National Library Board Singapore

NATIONAL LIBRARY BOARD AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

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STATEMENT BY BOARD MEMBERS

For the financial year ended 31 March 2014

In our opinion,

(a) the accompanying financial statements of the National Library Board (the "Board") and its subsidiaries (the "Group") as set out on pages 6 to 59 are drawn up so as to present fairly, in all material aspects, the state of affairs of the Group and of the Board as at 31 March 2014 and the results and changes in equity of the Group and the Board and cash flows of the Group for the financial year then ended in accordance with the provisions of the National Library Board Act (Cap. 197, 1996 Revised Edition) (the "Act"), Singapore Charities Act (Chapter 37) and Singapore Statutory Board Financial Reporting Standards ("SB-FRS");

(b) the receipts, expenditure and investment of moneys and the acquisition and disposal of assets by the Board during the financial year have been in accordance with the provisions of this Act; and

(c) proper accounting and other records have been kept including all records of all assets of the Board whether purchased, donated or otherwise.

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

On behalf of the Board

YEOH CHEE YAN
Chairman

ELAINE NG
Chief Executive Officer

20 June 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF THE NATIONAL LIBRARY BOARD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of National Library Board (the "Board") and its subsidiaries (the "Group") set out on pages 6 to 59, which comprise the consolidated statement of financial position of the Group and statement of financial position of the Board as at 31 March 2014, the statements of comprehensive income and statements of changes in equity of the Group and the Board and the statement of cash flows of the Group 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 and fair presentation of these financial statements in accordance with the provisions of the National Library Board Act (Cap. 197, 1996 Revised Edition) (the "Act"), Singapore Charities Act (Chapter 37) and Singapore Statutory Board Financial Reporting Standards ("SB-FRS"), and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Board are properly drawn up in accordance with the provisions of the Act, Singapore Charities Act (Chapter 37) and SB-FRS so as to present fairly, in all material respects, the state of affairs of the Group and the Board as at 31 March 2014 and the results and changes in equity of the Group and the Board and cash flows of the Group for the financial year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Management's Responsibility for Compliance with Legal and Regulatory Requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF THE NATIONAL LIBRARY BOARD *(continued)*

Auditor's Responsibility

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We conducted our audit in accordance with Singapore Standards on Auditing. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

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

Opinion

In our opinion:

(a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Board during the year are, in all material respects, in accordance with the provisions of the Act; and

(b) proper accounting and other records have been kept, including records of all assets of the Board and of the subsidiaries incorporated in Singapore, of which we are the auditors, whether purchased, donated or otherwise.

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

(a) the use of the donation moneys was not in accordance with the objectives of The Library Fund as required under Regulation 16 of the Charities (Institutions of a Public Character) Regulations; and

(b) the Library Fund has not complied with the requirements of Regulation 15 (fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 20 June 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Note	Group 2013/2014 $	Group 2012/2013 $
Equity			
Capital account	4	**133,161,236**	102,178,694
Heritage reserves	6	**7,914,022**	7,739,175
Accumulated surplus			
- General funds		**37,658,829**	41,959,370
- Restricted funds	7	**65,685,626**	66,530,434
Total equity		**244,419,713**	218,407,673
Non-current assets			
Property, plant and equipment	9	**284,564,911**	271,060,837
Heritage assets	6	**11,752,016**	11,545,263
		296,316,927	282,606,100
Current assets			
Financial assets at fair value through profit or loss	11	**91,475,814**	98,788,315
Trade and other receivables	12	**20,127,201**	44,105,753
Derivative financial instruments	14	**97,696**	136,030
Cash and cash equivalents	15	**168,495,458**	105,683,182
		280,196,169	248,713,280
Total assets		**576,513,096**	531,319,380
Current liabilities			
Trade and other payables	16	**87,877,450**	66,277,347
Current income tax liabilities	23	**-**	-
Provision for retirement benefits	17	**2,122,000**	1,788,000
Development grants received in advance	18	**6,164,849**	3,907,897
Deferred capital grants	19	**16,543,834**	14,513,442
		112,708,133	86,486,686
Non-current liabilities			
Provision for retirement benefits	17	**5,289,228**	7,019,000
Deferred capital grants	19	**214,096,022**	219,406,021
		219,385,250	226,425,021
Total liabilities		**332,093,383**	312,911,707
Net assets		**244,419,713**	218,407,673
Net assets of trust funds	8	**37,624**	230,117

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

STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Note	Board 2013/2014 $	Board 2012/2013 $
Equity			
Capital account	4	**133,161,236**	102,178,694
Heritage reserves	6	**7,914,022**	7,739,175
Accumulated surplus			
- General funds		**35,094,376**	39,615,437
- Restricted funds	7	**65,685,626**	66,530,434
Total equity		**241,855,260**	216,063,740
Non-current assets			
Property, plant and equipment	9	**284,548,595**	271,058,215
Heritage assets	6	**11,752,016**	11,545,263
Investments in subsidiaries	10	**506**	1
		296,301,117	282,603,479
Current assets			
Financial assets at fair value through profit or loss	11	**90,715,314**	97,753,095
Trade and other receivables	12	**19,492,260**	44,440,310
Derivative financial instruments	14	**97,696**	136,030
Cash and cash equivalents	15	**166,165,552**	103,644,827
		276,470,822	245,974,262
Total assets		**572,771,939**	528,577,741
Current liabilities			
Trade and other payables	16	**86,700,746**	65,879,641
Provision for retirement benefits	17	**2,122,000**	1,788,000
Development grants received in advance	18	**6,164,849**	3,907,897
Deferred capital grants	19	**16,543,834**	14,513,442
		111,531,429	86,088,980
Non-current liabilities			
Provision for retirement benefits	17	**5,289,228**	7,019,000
Deferred capital grants	19	**214,096,022**	219,406,021
		219,385,250	226,425,021
Total liabilities		**330,916,679**	312,514,001
Net assets		**241,855,260**	216,063,740
Net assets of trust funds	8	**37,624**	230,117

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2014

	Note	General funds 2013/2014 $	General funds 2012/2013 (restated) $	Restricted funds 2013/2014 $	Restricted funds 2012/2013 (restated) $	Total 2013/2014 $	Total 2012/2013 (restated) $
Group							
Income							
Consultancy and other services		**10,423,702**	6,988,715	-	-	**10,423,702**	6,988,715
Professional library services		**5,477,282**	4,864,879	-	-	**5,477,282**	4,864,879
Rental income		**6,547,391**	6,496,444	-	-	**6,547,391**	6,496,444
Book fines and lost book charges		**3,903,017**	3,793,322	-	-	**3,903,017**	3,793,322
Interest income		**626,044**	542,198	**29,293**	29,944	**655,337**	572,142
Library services and programmes		**1,984,039**	2,102,197	-	-	**1,984,039**	2,102,197
Membership fees		**826,064**	932,662	-	-	**826,064**	932,662
Investment (loss)/income	22	**(740,267)**	2,192,265	**244,803**	2,500,368	**(495,464)**	4,692,633
Other income		**3,266,803**	1,086,004	-	3,958	**3,266,803**	1,089,962
Donations		**361,561**	2,240,763	**1,105,435**	3,375,027	**1,466,996**	5,615,790
		32,675,636	31,239,449	**1,379,531**	5,909,297	**34,055,167**	37,148,746
Expenditure							
Manpower and staff welfare	20	**(92,071,991)**	(80,893,105)	**944**	(31,815)	**(92,071,047)**	(80,924,920)
Depreciation of property, plant and equipment	9	**(28,319,597)**	(36,913,505)	**(312,846)**	(273,203)	**(28,632,443)**	(37,186,708)
Books, periodicals and serials		**(27,334,725)**	(25,940,891)	**(261,549)**	(818,272)	**(27,596,274)**	(26,759,163)
General and administrative expenses		**(44,653,866)**	(42,552,118)	**(1,024,745)**	(467,459)	**(45,678,611)**	(43,019,577)
Maintenance and other property expenses		**(18,000,130)**	(17,836,094)	**(92,168)**	(482,583)	**(18,092,298)**	(18,318,677)
Rental expenses		**(23,044,182)**	(22,477,704)	**(148,083)**	(24,963)	**(23,192,265)**	(22,502,667)
Agency and other professional fees		**(18,315,374)**	(16,008,166)	**(309,004)**	(470,890)	**(18,624,378)**	(16,479,056)
Other expenses		**(8,786,348)**	(7,261,069)	**(76,888)**	(161,563)	**(8,863,236)**	(7,422,632)
Allowance made for doubtful book fines and lost book charges	13	**(478,020)**	(504,418)	-	-	**(478,020)**	(504,418)
Write-back of allowance/(Allowance made) for doubtful receivables	12	**178,455**	(179,376)	-	-	**178,455**	(179,376)
		(260,825,778)	(250,566,446)	**(2,224,339)**	(2,730,748)	**(263,050,117)**	(253,297,194)
(Deficit)/surplus before grants		**(228,150,142)**	(219,326,997)	**(844,808)**	3,178,549	**(228,994,950)**	(216,148,448)
Grants							
Operating grants	21	**204,702,768**	197,167,948	-	-	**204,702,768**	197,167,948
Development grants	18	**3,321,871**	2,073,329	-	-	**3,321,871**	2,073,329
Deferred capital grants amortised	19	**15,999,312**	17,964,347	-	-	**15,999,312**	17,964,347
		224,023,951	217,205,624	-	-	**224,023,951**	217,205,624
(Deficit)/surplus for the year before tax		**(4,126,191)**	(2,121,373)	**(844,808)**	3,178,549	**(4,970,999)**	1,057,176
Income tax (expense)/credit	23	**497**	8,052	-	-	**497**	8,052
Net (deficit)/surplus for the year		**(4,125,694)**	(2,113,321)	**(844,808)**	3,178,549	**(4,970,502)**	1,065,228
Transfer to heritage reserves		**(174,847)**	(30,735)	-	(444,044)	**(174,847)**	(474,779)
		(4,300,541)	(2,144,056)	**(844,808)**	2,734,505	**(5,145,349)**	590,449
Other comprehensive (loss)/income							
Funds for acquisition of heritage assets						**174,847**	745,168
Remeasurement loss on defined benefit pension plans						**-**	(240,407)
Total other comprehensive (loss)/income for the year						**174,847**	504,761
Total comprehensive (loss)/income for the year						**(4,970,502)**	1,095,210

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

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2014

	Note	General funds 2013/2014 $	General funds 2012/2013 (restated) $	Restricted funds 2013/2014 $	Restricted funds 2012/2013 (restated) $	Total 2013/2014 $	Total 2012/2013 (restated) $
Board							
Income							
Consultancy and other services		**8,806,304**	6,554,506	**-**	-	**8,806,304**	6,554,506
Professional library services		**4,587,203**	5,351,954	**-**	-	**4,587,203**	5,351,954
Rental income		**6,591,745**	6,535,558	**-**	-	**6,591,745**	6,535,558
Book fines and lost book charges		**3,903,017**	3,793,322	**-**	-	**3,903,017**	3,793,322
Interest income		**576,331**	492,352	**29,293**	29,944	**605,624**	522,296
Library services and programmes		**1,984,038**	2,107,678	**-**	-	**1,984,038**	2,107,678
Membership fees		**826,064**	932,662	**-**	-	**826,064**	932,662
Investment (loss)/income	22	**(728,914)**	2,185,566	**244,803**	2,500,368	**(484,111)**	4,685,934
Other income		**3,228,731**	1,033,882	**-**	3,958	**3,228,731**	1,037,840
Donations		**356,561**	2,240,763	**1,105,435**	3,375,027	**1,461,996**	5,615,790
		30,131,080	31,228,243	**1,379,531**	5,909,297	**31,510,611**	37,137,540
Expenditure							
Manpower and staff welfare	20	**(91,580,811)**	(80,806,862)	**944**	(31,815)	**(91,579,867)**	(80,838,677)
Depreciation of property, plant and equipment	9	**(28,312,135)**	(36,913,180)	**(312,846)**	(273,203)	**(28,624,981)**	(37,186,383)
Books, periodicals and serials		**(26,068,297)**	(25,940,891)	**(261,549)**	(818,272)	**(26,329,846)**	(26,759,163)
General and administrative expenses		**(44,026,940)**	(42,151,335)	**(1,024,745)**	(467,459)	**(45,051,685)**	(42,618,794)
Maintenance and other property expenses		**(18,000,129)**	(17,808,344)	**(92,168)**	(482,583)	**(18,092,297)**	(18,290,927)
Rental expenses		**(23,044,182)**	(22,477,704)	**(148,083)**	(24,963)	**(23,192,265)**	(22,502,667)
Agency and other professional fees		**(18,154,787)**	(15,942,192)	**(309,004)**	(470,890)	**(18,463,791)**	(16,413,082)
Other expenses		**(8,835,944)**	(7,232,587)	**(76,888)**	(161,563)	**(8,912,832)**	(7,394,150)
Allowance made for doubtful book fines and lost book charges	13	**(478,020)**	(504,418)	**-**	-	**(478,020)**	(504,418)
		(258,501,245)	(249,777,513)	**(2,224,339)**	(2,730,748)	**(260,725,584)**	(252,508,261)
(Deficit)/surplus before grants		**(228,370,165)**	(218,549,270)	**(844,808)**	3,178,549	**(229,214,973)**	(215,370,721)
Grants							
Operating grants	21	**204,702,768**	197,167,948	**-**	-	**204,702,768**	197,167,948
Development grants	18	**3,321,871**	2,073,329	**-**	-	**3,321,871**	2,073,329
Deferred capital grants amortised	19	**15,999,312**	17,964,347	**-**	-	**15,999,312**	17,964,347
		224,023,951	217,205,624	**-**	-	**224,023,951**	217,205,624
(Deficit)/surplus for the year before tax		**(4,346,214)**	(1,343,646)	**(844,808)**	3,178,549	**(5,191,022)**	1,834,903
Income tax expense	23	**-**	-	**-**	-	**-**	-
Net (deficit)/surplus for the year		**(4,346,214)**	(1,343,646)	**(844,808)**	3,178,549	**(5,191,022)**	1,834,903
Transfer to heritage reserves		**(174,847)**	(30,735)	**-**	(444,044)	**(174,847)**	(474,779)
		(4,521,061)	(1,374,381)	**(844,808)**	2,734,505	**(5,365,869)**	1,360,124
Other comprehensive (loss)/income							
Funds for acquisition of heritage assets						**174,847**	745,168
Remeasurement loss on defined benefit pension plans						**-**	(240,407)
Total other comprehensive (loss)/income for the year						**174,847**	504,761
Total comprehensive (loss)/income for the year						**(5,191,022)**	1,864,885

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2014

	Note	Capital account			Accumulated surplus		
		Establishment account $	Equity financing account $	Heritage reserves $	General funds $	Restricted funds (see Note 7) $	Total $
Group							
At 1 April 2012		10,334,137	82,388,283	6,994,007	44,343,833	63,795,929	207,856,189
Net (deficit)/surplus for the year		-	-	-	(2,113,321)	3,178,549	1,065,228
Remeasurement loss on defined benefit pension plans		-	-	-	(240,407)	-	(240,407)
Acquisition of heritage assets	6	-	-	745,168	(30,735)	(444,044)	270,389
Total comprehensive income/(loss) for the year		-	-	745,168	(2,384,463)	2,734,505	1,095,210
Issuance of shares	5	-	9,456,274	-	-	-	9,456,274
At 31 March 2013		10,334,137	91,844,557	7,739,175	41,959,370	66,530,434	218,407,673
At 1 April 2013		10,334,137	91,844,557	7,739,175	41,959,370	66,530,434	218,407,673
Net deficit for the year		-	-	-	(4,125,694)	(844,808)	(4,970,502)
Acquisition of heritage assets	6	-	-	174,847	(174,847)	-	-
Total comprehensive (loss)/income for the year		-	-	174,847	(4,300,541)	(844,808)	(4,970,502)
Issuance of shares	5	-	30,982,542	-	-	-	30,982,542
At 31 March 2014		10,334,137	122,827,099	7,914,022	37,658,829	65,685,626	244,419,713

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2014

		Capital account			Accumulated surplus		
	Note	Establishment account $	Equity financing account $	Heritage reserves $	General funds $	Restricted funds (see Note 7) $	Total $
Board							
At 1 April 2012		10,334,137	82,388,283	6,994,007	41,230,225	63,795,929	204,742,581
Net (deficit)/surplus for the year		-	-	-	(1,343,646)	3,178,549	1,834,903
Remeasurement loss on defined benefit pension plans		-	-	-	(240,407)	-	(240,407)
Acquisition of heritage assets	6	-	-	745,168	(30,735)	(444,044)	270,389
Total comprehensive income/(loss) for the year		-	-	745,168	(1,614,788)	2,734,505	1,864,885
Issuance of shares	5	-	9,456,274	-	-	-	9,456,274
At 31 March 2013		10,334,137	91,844,557	7,739,175	39,615,437	66,530,434	216,063,740
At 1 April 2013		10,334,137	91,844,557	7,739,175	39,615,437	66,530,434	216,063,740
Net deficit for the year		-	-	-	(4,346,214)	(844,808)	(5,191,022)
Acquisition of heritage assets	6	-	-	174,847	(174,847)	-	-
Total comprehensive (loss)/income for the year		-	-	174,847	(4,521,061)	(844,808)	(5,191,022)
Issuance of shares	5	-	30,982,542	-	-	-	30,982,542
At 31 March 2014		10,334,137	122,827,099	7,914,022	35,094,376	65,685,626	241,855,260

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2014

	Note	Group	
		2013/2014	2012/2013 (restated)
		$	$
Cash flows from operating activities			
Deficit before grants before tax		**(228,994,950)**	(216,148,448)
Adjustments for:			
Depreciation of property, plant and equipment	9	**28,632,443**	37,186,708
Interest income from fixed deposits with bank		**(655,337)**	(572,142)
Net loss/(gain) from financial assets at fair value through profit or loss	22	**495,464**	(4,692,633)
Fund management fees		**256,741**	263,453
Retirement benefits	20	**216,000**	375,000
Gain on disposal of property, plant and equipment		**(33,246)**	(15,877)
Property, plant and equipment written off		**15,435**	14,037
Donation-in-kind received		**(292,836)**	(2,241,757)
Deficit before working capital changes		**(200,360,286)**	(185,831,659)
Changes in working capital:			
Trade and other receivables		**(5,329,025)**	(4,481,716)
Trade and other payables		**23,542,268**	7,160,854
Derivative financial instruments		**38,334**	(94,741)
Cash utilised in operations		**(182,108,709)**	(183,247,262)
Pension paid		**(1,611,772)**	(1,714,407)
Income tax refund		**497**	8,052
Cash flows used in operating activities		**(183,719,984)**	(184,953,617)
Cash flows from investing activities			
Funds placed with fund managers		-	(11,000,000)
Redemption/(purchases) of quoted debt securities		**263,658**	(1,028,521)
Purchases of property, plant and equipment		**(41,882,062)**	(11,674,777)
Purchases of heritage asset		**(183,807)**	(727,133)
Proceeds from disposal of property, plant and equipment		**33,246**	15,877
Interest income received		**603,580**	611,917
Cash flows used in investing activities		**(41,165,385)**	(23,802,637)
Cash flows from financing activities			
Government grants received		**252,390,864**	212,233,405
Government grants refunded		**(30,234)**	-
Proceeds from equity financing		**30,982,542**	9,196,533
Cash flows provided by financing activities		**283,343,172**	221,429,938
Net increase in cash and cash equivalents		**58,457,803**	12,673,684
Cash and cash equivalents at beginning of the year		**101,381,171**	88,707,487
Cash and cash equivalents at end of the year	15	**159,838,974**	101,381,171

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

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

1 GENERAL INFORMATION

National Library Board (the "Board") was established on 1 September 1995 under the National Library Board Act (Cap. 197, 1996 Revised Edition). The address of its registered office and principal place of operations is at 100 Victoria Street #14-01, Singapore 188064.

The Board is subjected to the control of its supervisory ministry, Ministry of Communications and Information ("MCI"). The Board is required to follow the policies and instructions issued from time to time by MCI and other government ministries and departments such as the Ministry of Finance ("MOF").

The Board is also registered as a charity (Unique Entity No: T02CC1608E) under the Charities Act (Cap. 37, 1995 Revised Edition) since 16 September 2002.

The principal activities of the Board are:

(a) to establish and maintain libraries, and provide library information services;

(b) to promote reading and encourage learning through the use of libraries and their services;

(c) to provide a repository for library materials published in Singapore;

(d) to acquire and maintain a comprehensive collection of library materials relating to Singapore and its people;

(e) to establish liaison with overseas library authorities and information providers to secure maximum collaboration of all activities relevant to its function;

(f) to provide advisory and consultancy services concerning libraries and library information services;

(g) to compile and maintain a national union catalogue and a national bibliography;

(h) to advise the Government on national needs and policies in respect of matters relating to publicly-funded libraries and library information services in Singapore; and

(i) to take appropriate measures to obtain, maintain and preserve library materials deposited.

The consolidated financial statements relate to the Group. The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

In line with the restructuring of MCI to focus on improving government's information and public communications, the National Archives of Singapore ("NAS") was transferred from National Heritage Board to National Library Board with effect from 1 November 2012.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Statutory Board Financial Reporting Standards ("SB-FRS") and provisions of the National Library Act (Cap. 197, 1996 Revised Edition), under the historical cost convention, except as disclosed in the accounting policies below.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

The preparation of financial statements in conformity with SB-FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2013

On 1 April 2013, the Board adopted the new or amended mandatory SB-FRS and Interpretations to SB-FRS ("INT SB-FRS"). Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SB-FRS and INT SB-FRS.

FRS 19 (revised) 'Employee benefits'

FRS 19 (revised) amends the accounting for employment benefits. The Group has applied the standard retrospectively in accordance with the transition provisions of the standard. The impact on the Group has been in the following areas:

There is a new term "remeasurement" which is made up of actuarial gains and losses. Prior to adoption of the revised FRS 19, the Group recognised the remeasurement gains and losses as income or expense. The revised FRS 19 requires the remeasurement gains and losses to be recognised in other comprehensive income instead of profit or loss. There is no effect on total comprehensive income as the expense recognised in the profit or loss is transferred to other comprehensive income.

The effects of the change in accounting policy on the statement of comprehensive income are summarised below. The effect of the change in accounting policy on the statement of cash flows is immaterial. There is no impact on the balance as at 1 April 2012 and therefore the balance sheet as at 1 April 2012 is not presented.

Impact of change in accounting policy on the statement of comprehensive income

	Group			Board		
	2012/2013 (previously stated) $	Change in accounting policy $	**2012/2013 (restated) $**	2012/2013 (previously stated) $	Change in accounting policy $	**2012/2013 (restated) $**
Expenditure						
- Manpower and staff welfare	81,165,327	(240,407)	**80,924,920**	81,079,084	(240,407)	**80,838,677**
Deficit before grants before tax	(216,388,855)	240,407	**(216,148,448)**	(215,611,128)	240,407	**(215,370,721)**
Other comprehensive income						
- Remeasurement loss on defined benefit pension plans	-	240,407	**240,407**	-	240,407	**240,407**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

<u>Amendment to FRS 107 Disclosure-Offsetting Financial Assets and Financial Liabilities</u>

This amendment includes new disclosures to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This amendment does not have any impact on the accounting policies of the Group. The Group has incorporated the additional required disclosures into the financial statements.

2.2 Subsidiaries

Consolidation

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred.

2.3 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Board.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency 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.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

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

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if such obligation is incurred as a consequence of acquiring the asset or use of the assets. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(b) Depreciation

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

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

	Useful lives
Leasehold premises	30 to 60 years
Motor vehicles	5 years
Building improvements and renovation	5 years or lease period whichever is shorter
Furniture and fittings	5 years
Office equipment	5 years
Computer hardware and software	4 years

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Projects-in-progress and works-of-art are not depreciated.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment (continued)

(c) Subsequent expenditure

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 Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “Other income”.

2.5 Heritage assets

Heritage assets relate to rare books and other rare materials. Heritage assets purchased by the Group are measured at cost less impairment losses, if any. Heritage assets received by the Group as donations are recognised at the valuation determined by the Group’s panel of valuers consisting of professional staff at the time of receipt of the assets.

Subsequent expenditure relating to heritage assets that has 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 Group and the cost of the item can be measured reliably.

The heritage assets are held in perpetuity with an indefinite economic lifespan and are not depreciated.

Grants received from government to fund purchases of heritage assets are recognised in the heritage reserve upon purchase of the heritage assets.

2.6 Impairment of non-financial assets

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

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

An impairment loss for an asset is reversed 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance sheet date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis.

Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

The Group's investments in marketable securities managed by professional fund managers are designated at fair value through profit or loss as the fund managers manage such investments based on their fair value in accordance with the Group's documented investment strategies.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They 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. Loans and receivables are presented as "trade and other receivables" (Note 12) and "cash and cash equivalents" (Note 15) on the balance sheet.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Changes in fair values including the effects of currency translation, interest and dividends are recognised in profit or loss when the changes arise. Loans and receivables are subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

(e) Impairment

The Group 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.

Loans and receivables

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. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.8 Investments in subsidiaries

Investments in subsidiaries is carried at cost less accumulated impairment losses in the Board's statement of financial position. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amount of the investment are recognised in profit and loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Derivative financial instruments

The Group is exposed primarily to the financial risk of foreign exchange fluctuations on debt and equity securities and cash and cash equivalents placed with fund managers. These fund managers hold currency forwards and swaps to hedge the risk.

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining useful life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

2.10 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. 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). Otherwise, they are presented as non-current liabilities.

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

2.11 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.12 Provisions

Provisions for asset dismantlement, removal or restoration are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount have been reliably estimated.

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is calculated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value of money.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Provisions (continued)

Changes in the estimated timing or amount of the expenditure for asset dismantlement, removal and restoration costs are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

2.13 Operating leases

(a) When the Group is the lessee:

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. 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.

(b) When the Group is the lessor:

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

2.14 Revenue recognition

Income comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Income is presented, net of rebates and discounts, and after eliminating income within the Group.

The Group recognises income when the amount of income and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Professional library services

Professional library services are rendered to government ministries, statutory boards and other commercial entities and the income is recognised when the services are rendered.

(b) Consultancy and other services

Income from the provision of library consultancy services as well as library solutions including collection acquisition and library operation management is recognised upon service delivery based on rates specified in the respective service contracts.

(c) Library services and programmes

Income from library services and programme include the use of multi-media, programme delivery, reservation fee and renewal fee and are recognised when the services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Revenue recognition (continued)

(d) Rental income

Rental income from operating leases (net of any incentives given to lessees) is accounted for on a straight-line basis over the lease term.

(e) Membership fees

Membership fees include premium membership fees, registration fee for permanent resident and foreigners and annual foreign membership fees. They are accounted for on a receipt basis.

(f) Interest income

Interest income from bank deposits is recognised using the effective interest method.

(g) Donations

Donations (cash or donations in kind) received are recognised as income upon receipt.

Donations in kind received by the Group are recognised based on market value or at the valuation determined by the Group's panel of valuers consisting of professional staff at the time of receipt of the donations in kind.

(h) Book fines and lost book charges

Income from book fines and lost book charges is recognised when library items are overdue, lost or damaged.

2.15 Government grants

Government grants and contributions from other organisations are recognised initially at their fair values where there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants received by the Group to meet the current year's operating expenses are recognised by the Group as income in the year these operating expenses are incurred. Other government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Such grants which are received but not utilised are included in the grants received in advance account in the statements of financial position.

Government grants and contributions from other organisations utilised for the purchase/ construction of depreciable assets are initially recorded as "deferred capital grants" on the statement of financial position of the Group. Deferred capital grants are then recognised in profit or loss over the periods necessary to match the depreciation of the assets with the related grants.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Government grants (continued)

On the disposal of the property, plant and equipment, the balance of the related deferred capital grants is recognised in profit or loss to match the net book value of the property, plant and equipment disposed or written off.

2.16 Funds

Assets and liabilities of the general fund and restricted fund are pooled in the statement of financial position.

(i) General fund

Income and expenditure relating to the main activities of the Group and the Board are accounted for in the "General Fund" in the consolidated statement of comprehensive income.

(ii) Restricted fund

Income and expenditure relating to funds received for specific purposes and for which separate disclosure is necessary as these funds are material and there are legal and other restrictions on the ability of the Board to distribute or otherwise apply these funds. They are accounted for in "Restricted Fund" and disclosed separately in Note 7 to the financial statements.

2.17 Trust funds

Trust funds are funds for which the Board acts as a custodian, trustee, manager or agent but does not exercise control over the funds.

The net assets of the trust funds are presented as a line item in the statements of financial position as prescribed by SB-FRS Guidance Note 1. The income and expenditure items relating to these funds are accounted for directly in these funds. Details of income, expenditure, assets and liabilities are disclosed in Note 8 to the financial statements.

2.18 Expenditure on book, periodicals and serials

Expenditure on books, periodicals and serials are charged to profit or loss in the year of purchase, except where the items purchased are rare books or other rare materials that will be accounted for as heritage assets.

2.19 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employee compensation (continued)

(b) Defined benefit plan

The Group operates unfunded defined benefit schemes for certain employees under the provisions of the Pension Act, (Cap. 225, 2004 Revised Edition).

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value and any unrecognised past service costs is deducted. The discount rate is the yield on 5-year government bonds at the balance sheet date. The calculation is performed by a qualified actuary once every two years using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise.

Past service costs are recognised in profit or loss.

(c) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(d) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrued 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.

2.20 Income taxes

The Group is tax-exempted under the provisions of the Income Tax Act (Cap. 134, 2004 Revised Edition) except for one of its subsidiary, which is subject to local income tax legislation.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investment in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Income taxes (continued)

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

2.21 Equity financing account

Ordinary shares are classified as equity in the equity financing account.

2.22 Cash and cash equivalents

Under the Accountant-General Circular No.4/2009 dated 2 November 2009, the Board is required to participate in the Centralised Liquidity Management Framework ("CLM"). Under the CLM, all bank accounts maintained with selected banks will be linked up with the bank accounts of Accountant-General's Department ("AGD") such that available excess cash can be automatically aggregated for central management on a daily basis. The Board will continue to own/act as trustees for their funds and operate its bank accounts, including giving instructions for payment and revenue collection. These balances are included in cash and cash equivalents as "Cash managed by AGD through Centralised Liquidity Management".

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and at bank, cash managed by AGD and short-term deposits with financial institutions which are subject to an insignificant risk in change in value.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

3.1 Critical accounting estimates and assumptions

(a) Impairment of book fines and lost book charges

The Group and Board maintain an allowance for doubtful book fines and lost book charges at a level considered adequate to provide for potential uncollectible book fines and lost book charges. The level of this allowance is evaluated by the Group on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to ageing of the outstanding arrears and the payment patterns of the patrons. The amount and timing of recorded expenses for any period would differ if the Group made different judgement or utilised different estimates. An increase in the Group's and the Board's allowance for doubtful book fines and lost book charges would increase the Group's recorded operating expenses and decrease net receivables.

(b) Provision for retirement benefits

Pension expense is determined using certain actuarial estimates and assumptions relating to the discount rate used in valuing the defined benefit obligation and future expectations such as future salary increases, retirement date or age, and mortality and turnover rate of covered employees. Any change in management's estimates and assumptions directly influence the amount of the pension expense recognised in the financial statements.

The annual contribution to the pension plan consists of payments covering the current service cost for the year plus payments towards funding the actuarial accrued liability.

(c) Change in useful lives

Certain servers and storage were replaced and upgraded due to the technical upgrade of the Corporate Resource System ("CREST") during the year. As a result, the expected useful life of the asset increased from 5 years to 7 years 4 months. The effect of these changes on the actual and expected depreciation expenses in current and future years is as follows:

	2013/2014 $	2014/2015 $	2015/2016 $	2016/2017 $
(Decrease)/increase in depreciation expense	(3,175,327)	(1,286,522)	2,433,736	2,028,113

4 CAPITAL ACCOUNT

		Group and Board	
	Note	**2013/2014** **$**	2012/2013 $
Establishment account		**10,334,137**	10,334,137
Equity financing account	5	**122,827,099**	91,844,557
		133,161,236	102,178,694

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

4 CAPITAL ACCOUNT (CONTINUED)

The capital account comprises of the net book value of the assets held by the former National Library, which were transferred to the Board on its establishment on 1 September 1995 ("Establishment account") and "Equity Financing" received from the Ministry of Finance, ("MOF") subsequently ("Equity Financing account").

The equity financing account represents equity injections by the MOF in its capacity as shareholder under the debt-equity framework for statutory boards, implemented with effect from 1 September 2004. Under this framework, capital projects will be partially funded by the MOF as equity injection, and the balance through loans or general funds of the Board.

Capital management

Capital consists of capital account, equity account, heritage reserves and accumulated surplus of the Group. The Group proactively manages its capital structure to achieve efficiency in its cost of capital. The quantum of minimum and maximum cash reserve, taking into account working capital needs and long-term commitments, is reviewed and approved annually by the Finance Committee of the Board. The cash reserve as at the balance sheet date was below one year's annual expenditure.

There were no changes in the Group's approach to capital management during the year. The Group is not subject to any externally imposed capital requirements.

5 EQUITY FINANCING ACCOUNT

		Group and Board			
	Note	**2013/2014**	2012/2013	**2013/2014**	2012/2013
		Number of shares		**$**	**$**
Issued and paid up:					
At 1 April		**91,844,557**	82,388,283	**91,844,557**	82,388,283
Issued as at 31 March		**30,982,542**	9,456,274	**30,982,542**	9,456,274
At 31 March	4	**122,827,099**	91,844,557	**122,827,099**	91,844,557

During the financial year, the Board received proceeds from equity financing of $30,982,542 (2012/2013: $9,456,274), which is represented by 30,982,542 (2012/2013: 9,456,274) ordinary shares at $1 each. The shares are held by the Minister for Finance, a body incorporated by the Minister for Finance (Incorporation) Act (Chapter 183, 1985 Revised Edition).

The holder of ordinary shares, Minister for Finance, is entitled to returns on equity as declared from time to time if the Board makes an accounting surplus.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

6 HERITAGE RESERVES AND ASSETS

	Note	Group and Board 2013/2014 $	 2012/2013 $
Heritage reserves			
At 1 April		**7,739,175**	6,994,007
Movements during the year			
- Transferred from restricted funds	7	**-**	444,044
- Transferred from development grants	18	**-**	270,389
- Transferred from operating grants		**80,543**	-
- Processing fees		**94,304**	30,735
		174,847	745,168
At 31 March		**7,914,022**	7,739,175
Heritage assets			
At 1 April		**11,545,263**	10,750,643
Movements during the year			
- Donation in kind		**22,946**	67,487
- Funded by restricted funds	7	**-**	444,044
- Funded by development grants	18	**-**	270,389
- Funded by operating grants		**80,543**	-
- Processing fees		**103,264**	12,700
		206,753	794,620
At 31 March		**11,752,016**	11,545,263

The heritage reserve comprises grants from the government and donated funds for purchase of heritage assets.

7 ACCUMULATED SURPLUS

(a) General fund

Income and expenditure relating to the main activities of the Group and the Board are accounted for in the "General Fund" in the consolidated statement of comprehensive income.

(b) Restricted fund

The Group's restricted fund comprise donations in the Library Fund and other donations and funds received for specific purposes for which there are restrictions on the Group in relation to the application of those funds. These include specific donations received for exhibitions and programs.

The Library Fund is a trust, which is separately registered as a charity (Unique Entity No: T03CC1744D) since 26 November 2003. The Library Fund has been conferred the status of an Institution of a Public Character (IPC No.: IPC000069) to receive tax-exempt donations for the Board and other beneficiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

7 ACCUMULATED SURPLUS (CONTINUED)

(b) Restricted fund (continued)

The Board of Trustees of the Library Fund (“TLF”) comprise mainly the members of the Board of the National Library Board. As the Board of Trustees has the discretion/control over the application of the donations for the Board’s projects (i.e. TLF is operated and managed by the Board), the Board is deemed to have control over TLF and in accordance with SB-FRS Guidance Note 1, TLF has been included in the financial statements of the Board with effect from 1 April 2009.

The use of the monies in the Library Fund is restricted to purposes specified in the trust deed and requires the approval of the trustees of the Library Fund.

The Board of Trustees of the Library Fund comprise the Board’s Chairman, Board members and staff trustees. The objectives of the Library Fund are:

(i) to support library services, facilities, collections and programmes which will promote reading and literacy and encourage learning through the use of libraries and their services;

(ii) to support and promote equal access to reading, literacy and learning in libraries, thereby creating social good for the community, in particular, for special needs groups, the under privileged and under served; and

(iii) to support and promote research, study programmes and scholarships in the fields of reading, literacy, learning and libraries and information sciences.

The Library Endowment Fund was established under The Library Fund’s trust deed on 1 December 2010 to ensure financial sustainability in the furtherance of its strategic objectives. An initial capital sum of $12 million carved out from The Library Fund was further augmented by a sum of $25 million government grant from Ministry of Communications and Information (“MCI”).

The initial capital sum of $12 million was reflected as a transfer of reserves from the Library Fund to The Library Endowment Fund, a sub-fund created under The Library Fund.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

7 ACCUMULATED SURPLUS (CONTINUED)

(b) Restricted fund (continued)

The key projects funded under The Library Fund in the current year comprise mainly the following:

Name of projects	Purpose
Early Literacy Programme	This project comprises programmes and a one-stop early literacy centre to inculcate pre-reading skills and enjoyment of reading among children, up to 6 years of age.
Family History Exhibitions	This project comprises two exhibitions that focus on family history and genealogy as a means for promoting learning and knowledge of our nation's history and heritage. The exhibitions will showcase the rich variety of collections that the library has amassed, that are helpful for family history research.
kidsREAD	This project aims to promote the love of reading and to cultivate good reading habits in children from an early age and at the same time, provide access to knowledge via literature for children from low-income families, thereby enriching their lives and enhancing opportunities for future success.
library@chinatown	The library was set up and operated with donations from Kwan Im Thong Hood Cho Temple and CPI Pte Ltd, owner of Chinatown Point Retail. It carries a collection of books and audio visual materials on Chinese arts and culture largely in Chinese and English.
Mini MOLLYs	The two mini mobile library buses were set up and operated under the donation from Kwan Im Thong Hood Cho Temple. It brings the library experience to children in welfare homes, special education schools and selected neighbourhood schools.
Project Khoo Seok Wan	This project comprises an exhibition, publication and online bibliography of the famous cultural personality in early Singapore – Khoo Seok Wan. It supports and promotes greater public awareness and appreciation in the Singapore history and heritage.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

7 ACCUMULATED SURPLUS (CONTINUED)

The breakdown of the income, expenditure, assets and liabilities of The Library Fund for the Group and the Board is as follows:

	Endowment fund		Other funds		Total	
	2013/2014 $	2012/2013 $	**2013/2014 $**	2012/2013 $	**2013/2014 $**	2012/2013 $
Group and Board						
Income						
Interest income	**1,192**	2,036	**28,101**	27,908	**29,293**	29,944
Investment income	**110,749**	1,828,142	**134,054**	672,226	**244,803**	2,500,368
Other income	**-**	-	**-**	3,958	**-**	3,958
Donations[1]	**-**	-	**1,105,435**	3,375,027	**1,105,435**	3,375,027
	111,941	1,830,178	**1,267,590**	4,079,119	**1,379,531**	5,909,297
Expenditures						
Manpower and staff welfare	**-**	-	**944**	(31,815)	**944**	(31,815)
Depreciation of property, plant and equipment	**-**	-	**(312,846)**	(273,203)	**(312,846)**	(273,203)
Books, periodicals and serials	**-**	-	**(261,549)**	(818,272)	**(261,549)**	(818,272)
General and administrative expenses	**-**	(10)	**(1,024,745)**	(467,449)	**(1,024,745)**	(467,459)
Maintenance and other property expenses	**-**	-	**(92,168)**	(482,583)	**(92,168)**	(482,583)
Rental expenses	**-**	-	**(148,083)**	(24,963)	**(148,083)**	(24,963)
Agency and other professional fees	**(55,070)**	(75,955)	**(253,934)**	(394,935)	**(309,004)**	(470,890)
Other expenses	**-**	-	**(76,888)**	(161,563)	**(76,888)**	(161,563)
	(55,070)	(75,965)	**(2,169,269)**	(2,654,783)	**(2,224,339)**	(2,730,748)
(Deficit)/surplus before grants	**56,871**	1,754,213	**(901,679)**	1,424,336	**(844,808)**	3,178,549
(Deficit)/surplus for the year	**56,871**	1,754,213	**(901,679)**	1,424,336	**(844,808)**	3,178,549
Other comprehensive loss						
Acquisition of heritage assets	**-**	-	**-**	(444,044)	**-**	(444,044)
Total comprehensive (loss)/income for the year	**56,871**	1,754,213	**(901,679)**	980,292	**(844,808)**	2,734,505
Accumulated surplus at 1 April	**39,316,494**	37,562,281	**27,213,940**	26,233,648	**66,530,434**	63,795,929
Accumulated surplus at 31 March	**39,373,365**	39,316,494	**26,312,261**	27,213,940	**65,685,626**	66,530,434
Heritage reserves at 31 March	**-**	-	**444,044**	444,044	**444,044**	444,044
Total capital and accumulated surplus	**39,373,365**	39,316,494	**26,756,305**	27,657,984	**66,129,670**	66,974,478
Represented by:						
Property, plant and equipment	**-**	-	**9,573,493**	9,751,882	**9,573,493**	9,751,882
Heritage assets	**-**	-	**444,044**	444,044	**444,044**	444,044
Financial assets at fair value through profit or loss	**36,770,207**	38,863,905	**11,635,280**	11,501,225	**48,405,487**	50,365,130
Cash and cash equivalents	**1,555,040**	659,800	**4,347,564**	6,471,614	**5,902,604**	7,131,414
Trade and other receivables	**986,096**	283	**1,014,128**	15,401	**2,000,224**	15,684
Derivative financial instruments	**73,400**	108,116	**-**	-	**73,400**	108,116
Trade and other payables	**(11,378)**	(315,610)	**(258,204)**	(526,182)	**(269,582)**	(841,792)
	39,373,365	39,316,494	**26,756,305**	27,657,984	**66,129,670**	66,974,478

[1] Donations received relate to tax-exempt donations for The Library Fund.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

8 NET ASSETS OF TRUST FUNDS

The trust funds comprise three international funds (2012/2013: three international funds) managed by the Board on behalf of other agencies. The nature of the trust funds as at 31 March 2014 is as follows:

(a) *The International Association of Metropolitan Libraries ("INTAMEL")*

Intamel is formed by a group of metropolitan libraries and established outside of Singapore. It aims to be a platform to encourage international cooperation between public libraries serving various cities and/or countries.

(b) *The International Federation of Library Associations and Institutions ("IFLA-RASCAO")*

IFLA-RASCAO is the leading international body representing the interests of library and information services and their users. The expenditure for IFLA Regional Office of Asia and Oceania is recorded under this project fund.

(c) *International Federation of Library Associations and Institutions World Library and Information Congress 2013 ("IFLA WLIC 13")*

Singapore was the host country for the IFLA WLIC 13 held from 16 August 2013 to 23 August 2013. It is the leading professional event for the international library and information services sector. At the WLIC, information professionals have the valuable opportunity to share insights and shape policies that address global challenges affecting the international library and information services sector.

IFLA Conference 2 BV, an independent legal entity incorporated in The Netherlands, is the executor of IFLA WLIC 13. The National Library Board and the Library Association of Singapore ("LAS") is the National Committee for IFLA WLIC 13, assisting IFLA with the recruitment of local sponsors, volunteers and organisation of the Congress and related events. The Trust is set up to account for sponsorships and expenditure relating to IFLA WLIC 13.

Details of the trust funds are set out below and have been prepared from the records of the trust funds and reflect only transactions handled by the Group and the Board:

	Group and Board	
	2013/2014	2012/2013
	$	$
Statement of comprehensive income of trust funds		
Income		
Grant income	**494,655**	1,457,596
Donation income	-	268,157
Other income	-	298
	494,655	1,726,051
Expenditure		
Other expenses	**(687,148)**	(1,014,167)
Net (deficit)/surplus for the year	**(192,493)**	711,884
Transfer from Trust Funds to other statutory board[1]	-	(1,995,170)
Total comprehensive loss for the year	**(192,493)**	(1,283,286)
Accumulated surplus at 1 April	**230,117**	1,513,403
Accumulated surplus at 31 March	**37,624**	230,117

[1] The transferred amount relates to funds managed by the Board on behalf of the Language Councils Secretariats. They included the funds for the Speak Good English Movement, Promote Mandarin Council, Malay Language Council of Singapore and Tamil Language Council and were transferred to National Heritage Board with effect from 1 November 2012.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

8 NET ASSETS OF TRUST FUNDS (CONTINUED)

	Group and Board	
	2013/2014	2012/2013
	$	$
Statement of financial position of trust funds		
Equity		
Accumulated surplus	**37,624**	230,117
Represented by:		
Assets		
Cash and cash equivalents	**130,111**	234,347
Other receivables	**275,000**	-
	405,111	234,347
Liabilities		
Accruals for operating expenses	**2,425**	4,230
Other payables	**365,062**	-
	367,487	4,230
Net assets	**37,624**	230,117

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

9 PROPERTY, PLANT AND EQUIPMENT

	Leasehold premises $	Motor vehicles $	Building improvements and renovation $	Furniture and fittings $	Office equipment $	Computer hardware and software $	Works-of-art $	Projects-in-progress $	Total $
Group									
Cost									
At 1 April 2012	248,547,074	51,360	151,903,461	17,151,332	14,325,643	89,251,279	3,671,229	5,408,306	530,309,684
Additions	1,388,815	472,487	19,786,828	82,661	2,299,431	6,104,354	-	3,835,216	33,969,792
Disposals/Write-offs	-	-	(27,055)	(55,089)	(1,562,876)	(2,552,501)	-	-	(4,197,521)
Transfer	-	-	1,061,344	-	-	3,052,260	-	(4,113,604)	-
At 31 March 2013	249,935,889	523,847	172,724,578	17,178,904	15,062,198	95,855,392	3,671,229	5,129,918	560,081,955
Additions	-	-	827,137	296,285	3,708,251	8,988,123	1,675	28,330,481	42,151,952
Disposals/Write-offs	-	-	(260,042)	(73,423)	(628,546)	(5,430,280)	-	-	(6,392,291)
Transfer	-	-	2,861,248	-	-	5,378,985	-	(8,240,233)	-
At 31 March 2014	249,935,889	523,847	176,152,921	17,401,766	18,141,903	104,792,220	3,672,904	25,220,166	595,841,616
Accumulated depreciation									
At 1 April 2012	45,545,700	46,224	123,477,780	13,556,861	8,559,555	64,831,774	-	-	256,017,894
Depreciation for the year	4,999,271	142,945	16,967,922	874,344	1,842,689	12,359,537	-	-	37,186,708
Disposals/Write-offs	-	-	(27,055)	(52,178)	(1,552,265)	(2,551,986)	-	-	(4,183,484)
At 31 March 2013	50,544,971	189,169	140,418,647	14,379,027	8,849,979	74,639,325	-	-	289,021,118
Depreciation for the year	5,035,957	118,121	9,832,888	816,096	1,973,294	10,856,087	-	-	28,632,443
Disposals/Write-offs	-	-	(255,894)	(73,423)	(625,897)	(5,421,642)	-	-	(6,376,856)
At 31 March 2014	55,580,928	307,290	149,995,641	15,121,700	10,197,376	80,073,770	-	-	311,276,705
Net book value									
At 1 April 2012	203,001,374	5,136	28,425,681	3,594,471	5,766,088	24,419,505	3,671,229	5,408,306	274,291,790
At 31 March 2013	199,390,918	334,678	32,305,931	2,799,877	6,212,219	21,216,067	3,671,229	5,129,918	271,060,837
At 31 March 2014	194,354,961	216,557	26,157,280	2,280,066	7,944,527	24,718,450	3,672,904	25,220,166	284,564,911

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold premises $	Motor vehicles $	Building improvements and renovation $	Furniture and fittings $	Office equipment $	Computer hardware and software $	Works-of-art $	Projects-in-progress $	Total $
Board									
Cost									
At 1 April 2012	248,547,074	51,360	151,903,461	17,151,332	14,324,249	89,119,660	3,671,229	5,408,307	530,176,672
Additions	1,388,815	472,487	19,786,828	82,661	2,299,431	6,101,448	-	3,835,216	33,966,886
Disposals/Write-offs	-	-	(27,055)	(55,089)	(1,562,876)	(2,552,501)	-	-	(4,197,521)
Transfer	-	-	1,061,344	-	-	3,052,260	-	(4,113,604)	-
At 31 March 2013	249,935,889	523,847	172,724,578	17,178,904	15,060,804	95,720,867	3,671,229	5,129,919	559,946,037
Additions	-	-	827,137	296,285	3,708,251	8,968,643	-	28,330,480	42,130,796
Disposals/Write-offs	-	-	(260,042)	(73,423)	(628,546)	(5,430,280)	-	-	(6,392,291)
Transfer	-	-	2,861,248	-	-	5,378,985	-	(8,240,233)	-
At 31 March 2014	249,935,889	523,847	176,152,921	17,401,766	18,140,509	104,638,215	3,671,229	25,220,166	595,684,542
Accumulated depreciation									
At 1 April 2012	45,545,700	46,224	123,507,917	13,556,861	8,558,159	64,670,063	-	-	255,884,924
Depreciation for the year	4,999,271	142,945	16,967,922	874,344	1,842,689	12,359,212	-	-	37,186,383
Disposals/Write-offs	-	-	(27,056)	(52,178)	(1,552,265)	(2,551,986)	-	-	(4,183,485)
At 31 March 2013	50,544,971	189,169	140,448,783	14,379,027	8,848,583	74,477,289	-	-	288,887,822
Depreciation for the year	5,035,957	118,121	9,832,888	816,096	1,973,294	10,848,625	-	-	28,624,981
Disposals/Write-offs	-	-	(255,894)	(73,423)	(625,897)	(5,421,642)	-	-	(6,376,856)
At 31 March 2014	55,580,928	307,290	150,025,777	15,121,700	10,195,980	79,904,272	-	-	311,135,947
Net book value									
At 1 April 2012	203,001,374	5,136	28,395,544	3,594,471	5,766,090	24,449,597	3,671,229	5,408,307	274,291,748
At 31 March 2013	199,390,918	334,678	32,275,795	2,799,877	6,212,221	21,243,578	3,671,229	5,129,919	271,058,215
At 31 March 2014	194,354,961	216,557	26,127,144	2,280,066	7,944,529	24,733,943	3,671,229	25,220,166	284,548,595

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

10 INVESTMENTS IN SUBSIDIARIES

	Board	
	2013/2014	2012/2013
	$	$
Unquoted ordinary shares, at cost	**506**	1

Details of the subsidiaries are as follows:

Name of Subsidiaries	Principal Activities	Place of incorporation	Effective equity interest held 2013/2014 %	Effective equity interest held 2012/2013 %	Cost of investment 2013/2014 $	Cost of investment 2012/2013 $
Cybrarian Ventures Pte Ltd [1]	Provision of library consultancy services	Singapore	**100**	100	**1**	1
Asian Film Archive [2]	Preserve film heritage of Singapore and Asia	Singapore	**100**	-	**505**	-

[1] Audited by PricewaterhouseCoopers LLP Singapore

[2] Audited by S.H.Ong LLP, Public Accountants and Chartered Accountants Singapore
The Asian Film Archive became NLB's subsidiary with effect from 1 January 2014.

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		Group		Board	
	Note	**2013/2014**	2012/2013	**2013/2014**	2012/2013
		$	$	**$**	$
Quoted debt securities managed by fund managers	24	**41,995,912**	44,320,932	**41,995,912**	44,320,932
Quoted debt securities held by subsidiary		**760,500**	1,035,220	**-**	-
Quoted equity securities managed by fund managers	24	**9,720,034**	14,720,415	**9,720,034**	14,720,415
Quoted unit trusts	24	**38,999,368**	38,711,748	**38,999,368**	38,711,748
		91,475,814	98,788,315	**90,715,314**	97,753,095

The quoted debt securities managed by fund managers earn fixed interest rates ranging from 0.8% to 7.3% (2012/2013: 0.8% to 7.3%) per annum as at the balance sheet date. Interest is receivable on a semi-annual basis. The maturity dates range from April 2014 to August 2049 (2012/2013: April 2013 to August 2049).

The quoted debt securities held by subsidiary earn fixed interest rate of 4.25% (2012/2013: 2.875% to 4.25%) per annum for financial year ended 31 March 2014. Interest is receivable on a semi-annual basis. The maturity date of debt securities is March 2049. (2012/2013: September 2016 to March 2049).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

12 TRADE AND OTHER RECEIVABLES

	Group		Board	
	2013/2014 $	2012/2013 $	**2013/2014 $**	2012/2013 $
Trade receivables				
Non-related parties	**1,132,883**	2,230,858	**390,006**	2,017,732
Subsidiaries	**-**	-	**202,620**	412,387
	1,132,883	2,230,858	**592,626**	2,430,119
Less: Allowance for impairment of receivables	**-**	(179,376)	**-**	-
Trade receivables-net	**1,132,883**	2,051,482	**592,626**	2,430,119
Grant receivables	**11,441,728**	37,847,833	**11,441,728**	37,847,833
Deposits	**714,891**	801,460	**714,891**	801,460
Book fines and lost book charges (Note 13)	**686,980**	553,470	**686,980**	553,470
Accrued receivables	**2,673,809**	118,682	**2,661,272**	143,558
Other receivables	**137,607**	112,387	**50,264**	55,051
Loan to a subsidiary	**-**	-	**25,000**	-
Interest and dividend receivables	**1,411,743**	209,936	**1,396,487**	207,596
Loans and receivables	**18,199,641**	41,695,250	**17,569,248**	42,039,087
Prepayments	**1,927,560**	2,410,503	**1,923,012**	2,401,223
	20,127,201	44,105,753	**19,492,260**	44,440,310

The loan to a subsidiary by the Board is unsecured, non-interest bearing and repayable on demand when the subsidiary is in net surplus position. The loan shall be repayable in full by 23 February 2019 with the option to extend for a further term of five years.

(a) Impairment losses

The ageing of trade and grant receivables at the balance sheet date is:

	Group		Board	
	2013/2014 $	2012/2013 $	**2013/2014 $**	2012/2013 $
Not past due	**12,398,832**	39,517,027	**11,958,458**	39,732,662
Past due <30 days	**115,182**	355,720	**15,686**	519,318
Past due 30 – 60 days	**59,983**	5,587	**59,983**	4,442
Past due 61 – 90 days	**614**	6,769	**227**	2,489
Past due 91 – 120 days	**-**	4,280	**-**	-
Past due > 120 days	**-**	189,308	**-**	19,041
	12,574,611	40,078,691	**12,034,354**	40,277,952
Less: Allowance for impairment	**-**	(179,376)	**-**	-
	12,574,611	39,899,315	**12,034,354**	40,277,952

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

12 TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Impairment losses (continued)

Movement of impairment losses in respect of trade and grant receivables during the year are as follows:

	Group	
	2013/2014	2012/2013
	$	$
At 1 April	**179,376**	-
Allowance (written back)/made	**(178,455)**	179,376
Currency translation difference	**(921)**	-
At 31 March	**-**	179,376

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of receivables not past due or not provided for. These receivables are mainly attributable to debtors that have a good payment record with the Group.

Concentration of credit risk relating to trade and grant receivables is limited due to the Group's many varied customers. These customers mainly consist of government statutory boards. The recorded allowance is based on the Group's historical experience in the collection of accounts receivable. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

(b) Source of estimation uncertainty

The Group maintains an allowance for doubtful receivables at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the Group on the basis of factors that affect the collectibility of the receivables. These factors include, but are not limited to, the length of the Group's relationship with debtors, their payment behaviour and known market factors. The Group reviews the age and status of receivables, and identifies accounts which require allowance to be made on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Group made different judgement or utilised different estimates. An increase in the Group's allowance for doubtful receivables would increase the Group's recorded operating expenses and decrease trade receivables.

13 BOOK FINES AND LOST BOOK CHARGES

	Group and Board	
	2013/2014	2012/2013
	$	$
Book fines and lost book charges	**6,072,703**	5,991,724
Less: Allowance for doubtful book fines and lost book charges	**(5,385,723)**	(5,438,254)
	686,980	553,470

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

13 BOOK FINES AND LOST BOOK CHARGES (CONTINUED)

Movement in allowance for doubtful book fines and lost book charges during the year is as follows:

	Group and Board	
	2013/2014 **$**	2012/2013 $
At 1 April	**(5,438,254)**	(5,921,286)
Allowance made	**(478,020)**	(504,418)
Allowance utilised	**530,551**	987,450
At 31 March	**(5,385,723)**	(5,438,254)

Allowance for doubtful book fines and lost book charges

The ageing of doubtful book fines and lost book charges at the balance sheet date is:

	2013/2014 **$**	2012/2013 $
Group and Board (Gross)		
Past due 1 – 90 days	**506,291**	363,943
Past due 91 – 180 days	**368,799**	250,246
Past due 181 – 270 days	**267,724**	188,956
Past due 271 – 365 days	**213,691**	156,911
More than 365 days	**4,716,198**	5,031,668
	6,072,703	5,991,724
Less: Allowance for impairment	**(5,385,723)**	(5,438,254)
	686,980	553,470

The allowance for doubtful book fines and lost book charges is computed based on the historical trend for the rate of default payment pattern.

Concentration of credit risk relating to doubtful book fines and lost book charges is limited due to the Group's many varied customers. These customers mainly consist of individual library patrons. The recorded allowance is based on Group's historical experience in the collection of book fines and lost book charges. Due to these factors, management believes that no additional credit risk beyond amounts provided for the impairment losses is inherent in the Group's book fines and lost book charges receivables.

14 DERIVATIVE FINANCIAL INSTRUMENTS

Group and Board

	Contract notional	Fair value	
	Amount $	**Asset $**	**Liability $**
2013/2014			
Currency forwards and swaps	27,787,897	97,696	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

14 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Group and Board

	Contract notional Amount $	Fair value Asset $	Liability $
2012/2013			
Currency forwards and swaps	26,989,163	136,030	-

Currency forwards and swaps are entered into by the fund managers to hedge highly probable forecast transactions denominated in foreign currencies expected to occur at various dates within 8 months (2012/2013: 2 months) from the balance sheet date.

15 CASH AND CASH EQUIVALENTS

	Group		Board	
	2013/2014 $	2012/2013 $	**2013/2014 $**	2012/2013 $
Cash at bank and on hand	**3,721,015**	1,692,067	**2,342,109**	1,206,547
Cash managed by AGD through Centralised Liquidity Management	**157,526,940**	100,436,677	**157,526,940**	100,436,677
Short-term deposits	**7,247,503**	3,554,438	**6,296,503**	2,001,603
	168,495,458	105,683,182	**166,165,552**	103,644,827

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Note	Group	
		2013/2014 $	2012/2013 $
Cash and bank balances (as above)		**168,495,458**	105,683,182
Less: Cash managed by fund managers	24	**(2,359,981)**	(2,300,408)
Less: Fixed deposits managed by fund managers	24	**(6,296,503)**	(2,001,603)
Cash and cash equivalents per consolidated statement of cash flows		**159,838,974**	101,381,171

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

16 TRADE AND OTHER PAYABLES

	Group		Board	
	2013/2014 **$**	2012/2013 $	**2013/2014** **$**	2012/2013 $
Trade payables	**24,091,129**	11,753,871	**23,737,076**	11,620,129
Accrued operating expenses	**42,311,750**	33,082,846	**42,123,353**	32,931,997
Provision for restoration costs	**16,648,861**	16,648,861	**16,648,861**	16,648,861
Retention payable	**531,209**	519,529	**531,209**	519,529
Receipts-in-advance	**1,560,155**	1,034,438	**1,091,086**	943,385
Security and other deposits	**2,177,051**	2,008,480	**2,176,429**	2,008,480
Other payables				
- Subsidiaries	**-**	-	**8,321**	3,376
- Third parties	**557,295**	1,229,322	**384,411**	1,203,884
	87,877,450	66,277,347	**86,700,746**	65,879,641

Other payables to subsidiaries are unsecured, non-interest bearing and repayable on demand.

17 PROVISION FOR RETIREMENT BENEFITS

The Board operates an unfunded defined retirement benefit plan for certain employees under the provisions of the Pension Act (Cap. 225, 2004 Revised Edition). Benefits are payable based on the last drawn salaries of the respective employees and the employees' cumulative service period with the Board at the time of retirement.

The Board performed an actuarial valuation to determine the liability of the Board in respect of its defined retirement benefit plans. Based on the actuarial valuation performed by Towers Watson Singapore Pte Ltd, the present value of unfunded obligations is recognised.

The amounts recognised in the statement of financial position are as follows:

	Group and Board	
	2013/2014 **$**	2012/2013 $
Present value of unfunded obligations	**7,411,228**	8,807,000
Comprised:		
- Current	**2,122,000**	1,788,000
- Non-current	**5,289,228**	7,019,000
	7,411,228	8,807,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

17 PROVISION FOR RETIREMENT BENEFITS (CONTINUED)

(a) Movement in the defined benefit obligations is as follows:

	Group and Board	
	2013/2014 **$**	2012/2013 $
At 1 April	**8,807,000**	9,906,000
Current service costs and interest	**216,000**	375,000
Remeasurement loss on defined benefits pension plans	**-**	240,407
Retirement benefits paid	**(1,611,772)**	(1,714,407)
At 31 March	**7,411,228**	8,807,000

(b) The amounts charged to profit or loss are as follows:

	Group and Board	
	2013/2014 **$**	2012/2013 (restated) $
Current service cost	**184,000**	286,000
Interest cost	**32,000**	89,000
	216,000	375,000

(c) The amounts charged to other comprehensive income are as follows:

	Group and Board	
	2013/2014 **$**	2012/2013 (restated) $
Remeasurement loss on defined benefits pension plans	**-**	240,407

(d) Principal actuarial assumptions used are as follows:

	Group and Board	
	2013/2014 **%**	2012/2013 %
Discount rate	**0.4**	0.4
Future salary increases	**1**	1

The mortality rate assumed for pensioners at age 60, based on the latest published Singapore mortality table S04/08 is as follows:

	Group and Board	
	2013/2014 **% p.a.**	2012/2013 % p.a.
Female	**0.241**	0.241
Male	**0.425**	0.425

This means that out of 10,000 pensioners, it is assumed that 24 females and 43 males will die before their 60th birthday (2012/2013: 24 females and 43 males).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

17 PROVISION FOR RETIREMENT BENEFITS (CONTINUED)

(e) Historical information are as follows:

	Group and Board				
	2013/2014 $	2012/2013 $	2010/2011 $	2009/2010 $	2008/2009 $
Present value of the defined benefit obligation	**7,411,228**	8,807,000	9,906,000	9,522,001	11,301,150

18 DEVELOPMENT GRANTS RECEIVED IN ADVANCE

	Note	Group and Board **2013/2014 $**	2012/2013 $
At 1 April		**3,907,897**	437,611
Development grants received during the year		**11,577,713**	8,199,354
		15,485,610	8,636,965
Less:			
Development grants refunded during the year		**(28,444)**	-
Amount transferred to deferred capital grants	19	**(5,970,446)**	(2,385,350)
Development grants utilised during the year		**(3,321,871)**	(2,073,329)
Amount transferred to heritage reserves	6	**-**	(270,389)
At 31 March		**6,164,849**	3,907,897
Development grants utilised comprise:			
Manpower and staff welfare		**243,166**	345,217
Books, periodicals and serials		**1,687,706**	(15,185)
General and administrative expenses		**825,730**	1,173,610
Maintenance and other property expenses		**196,949**	341,243
Agency and other professional services		**172,375**	106,339
Rental expenses		**580**	-
Other expenses		**195,365**	122,105
		3,321,871	2,073,329

The development grants of $11,577,713 (2012/2013: $8,199,354) received during the year were disbursed by the Ministry of Communications and Information.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

19 DEFERRED CAPITAL GRANTS

	Note	Group and Board 2013/2014 $	Group and Board 2012/2013 $
At 1 April		**233,919,463**	236,719,876
Amount transferred from development grants	18	**5,970,446**	2,385,350
Amount transferred from operating grants	21	**6,749,259**	7,687,293
Development grants transferred from other statutory board		**-**	3,259,627
Operating grants transferred from other statutory board		**-**	1,831,664
		246,639,168	251,883,810
Less:			
Deferred capital grants amortised during the year		**(15,999,312)**	(17,964,347)
At 31 March		**230,639,856**	233,919,463
Comprised:			
Current		**16,543,834**	14,513,442
Non-current		**214,096,022**	219,406,021
		230,639,856	233,919,463

20 MANPOWER AND STAFF WELFARE

	Group		Board	
	2013/2014 $	2012/2013 (restated) $	**2013/2014 $**	2012/2013 (restated) $
Board members' allowances	**185,630**	182,026	**180,000**	182,026
Wages and salaries	**78,323,587**	68,028,960	**77,908,151**	67,969,075
Employer's contribution to Central Provident Fund	**9,428,084**	8,197,206	**9,355,465**	8,175,045
Retirement benefits	**216,000**	375,000	**216,000**	375,000
Other employee benefits	**3,917,746**	4,141,728	**3,920,251**	4,137,531
	92,071,047	80,924,920	**91,579,867**	80,838,677

Retirement benefits as previously reported has been restated at the reporting dates to reflect the change in accounting policy (Note 2.1). Amount was restated as $375,000 for financial year ended 31 March 2013 (previously $615,407).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

21 OPERATING GRANTS

	Note	Group and Board 2013/2014 $	2012/2013 $
Operating grants received during the year		**208,697,037**	172,739,127
Operating grant receivables as at 31 March		**2,756,780**	32,116,114
Less: Amount transferred to deferred capital grants	19	**(6,749,259)**	(7,687,293)
Less: Amount refunded		**(1,790)**	-
Operating grants utilised during the year		**204,702,768**	197,167,948

The operating grants of $204,702,768 (2012/2013: $197,167,948) utilised during the year were disbursed by Ministry of Communications and Information and Ministry of Culture, Community and Youth.

22 INVESTMENT (LOSS)/INCOME

The following items have been included in arriving at the investment (loss)/income for the year:

	Group 2013/2014 $	Group 2012/2013 $	Board 2013/2014 $	Board 2012/2013 $
Interest income from				
- Fund manager's fixed deposits and bank deposits	**4,051**	9,748	**4,051**	9,748
- Quoted debt securities	**1,376,391**	1,328,419	**1,376,391**	1,328,419
Dividend income from quoted equity securities	**459,730**	326,490	**459,730**	326,490
(Loss)/gain from sale of investments				
- Quoted equity securities	**(259,665)**	534,375	**(259,665)**	534,375
- Quoted debt securities	**(12,147)**	467,046	**(12,147)**	467,046
Net (loss)/gain from financial assets at fair value through profit or loss[1]	**(1,603,340)**	2,213,995	**(1,591,987)**	2,207,296
Foreign exchange loss - net[2]	**(460,484)**	(187,440)	**(460,484)**	(187,440)
	(495,464)	4,692,633	**(484,111)**	4,685,934

[1] Net (loss)/gain from financial assets through profit or loss includes $248,007 loss (2012/2013: $1,861,893 gain) relating to The Library Fund.

[2] Foreign exchange loss – net includes unrealised exchange loss on quoted equity and debt securities of $34,716 (2012/2013: $69,316 gain) relating to The Library Fund.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

23 INCOME TAXES

(a) Income tax expense

The Group is tax exempted under the provision of the Income Tax Act except for one of its subsidiary, which is subject to tax under Singapore income tax legislation.

	Group		Board	
	2013/2014 $	2012/2013 $	**2013/2014 $**	2012/2013 $
Tax expense attributable to profit is made up of:				
- current income tax	**-**	-	**-**	-
- over provision in prior years	**(497)**	(8,052)	**-**	-
	(497)	(8,052)	**-**	-
Reconciliation of effective tax rate				
(Deficit)/ Surplus before tax	**(4,970,999)**	1,057,176	**(5,191,022)**	1,834,903
Tax calculated at tax rate at 17%	**(845,070)**	179,720	**(882,474)**	311,934
Effects of:				
- (deficit)/surplus exempted from tax	**880,867**	(311,934)	**882,474**	(311,934)
- non-deductible expenses	**1,932**	-	**-**	-
- statutory stepped income exemption	**(18,639)**	-	**-**	-
- income not subject to tax	**(1,302)**	(850)	**-**	-
- utilisation of previously unrecognised tax losses	**(17,788)**	-	**-**	-
- deferred income tax asset not recognised on unused tax losses	**-**	133,064	**-**	-
- others	**-**	-	**-**	-
	-	-	**-**	-

(b) Movement in current income tax liabilities

	Group	
	2013/2014 $	2012/2013 $
Beginning of financial year	**-**	2,810
Income tax refund	**497**	8,052
Over provision in prior financial years	**(497)**	(8,052)
Other adjustments	**-**	(2,810)
	-	-

24 INVESTMENTS WITH FUND MANAGERS AND UNIT TRUSTS

The Group placed its surplus funds with fund managers and unit trusts. The fund managers are given discretion in managing their respective portfolios, subject to the investment guidelines and the mandate set out in the external fund management agreements.

As part of its risk management activities, the fund managers use currency forwards and swaps for hedging purposes. They are not used for speculative purposes.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

24 INVESTMENTS WITH FUND MANAGERS AND UNIT TRUSTS (CONTINUED)

As at the balance sheet date, the funds managed by fund managers and unit trusts comprise the following assets and liabilities:

	Note	Group and Board 2013/2014 $	2012/2013 $
Financial assets at fair value through profit or loss			
- Quoted debt securities	11	**41,995,912**	44,320,932
- Quoted equity securities	11	**9,720,034**	14,720,415
Cash balances	15	**2,359,981**	2,300,408
Fixed deposits	15	**6,296,503**	2,001,603
Net other receivable/(payable) relating to investment transactions		**768,239**	(1,201,284)
Currency forwards and swaps	14	**97,696**	136,030
		61,238,365	62,278,104
Financial assets at fair value through profit or loss			
- Quoted unit trusts	11	**38,999,368**	38,711,748
		100,237,733	100,989,852

The investments with fund managers and unit trusts that are designated at fair value through profit or loss are investments that the Group intends to hold for the medium term. These investments are designated at fair value through profit or loss as the Group manages such investments based on their fair value in accordance with the Group's documented investment strategy.

Investments with fund managers include quoted debt securities issued by statutory boards and organs of states of $11,490,603 (2012/2013: $6,828,178).

Sales and redemption of debt securities, and purchases of investments carried out by the fund managers with statutory boards, educational institutions and other government agencies amounted to $30,781,389 (2012/2013: $39,768,367) and $35,614,397 (2012/2013: $35,039,494) respectively.

25 COLLECTION HOLDINGS

The Board's total collection of 15,974,225 (2012/2013: 15,690,632) items comprises books, audio-visual materials, microfilm items, serials, and other library materials as follows:

	Public Libraries	Lee Kong Chian Reference Library	Rare Materials	National Archives of Singapore	Total
Number of items					
At 1 April 2012	8,079,002	582,355	11,129	-	8,672,486
Additions	1,044,080	26,660	98	7,657,060	8,727,898
Disposals	(1,697,188)	(12,563)	(1)	-	(1,709,752)
At 31 March 2013	7,425,894	596,452	11,226	7,657,060	15,690,632
At 1 April 2013	7,425,894	596,452	11,226	7,657,060	15,690,632
Additions	1,107,021	30,471	461	177,136	1,315,089
Disposals	(1,031,303)	(193)	-	-	(1,031,496)
At 31 March 2014	7,501,612	626,730	11,687	7,834,196	15,974,225

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

26 COMMITMENTS

(a) Operating lease commitments – where the Board is a lessee

The Board leases certain properties under non-cancellable operating lease agreements. These leases have no purchase options. These leases, most of which have renewal options, expire at various dates up to the year 2034 and contain provisions for rental adjustments and provisions to restrict the Board to the usage of the premises.

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

	Group and Board	
	2013/2014 $	2012/2013 $
Not later than one year	**9,822,304**	11,274,886
Between one and five years	**13,732,648**	20,119,066
Later than five years	**12,315,407**	14,160,170
	35,870,359	45,554,122

(b) Operating lease commitments – where the Board is a lessor

The Board leases out certain commercial property space to non-related parties under non-cancellable operating leases. The non-cancellable leases have remaining non-cancellable lease terms of between one to six years.

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

	Group and Board	
	2013/2014 $	2012/2013 $
Not later than one year	**3,762,983**	4,060,995
Between one and five years	**5,925,710**	6,428,580
Later than five years	**493,809**	1,975,237
	10,182,502	12,464,812

(c) Collection commitment

Purchase order on book collections approved by the Board at the balance sheet date but not provided for in the Group's financial statements is as follows:

	Group and Board	
	2013/2014 $	2012/2013 $
Amount approved and contracted	**1,731,359**	1,257,269

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

26 COMMITMENTS (CONTINUED)

(d) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group and Board	
	2013/2014 **$**	2012/2013 $
Amount approved and contracted	**1,453,877**	11,620,381

27 RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following significant transactions took place between the Group and related parties at terms agreed between the parties:

(a) Transactions with Ministries, Organs of State, Statutory Boards, Educational Institutions and other Government Agencies

	Group and Board	
	2013/2014 **$**	2012/2013 $
Consultancy service income	**8,184,029**	6,991,211
Professional service income	**3,666,777**	4,708,842
Rental expenses	**(13,974,619)**	(12,362,141)
IT services	**(1,819,410)**	(1,869,532)

(b) Transactions with subsidiaries

	Group and Board	
	2013/2014 **$**	2012/2013 $
Income		
Consultancy and other services	**200,980**	120,576
Professional library services	**541,126**	487,075
Rental income	**44,354**	39,115
Other income	**1,274**	5,667

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

27 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management personnel compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The chief executive and the group heads are considered by the Group to be key management personnel.

The key management personnel compensation is as follows:

	Group		Board	
	2013/2014 **$**	2012/2013 $	**2013/2014** **$**	2012/2013 $
Salaries, bonuses and other short-term benefits	**1,392,450**	1,773,009	**1,224,861**	1,595,289
Employer's contribution to defined contribution plans, including Central Provident Fund	**42,765**	45,163	**27,875**	45,163
	1,435,215	1,818,172	**1,252,736**	1,640,452

28 FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise cash and cash equivalents, unit trusts as well as debt securities, equity securities and currency forwards and swaps managed by fund managers. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which are directly attributable to its operations. The Group does not hold or issue derivative financial instruments for trading purposes. The Group's exposure to risk predominantly arises from its fund placed with fund managers.

Funds with fund managers

The Group established an investment policy which governs the overall investment guidelines including the overarching investment objectives as well as asset allocations and restrictions with an appropriate risk management framework. The investment contracts with the fund managers were established based on approved policies and guidelines. Regular investment performance reports are sent to the members of the National Library Board for monitoring purposes. Review sessions with the fund managers are held once in every six months.

The fund managers appointed under the global fixed income mandate and the global equities mandate are held responsible in achieving the investment objectives set forth in their respective fund manager agreements entered into with the Group. All income and realised capital gains are to be reinvested by the fund managers unless otherwise instructed by the Group.

The fund managers' overall risk management program seeks to maximise the returns derived for the level of risk to which they are exposed and seeks to minimise the potential adverse effects on the fund manager's financial performance.

The management of these risks carried out by the fund managers is governed by the mandate set forth in the fund manager agreement approved by the Group's Finance Committee. The mandate provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk, the use of derivative and non-derivative financial instruments which are stipulated below.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

Funds with fund managers (continued)

The Finance Committee has reviewed and agreed on policies for managing each of these risks in relation to the funds with fund managers.

(a) Credit risk

Credit risk refers to the risk that counterparty to a financial instrument will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and the Board are investment in debt securities, receivables on sale of financial instruments, derivative receivables, cash and cash equivalents and trade and other receivables.

For investments in debt and equity securities managed by professional fund managers, the Group adopts the policy of dealing only with counterparties of a minimum credit rating of “BBB” (Standard and Poor) or equivalent, further subject to industry and geographical limits.

For financial instruments, the management regularly monitors the recoverability of its financial assets and believes that it has adequately provided for any exposure to potential losses.

For cash and fixed deposits, the Group adopts the policy of dealing only with regulated high credit quality counterparties.

Credit exposure to fund managers are restricted by credit policies in place and based on ongoing credit evaluation.

At the balance sheet date, there is no significant concentration of credit risk. The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

Please see details of aging of trade and grant receivables and book fines and lost book charges, including the movement in the related allowance for impairment in Notes 12 and 13.

(b) Liquidity risk

The Board has minimal exposure to liquidity risk as its operations are funded by government grants. The Group has ensured sufficient liquidity through the holding of highly liquid assets in the form of cash and cash equivalents at all times to meet its financial obligations.

(c) Market risk

(i) Price risk

The Group is exposed to quoted equity securities price risk arising from investments held by the fund managers. Where non-monetary financial instruments such as equity securities are denominated in currencies other than the functional currency of the Group, the price initially expressed in foreign currency and then converted into the functional currency will also fluctuate because of changes in foreign exchange rates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(i) Price risk (continued)

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group's Finance Committee.

The overall market position of these equity investments is monitored on a daily basis by the fund managers and is reviewed on a semi-annual basis by the Finance Committee. Compliance with the Group's fund management mandate is reported to the Finance Committee on a monthly basis.

A 5% (2012/2013:10%) increase/decrease in the underlying equity and 3% (2012/2013:10%) increase/decrease in the underlying unit trust prices at the balance sheet date would increase/decrease portfolio gains and the fair value of the equity securities and unit trusts in profit or loss by the following amounts:

	Group and Board Net surplus for the year	
	2013/2014	2012/2013
	$	$
Financial assets at fair value through profit or loss		
- Quoted equity securities	**486,002**	1,472,041
- Quoted unit trusts	**1,169,981**	3,871,175

The above sensitivity analysis assumes that all other variables are held constant.

(ii) Interest rate risk

Exposure to interest rate risk relate primarily to the Group's investment portfolio managed by fund managers and the fixed deposits placed with banks.

The Group relies on fund managers to monitor and mitigate the adverse effects of interest rate changes on its investment portfolios. The fund managers have absolute discretion in managing the funds within the Group's investment guidelines. A portfolio diversification approach is adopted.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

At the balance sheet date, the interest rate profile of the interest-earning financial instruments is as follows:

	Group Carrying amount		Board Carrying amount	
	2013/2014 $	2012/2013 $	**2013/2014 $**	2012/2013 $
Fixed rate instruments				
Fixed deposits managed by fund managers	**6,296,503**	2,001,603	**6,296,503**	2,001,603
Fixed deposits at bank	**951,000**	1,552,835	**-**	-
Quoted debt securities	**42,756,412**	45,356,152	**41,995,912**	44,320,932
	50,003,915	48,910,590	**48,292,415**	46,322,535

Fair value sensitivity analysis for fixed rate instruments

Changes in interest rates would not affect fixed rate instruments (i.e. fixed deposits managed by fund managers and fixed deposits at bank) measured at amortised costs.

Debt securities are the only fixed rate instrument which is accounted for at fair value through profit or loss by the Group. This analysis assumes that all other variables remain constant and there is an inverse linear relationship between interest rates and bond prices.

Therefore, an increase of 50 (2012/2013: 50) basis points in interest would decrease the fair value of debt securities and net surplus as follows:

	Group Carrying amount		Board Carrying amount	
	2013/2014 $	2012/2013 $	**2013/2014 $**	2012/2013 $
Debt securities	**213,782**	226,781	**209,980**	221,605

(iii) Currency risk

The Group operates in Singapore and income and expenditure are primarily incurred in its functional currency.

Currency risk arises when transactions are denominated in foreign currencies such as the United States Dollar (“USD”). To manage the currency risk, the Group enters into currency forwards and swaps through fund managers. Please see details disclosed in Note 14 to the financial statements.

In addition, the Group is exposed to currency translation risk on the assets or liabilities denominated in foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(iii) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $	USD $	Others $	Total $
At 31 March 2014				
Financial assets				
Quoted debt securities	**24,195,937**	**14,577,819**	**3,982,656**	**42,756,412**
Trade and other receivables	**17,007,929**	**237,433**	**954,279**	**18,199,641**
Cash and cash equivalents	**167,947,480**	**202,995**	**344,983**	**168,495,458**
	209,151,346	**15,018,247**	**5,281,918**	**229,451,511**
Financial liabilities				
Trade and other payables	**(68,093,426)**	**(998,456)**	**(576,552)**	**(69,668,434)**
	(68,093,426)	**(998,456)**	**(576,552)**	**(69,668,434)**
Net financial assets	**141,057,920**	**14,019,791**	**4,705,366**	**159,783,077**
Less: Currency forwards and swaps	**-**	**(14,180,123)**	**(3,899,669)**	**(18,079,792)**
Less: Net financial assets in functional currency	**(141,057,920)**	**-**	**-**	**(141,057,920)**
Currency exposure of financial (liabilities)/assets net of those denominated in the functional currencies	**-**	**(160,332)**	**805,697**	**645,365**

	SGD $	USD $	Others $	Total $
At 31 March 2013				
Financial assets				
Quoted debt securities	21,709,581	17,005,376	6,641,195	45,356,152
Trade and other receivables	44,105,938	99	(284)	44,105,753
Cash and cash equivalents	105,421,348	116,322	145,512	105,683,182
	171,236,867	17,121,797	6,786,423	195,145,087
Financial liabilities				
Trade and other payables	(65,160,202)	(982,124)	(135,021)	(66,277,347)
	(65,160,202)	(982,124)	(135,021)	(66,277,347)
Net financial assets	106,076,665	16,139,673	6,651,402	128,867,740
Less: Currency forwards and swaps	-	(15,463,819)	(6,401,460)	(21,865,279)
Less: Net financial assets in functional currency	(106,076,665)	-	-	(106,076,665)
Currency exposure of financial assets net of those denominated in the functional currencies	-	675,854	249,942	925,796

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(iii) Currency risk (continued)

The Board's currency exposure based on the information provided to key management is as follows:

	SGD $	USD $	Others $	Total $
At 31 March 2014				
Financial assets				
Quoted debt securities	23,435,437	14,577,819	3,982,656	41,995,912
Trade and other receivables	16,465,445	149,524	954,279	17,569,248
Cash and cash equivalents	165,759,524	61,045	344,983	166,165,552
	205,660,406	14,788,388	5,281,918	225,730,712
Financial liabilities				
Trade and other payables	(67,463,147)	(921,100)	(576,552)	(68,960,799)
	(67,463,147)	(921,100)	(576,552)	(68,960,799)
Net financial assets	138,197,259	13,867,288	4,705,366	156,769,913
Less: Currency forwards and swaps	-	(14,180,123)	(3,899,669)	(18,079,792)
Less: Net financial assets in functional currency	(138,197,259)	-	-	(138,197,259)
Currency exposure of financial (liabilities)/assets net of those denominated in the functional currencies	-	(312,835)	805,697	492,862

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(iii) Currency risk (continued)

	SGD $	USD $	Others $	Total $
At 31 March 2013				
Financial assets				
Quoted debt securities	20,674,361	17,005,376	6,641,195	44,320,932
Trade and other receivables	44,440,495	99	(284)	44,440,310
Cash and cash equivalents	103,405,114	94,201	145,512	103,644,827
	168,519,970	17,099,676	6,786,423	192,406,069
Financial liabilities				
Trade and other payables	(64,762,496)	(982,124)	(135,021)	(65,879,641)
	(64,762,496)	(982,124)	(135,021)	(65,879,641)
Net financial assets	103,757,474	16,117,552	6,651,402	126,526,428
Less: Currency forwards and swaps	-	(15,463,819)	(6,401,460)	(21,865,279)
Less: Net financial assets in functional currency	(103,757,474)	-	-	(103,757,474)
Currency exposure of financial assets net of those denominated in the functional currencies	-	653,733	249,942	903,675

If the USD change against SGD by 5% (2012/2013: 10%), with all other variables including interest rates being held constant, the effects arising from the net financial asset position will be as follows:

	Increase/(Decrease)	
	2013/2014 $	2012/2013 $
Group		
USD against SGD		
Strengthened	**(8,017)**	67,585
Weakened	**8,017**	(67,585)
Board		
USD against SGD		
Strengthened	**(15,642)**	65,373
Weakened	**15,642**	(65,373)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value measurements

The following table presents financial instruments measured at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 $	Level 2 $	Level 3 $	Total $
Group				
At 31 March 2014				
Financial assets at fair value through profit or loss				
- Quoted debt securities	**42,756,412**	**-**	**-**	**42,756,412**
- Quoted equity securities	**9,720,034**	**-**	**-**	**9,720,034**
- Quoted unit trusts	**38,999,368**	**-**	**-**	**38,999,368**
Derivative financial instruments	**-**	**97,696**	**-**	**97,696**
	91,475,814	**97,696**	**-**	**91,573,510**
At 31 March 2013				
Financial assets at fair value through profit or loss				
- Quoted debt securities	45,356,152	-	-	45,356,152
- Quoted equity securities	14,720,415	-	-	14,720,415
- Quoted unit trusts	38,711,748	-	-	38,711,748
Derivative financial instruments	-	136,030	-	136,030
	98,788,315	136,030	-	98,924,345

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value measurements (continued)

	Level 1 $	Level 2 $	Level 3 $	Total $
Board				
31 March 2014				
Financial assets at fair value through profit or loss				
- Quoted debt securities	**41,995,912**	**-**	**-**	**41,995,912**
- Quoted equity securities	**9,720,034**	**-**	**-**	**9,720,034**
- Quoted unit trusts	**38,999,368**	**-**	**-**	**38,999,368**
Derivative financial instruments	**-**	**97,696**	**-**	**97,696**
	90,715,314	**97,696**	**-**	**90,813,010**
31 March 2013				
Financial assets at fair value through profit or loss				
- Quoted debt securities	44,320,932	-	-	44,320,932
- Quoted equity securities	14,720,415	-	-	14,720,415
- Quoted unit trusts	38,711,748	-	-	38,711,748
Derivative financial instruments	-	136,030	-	136,030
	97,753,095	136,030	-	97,889,125

The fair values of financial instruments traded in active markets (such as exchange traded and over-the-counter securities and derivatives) are based on quoted market prices at the statement of financial position date. The quoted market prices used for financial assets held by the Group are the current bid prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for similar instruments are used, where appropriate. Other techniques, such as discounted cash flow analysis, are used to determine fair value of the remaining financial instruments.

The fair value of currency forwards is determined using actively quoted forward currency rates at the statement of financial position date. The fair value of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position and in Note 11 and Note 14 to the financial statements, except for the following:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Financial instruments by category (continued)

	Group		Board	
	2013/2014	2012/2013	**2013/2014**	2012/2013
	$	$	**$**	$
Loans and receivables	**186,695,099**	147,378,432	**183,734,800**	145,683,914
Financial liabilities at amortised cost	**69,668,434**	65,242,909	**68,960,799**	64,936,256

(f) Financial instruments subject to enforceable master netting arrangements

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

	Note	Gross amounts of recognised financial assets $	Gross amounts of recognised financial liabilities set off in the balance sheet $	Net amounts of financial assets presented in the balance sheet $
Group and Board				
At 31 March 2014				
- Currency forwards		76,767	(3,367)	73,400
- Currency swaps		6,701,587	(6,677,291)	24,296
Derivative financial instruments	14			97,696

29 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Board's accounting periods beginning on or after 1 April 2014 or later periods and which the Board has not early adopted:

- SB-FRS 110 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014)

  SB-FRS 110 replaces all of the guidance on control and consolidation in SB-FRS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation – Special Purpose Entities". The same criteria are now applied to all entities to determine control. Additional guidance is also provided to assist in the determination of control where this is difficult to assess. The Group will apply SB-FRS 110 from 1 April 2014, but this is not expected to have any significant impact on the financial statements of the Group.

- SB-FRS 112 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014)

  SB-FRS 112 requires disclosure of information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in (1) subsidiaries, (2) associates, (3) joint arrangements and (4) unconsolidated structured entities. The Group will apply SB-FRS 112 prospectively from 1 April 2014. SB-FRS 112 will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

30 AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Members of the Board on 20 June 2014.

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