income		33,294	6,509
		33,837	45,998
Expenditure			
- Employee compensation	4	6,039,226	5,327,912
- Depreciation of Property, plant and equipment	7	184,566	114,235
- Rental on operating leases		608,262	594,466
- Utilities		20,219	21,422
- Exhibition expenses		14,681	24,426
- Repairs and maintenance		53,586	89,884
- Recruitment expenses		265,007	14,618
- Other services and fees		332,371	215,660
- Consultancy and professional fees		81,769	357,749
- IT expenses		169,750	333,917
- Art handling services		28,711	9,023
- Supplies and materials		69,904	169,255
- Publicity and public relations		24,521	72,778
- Programme expenses		68,134	-
- Staff welfare and development		89,247	61,920
- Transport, postages and communications		194,897	105,260
Total expenditure		8,244,851	7,512,525
Deficit before grants		(8,211,014)	(7,466,527)
Grants			
- Deferred capital grants amortised	11	184,566	114,235
- Grants received from Government	9	8,181,907	7,376,440
		8,366,473	7,490,675
Net surplus before income tax		155,459	24,148
Income tax expense	5	-	-
Net surplus and total comprehensive income		155,459	24,148

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

THE NATIONAL ART GALLERY, SINGAPORE

STATEMENT OF FINANCIAL POSITION

For the financial year ended 31 March 2013

	Note	2013 \$	2012 \$
ASSETS			
Current assets			
Cash at bank		4,231,946	1,164,698
Other receivables	6	233,949	332,472
		<u>4,465,895</u>	<u>1,497,170</u>
Non-current assets			
Property, plant and equipment	7	232,389	371,545
		<u>232,389</u>	<u>371,545</u>
Total assets		<u>4,698,284</u>	<u>1,868,715</u>
LIABILITIES			
Current liabilities			
Other payables	8	497,059	1,356,476
Grants received in advance	9	3,672,683	-
Deferred donations	10	2,400	2,400
		<u>4,172,142</u>	<u>1,358,876</u>
Non-current liabilities			
Deferred capital grants	11	232,389	371,545
Provision for restoration cost		82,550	82,550
		<u>314,939</u>	<u>454,095</u>
Total liabilities		<u>4,487,081</u>	<u>1,812,971</u>
NET ASSETS		<u>211,203</u>	<u>55,744</u>
EQUITY			
Accumulated surplus		211,203	55,744
Total equity		<u>211,203</u>	<u>55,744</u>

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

THE NATIONAL ART GALLERY, SINGAPORE

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2013

	Accumulated surplus \$
2013	
Beginning of financial year	55,744
Total comprehensive income	<u>155,459</u>
End of financial year	<u>211,203</u>
2012	
Beginning of financial year	31,596
Total comprehensive income	<u>24,148</u>
End of financial year	<u>55,744</u>

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

THE NATIONAL ART GALLERY, SINGAPORE

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2013

	2013 \$	2012 \$
Cash flows from operating activities		
Deficit before grants	(8,211,014)	(7,466,527)
Adjustments for:		
- Depreciation	184,566	114,235
- Donations income	-	(21,850)
- Interest income	(543)	(17,639)
	<u>(8,026,991)</u>	<u>(7,391,781)</u>
Change in working capital:		
- Other receivables	91,029	8,539,997
- Other payables	(859,417)	205,809
Net cash (used in)/provided by operating activities	<u>(8,795,379)</u>	<u>1,375,875</u>
Cash flows from investing activities		
Interest received	8,037	10,145
Acquisition of property, plant and equipment	(45,410)	(295,109)
Net cash used in investing activities	<u>(37,373)</u>	<u>(284,964)</u>
Cash flows from financing activity		
Grants received	11,900,000	-
Net cash provided by financing activity	<u>11,900,000</u>	<u>-</u>
Net increase in cash and cash equivalents	3,067,248	1,069,061
Cash and cash equivalents at beginning of financial year	1,164,698	95,637
Cash and cash equivalents at end of financial year	<u>4,231,946</u>	<u>1,164,698</u>

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

THE NATIONAL ART GALLERY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

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

1. General information

The National Art Gallery, Singapore (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 Singapore Charities Act, Chapter 37.

The immediate and ultimate holding entity during the financial year is National Heritage Board, a Singapore Statutory Board.

2. Significant accounting policies

2.1 Basis of preparation

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

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Management has assessed that there are no estimates or judgements used that have a significant risk of causing a material adjustment to the Company's assets and liabilities in these financial statements.

Interpretations and amendments to published standards effective in 2013

On 1 April 2012, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

THE NATIONAL ART GALLERY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

2. Significant accounting policies (continued)

2.2 Revenue recognition

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

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

Donations for general purposes are recognised as income upon receipt.

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

Interest income is recognised using the effective interest method.

2.3 Employee compensation

(a) *Defined contribution plans*

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

(b) *Employee leave entitlement*

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

2.4 Operating lease payments

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

THE NATIONAL ART GALLERY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

2. Significant accounting policies (continued)

2.5 Property, plant and equipment

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

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

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

	<u>Useful lives</u>
Leasehold improvements	3 years
Computers	3 years
Audio visual equipment	5 years

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

2.6 Impairment of non-financial assets

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

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

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

THE NATIONAL ART GALLERY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

2. Significant accounting policies (continued)

2.7 Bank balances and other receivables

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

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

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

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

2.8 Grants

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

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

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

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

THE NATIONAL ART GALLERY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

2. Significant accounting policies (continued)

2.9 Other payables

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

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

2.10 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 profit or loss.

2.11 Foreign currency transactions

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

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

3. Members' guarantee

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

As at 31 March 2013, the Company has 3 members (2012: 3 members).

THE NATIONAL ART GALLERY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

4. Employee compensation

	2013	2012
	\$	\$
Wages and salaries	5,376,119	4,754,898
Employer's contribution to Central Provident Fund	663,107	573,014
	<u>6,039,226</u>	<u>5,327,912</u>

5. Income tax expense

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

6. Other receivables

	2013	2012
	\$	\$
Amount due from supervisory ministry	1,579	105,889
Amount due from immediate holding entity	-	57,937
Deposits	167,692	139,682
Other receivables	30,229	-
Prepayment	34,449	28,964
	<u>233,949</u>	<u>332,472</u>

The amount due from the supervisory ministry is unsecured, interest-free and repayable on demand.

THE NATIONAL ART GALLERY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

7. Property, plant and equipment

	<u>Leasehold improvements</u> \$	<u>Computers</u> \$	<u>Audio visual equipment</u> \$	<u>Total</u> \$
2013				
Cost				
Beginning of financial year	284,566	305,580	2,952	593,098
Additions	-	45,410	-	45,410
End of financial year	<u>284,566</u>	<u>350,990</u>	<u>2,952</u>	<u>638,508</u>
Accumulated depreciation				
Beginning of financial year	201,671	19,390	492	221,553
Depreciation charge	78,332	105,644	590	184,566
End of financial year	<u>280,003</u>	<u>125,034</u>	<u>1,082</u>	<u>406,119</u>
Net book value				
End of financial year	<u>4,563</u>	<u>225,956</u>	<u>1,870</u>	<u>232,389</u>
	<u>Leasehold improvements</u> \$	<u>Computers</u> \$	<u>Audio visual equipment</u> \$	<u>Total</u> \$
2012				
Cost				
Beginning of financial year	283,015	14,974	-	297,989
Additions	1,551	290,606	2,952	295,109
End of financial year	<u>284,566</u>	<u>305,580</u>	<u>2,952</u>	<u>593,098</u>
Accumulated depreciation				
Beginning of financial year	106,902	416	-	107,318
Depreciation for the year	94,769	18,974	492	114,235
End of financial year	<u>201,671</u>	<u>19,390</u>	<u>492</u>	<u>221,553</u>
End of financial year	<u>82,895</u>	<u>286,190</u>	<u>2,460</u>	<u>371,545</u>

THE NATIONAL ART GALLERY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

8. Other payables

	2013 \$	2012 \$
Other payables	164,446	498,742
Amount due to supervisory ministry	7,358	35,755
Amount due to immediate holding entity	-	335,754
Amount due to other related party	-	280
Accrued operating expenses	325,255	485,945
	<u>497,059</u>	<u>1,356,476</u>

9. Grants received in advance

	2013 \$	2012 \$
Beginning of financial year	-	7,685,522
Grants received during the year	11,900,000	-
Other adjustment	-	(13,973)
Transferred to deferred capital grants (Note 11)	(45,410)	(295,109)
Transferred to income statement	(8,181,907)	(7,376,440)
End of financial year	<u>3,672,683</u>	<u>-</u>

10. Deferred donations

	2013 \$	2012 \$
Beginning of financial year	2,400	24,250
Transferred to income statement	-	(21,850)
End of financial year	<u>2,400</u>	<u>2,400</u>

THE NATIONAL ART GALLERY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

11. Deferred capital grants

	2013 \$	2012 \$
Beginning of financial year	371,545	190,671
Transferred from Government grants (Note 9)	45,410	295,109
Amortised to income statement	(184,566)	(114,235)
End of financial year	<u>232,389</u>	<u>371,545</u>

12. Commitments

Operating lease commitments – where the Company is a lessee

The Company leases office premises under non-cancellable operating lease agreements.

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

	2013 \$	2012 \$
Not later than one year	660,168	457,105
Between one and two years	165,042	-
	<u>825,210</u>	<u>457,105</u>

13. Related party transactions

(i) *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. The Chief Executive Officer and senior management are considered 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 entity, National Heritage Board. The Chief Executive Officer's short-term employee benefits included above only represent the payment made by the Company for the Chief Executive's portfolio in the Company.

Key management personnel compensation is as follows:

	2013 \$	2012 \$
Short-term employee benefits	847,720	1,182,728
Post-employment benefits	63,930	79,337
	<u>911,650</u>	<u>1,262,065</u>

THE NATIONAL ART GALLERY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

13. Related party transactions (continued)

(i) Key management personnel compensation (continued)

Number of key management by remuneration bands, excluding 10 (2012: 9) directors who do not receive remuneration from the Company, is as follows:

	2013 \$	2012 \$
\$300,000 to below \$350,000	-	1
\$250,000 to below \$300,000	-	1
\$200,000 to below \$250,000	2	-
\$150,000 to below \$200,000	2	2
\$100,000 to below \$150,000	-	1
\$50,000 to below \$100,000	1	2
Below \$50,000	-	1
	<u>5</u>	<u>8</u>

(ii) Other related party transactions

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

	2013 \$	2012 \$
Immediate holding entity		
Management service fees	-	306,020
Recharge of payroll costs for seconded personnel	42,548	440,341
	<u>42,548</u>	<u>746,361</u>

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.

THE NATIONAL ART GALLERY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

14. Financial risk management

Financial risk factors

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.

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

(a) Market risk

(i) Currency risk

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

(ii) Interest rate risk

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

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial asset presented on the statement of financial position. The Company's major classes of financial assets are cash at bank and other receivables. These classes of financial assets are neither past due nor impaired.

The Company places its cash with a reputable financial institution which is regulated. For other receivables, the Company adopts the policy of dealing with other counterparties with high credit ratings.

THE NATIONAL ART GALLERY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

14. Financial risk management (continued)

(c) Liquidity risk

There is minimal liquidity risk as the Company maintains an adequate level of highly liquid assets in the form of cash at bank.

The table below analyses the Company's liabilities based on contractual undiscounted cash flows.

	Less than 1 year \$
At 31 March 2013	
Other payables	<u>497,059</u>
At 31 March 2012	
Other payables	<u>1,356,476</u>

(d) Capital risk

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

(e) Financial instruments by category

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

	2013 \$	2012 \$
Loans and receivables	4,431,446	1,468,206
Financial liabilities at amortised cost	<u>497,059</u>	<u>1,356,476</u>

THE NATIONAL ART GALLERY, SINGAPORE

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

15. Subsequent events

- (i) On 1 April 2013, a new Chief Executive Officer was appointed.
- (ii) On 15 May 2013, the Director, Gallery was appointed.
- (iii) On 1 July 2013, the new Board of Directors was appointed.

16. New or revised accounting standards and interpretations

The mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 April 2013 or later periods and which the Company has not early adopted are:

- Annual Improvements 2011 (effective for annual periods beginning on or after 1 January 2013). These annual improvements address six issues in the 2009 to 2011 reporting cycle. It includes changes to FRS 101 *First time adoption*, FRS 1 *Presentation of Financial Statements*, FRS 16 *Property, plant and equipment*, FRS 32 *Financial Instruments: Presentation* and FRS 34 *Interim Financial Reporting*.
- Amendment to FRS 1 *Presentation of Items of Other Comprehensive Income* (effective for annual period beginning on or after 1 July 2012). The amendment requires items presented in other comprehensive income ("OCI") to be separated into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption.

17. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 25 July 2013.