

**Consolidated Statement Of Changes In Share Capital, Capital Account,  
Accumulated Surplus And Funds  
Year Ended March 31, 2010**

Accumulated Surplus

|  | Share<br>Capital | Capital<br>Account | General<br>Funds | Sinking<br>Fund | Sub-<br>total  | Restricted<br>Funds | Others       | Investment<br>Revaluation<br>Reserve | Hedging<br>Reserve | Staff Loans<br>Revolving Fund | Attributable<br>to the Council | Minority<br>Interest | Total           |
|--|------------------|--------------------|------------------|-----------------|----------------|---------------------|--------------|--------------------------------------|--------------------|-------------------------------|--------------------------------|----------------------|-----------------|
|  | \$'000           | \$'000             | \$'000           | \$'000          | \$'000         | \$'000              | \$'000       | \$'000                               | \$'000             | \$'000                        | \$'000                         | \$'000               | \$'000          |
| <b>Balance as at April 1, 2008</b>         | 142,300          | 295                | 37,049           | 15,062          | 52,111         | 23,546              | 2,968        | 6,077                                | -                  | 76                            | 227,373                        | 2,484                | 229,857         |
| Issue of share capital (Note 7)            | 8,774            | -                  | -                | -               | -              | -                   | -            | -                                    | -                  | -                             | 8,774                          | -                    | 8,774           |
| Total comprehensive income<br>for the year | -                | -                  | (2,612)          | -               | (2,612)        | 901                 | 1,077        | (3,857)                              | (8,683)            | -                             | (13,174)                       | 580                  | (12,594)        |
| Transferred to deferred<br>capital grant*  | -                | -                  | (4,585)          | -               | (4,585)        | -                   | -            | -                                    | -                  | -                             | (4,585)                        | -                    | (4,585)         |
| Transferred to sinking fund                | -                | -                  | (2,200)          | 2,200           | -              | -                   | -            | -                                    | -                  | -                             | -                              | -                    | -               |
| Utilisation of sinking fund                | -                | -                  | 1,225            | (1,225)         | -              | -                   | -            | -                                    | -                  | -                             | -                              | -                    | -               |
|  | -                | -                  | <b>(8,172)</b>   | <b>975</b>      | <b>(7,197)</b> | <b>901</b>          | <b>1,077</b> | <b>(3,857)</b>                       | <b>(8,683)</b>     | <b>-</b>                      | <b>(17,759)</b>                | <b>580</b>           | <b>(17,179)</b> |
| <b>Balance as at March 31, 2009</b>        | <b>151,074</b>   | <b>295</b>         | <b>28,877</b>    | <b>16,037</b>   | <b>44,914</b>  | <b>24,447</b>       | <b>4,045</b> | <b>2,220</b>                         | <b>(8,683)</b>     | <b>76</b>                     | <b>218,388</b>                 | <b>3,064</b>         | <b>221,452</b>  |

\*Pertains to amount transferred from Group's and Council's accumulated surplus to Deferred Capital Grant to finance acquisition of property, plant and equipment for financial year.

See accompanying notes to financial statements.

**Consolidated Statement Of Changes In Share Capital, Capital Account,  
Accumulated Surplus And Funds  
Year Ended March 31, 2010**

Accumulated Surplus

|  | Share<br>Capital | Capital<br>Account | General<br>Funds | Sinking<br>Fund | Sub-<br>total | Restricted<br>Funds | Others       | Investment<br>Revaluation<br>Reserve | Hedging<br>Reserve | Staff Loans<br>Revolving Fund | Attributable<br>to the Council | Minority<br>Interest | Total          |
|--|------------------|--------------------|------------------|-----------------|---------------|---------------------|--------------|--------------------------------------|--------------------|-------------------------------|--------------------------------|----------------------|----------------|
|  | \$'000           | \$'000             | \$'000           | \$'000          | \$'000        | \$'000              | \$'000       | \$'000                               | \$'000             | \$'000                        | \$'000                         | \$'000               | \$'000         |
| <b>Balance as at April 1, 2009</b>         | 151,074          | 295                | 28,877           | 16,037          | 44,914        | 24,447              | 4,045        | 2,220                                | (8,683)            | 76                            | 218,388                        | 3,064                | 221,452        |
| Issue of share capital (Note 7)            | 24,339           | -                  | -                | -               | -             | -                   | -            | -                                    | -                  | -                             | 24,339                         | -                    | 24,339         |
| Total comprehensive income<br>for the year | -                | -                  | 24,988           | -               | 24,988        | 204                 | 561          | 2,363                                | 2,860              | -                             | 30,976                         | 303                  | 31,279         |
| Utilisation of sinking fund                | -                | -                  | 1,680            | (1,680)         | -             | -                   | -            | -                                    | -                  | -                             | -                              | -                    | -              |
| <b>Balance as at March 31, 2010</b>        | <b>175,413</b>   | <b>295</b>         | <b>55,545</b>    | <b>14,357</b>   | <b>69,902</b> | <b>24,651</b>       | <b>4,606</b> | <b>4,583</b>                         | <b>(5,823)</b>     | <b>76</b>                     | <b>273,703</b>                 | <b>3,367</b>         | <b>277,070</b> |

See accompanying notes to financial statements.

**Statement Of Changes In Share Capital, Capital Account,  
Accumulated Surplus And Funds - The Council  
Year Ended March 31, 2010**

|  | Share<br>Capital<br>\$'000 | Capital<br>Account<br>\$'000 | Accumulated Surplus        |                           |                         |                               | Investment<br>Revaluation Reserve<br>\$'000 | Hedging<br>Reserve<br>\$'000 | Staff Loans<br>Revolving Fund<br>\$'000 | Total<br>\$'000 |
|--|----------------------------|------------------------------|----------------------------|---------------------------|-------------------------|-------------------------------|---|------------------------------|---|-----------------|
|  |                            |                              | General<br>Funds<br>\$'000 | Sinking<br>Fund<br>\$'000 | Sub-<br>total<br>\$'000 | Restricted<br>Funds<br>\$'000 |   |                              |   |                 |
| <b>Balance as at April 1, 2008</b>         | 142,300                    | 295                          | 37,049                     | 15,062                    | 52,111                  | 23,546                        | 6,077                                       | –                            | 76                                      | 224,405         |
| Issue of share capital (Note 7)            | 8,774                      | –                            | –                          | –                         | –                       | –                             | –   | –                            | –                                       | 8,774           |
| Total comprehensive<br>income for the year | –                          | –                            | (2,612)                    | –                         | (2,612)                 | 901                           | (3,857)                                     | (8,683)                      | –                                       | (14,251)        |
| Transferred to deferred<br>capital grant*  | –                          | –                            | (4,585)                    | –                         | (4,585)                 | –                             | –   | –                            | –                                       | (4,585)         |
| Transferred to sinking fund                | –                          | –                            | (2,200)                    | 2,200                     | –                       | –                             | –   | –                            | –                                       | –               |
| Utilisation of sinking fund                | –                          | –                            | 1,225                      | (1,225)                   | –                       | –                             | –   | –                            | –                                       | –               |
|  | –                          | –                            | <b>(8,172)</b>             | <b>975</b>                | <b>(7,197)</b>          | <b>901</b>                    | <b>(3,857)</b>                              | <b>(8,683)</b>               | <b>–</b>                                | <b>(18,836)</b> |
| <b>Balance as at March 31, 2009</b>        | <b>151,074</b>             | <b>295</b>                   | <b>28,877</b>              | <b>16,037</b>             | <b>44,914</b>           | <b>24,447</b>                 | <b>2,220</b>                                | <b>(8,683)</b>               | <b>76</b>                               | <b>214,343</b>  |

\* Pertains to amount transferred from Group's and Council's accumulated surplus to Deferred Capital Grant to finance acquisition of property, plant and equipment for financial year.

See accompanying notes to financial statements.

**Statement Of Changes In Share Capital, Capital Account,  
Accumulated Surplus And Funds - The Council  
Year Ended March 31, 2010**

|  | <u>Accumulated Surplus</u> |                            |                          |                         |                       |                             | <u>Investment<br/>Revaluation Reserve</u> | <u>Hedging<br/>Reserve</u> | <u>Staff Loans<br/>Revolving Fund</u> | <u>Total</u>   |
|--|----------------------------|----------------------------|--------------------------|-------------------------|-----------------------|-----------------------------|---|----------------------------|---------------------------------------|----------------|
|  | <u>Share<br/>Capital</u>   | <u>Capital<br/>Account</u> | <u>General<br/>Funds</u> | <u>Sinking<br/>Fund</u> | <u>Sub-<br/>total</u> | <u>Restricted<br/>Funds</u> |   |                            |                                       |                |
|  | \$'000                     | \$'000                     | \$'000                   | \$'000                  | \$'000                | \$'000                      |   |                            |                                       |                |
| <b>Balance as at April 1, 2009</b>         | 151,074                    | 295                        | 28,877                   | 16,037                  | 44,914                | 24,447                      | 2,220                                     | (8,683)                    | 76                                    | 214,343        |
| Issue of share capital (Note 7)            | 24,339                     | -                          | -                        | -                       | -                     | -                           | -   | -                          | -                                     | 24,339         |
| Total comprehensive income<br>for the year | -                          | -                          | 24,988                   | -                       | 24,988                | 204                         | 2,363                                     | 2,860                      | -                                     | 30,415         |
| Utilisation of sinking fund                | -                          | -                          | 1,680                    | (1,680)                 | -                     | -                           | -   | -                          | -                                     | -              |
| <b>Balance as at March 31, 2010</b>        | <b>175,413</b>             | <b>295</b>                 | <b>55,545</b>            | <b>14,357</b>           | <b>69,902</b>         | <b>24,651</b>               | <b>4,583</b>                              | <b>(5,823)</b>             | <b>76</b>                             | <b>269,097</b> |

See accompanying notes to financial statements.

**Consolidated Statement Of Cash Flows**  
**Year Ended March 31, 2010**

|  | <b>The Group</b> |                  |
|--|------------------|------------------|
|  | <u>2010</u>      | <u>2009</u>      |
|  | \$'000           | \$'000           |
| <b>Operating activities</b>                                  |                  |                  |
| Deficit before grants  | (183,961)        | (172,198)        |
| Adjustments for:   |                  |                  |
| Depreciation   | 43,747           | 45,605           |
| Loss on property, plant and equipment written-off/disposed   | 286              | 324              |
| Amortisation of prepaid land premium                         | 316              | 316              |
| Amortisation of deferred revenue                             | (458)            | (883)            |
| Allowance for doubtful loans to a third party                | 10               | 488              |
| Allowance for doubtful receivables                           | 20               | 30               |
| Reversal of impairment loss on property, plant and equipment | –                | (58)             |
| Gain on disposal of available-for-sale investments           | –                | (575)            |
| Interest expense on obligation under finance lease           | 421              | 546              |
| Interest expense on bank loan                                | 3,298            | 3,421            |
| Interest income  | (130)            | (554)            |
| Financial penalty  | 989              | –                |
| Dividend income  | (226)            | (323)            |
| Operating cash flow before movements in working capital      | <u>(135,688)</u> | <u>(123,861)</u> |
| Receivables and prepayments                                  | 492              | 7,392            |
| Payables and accrued liabilities                             | (630)            | (1,596)          |
| Refundable deposits  | 440              | 144              |
| Gate collections held in trust                               | 1,610            | 3,207            |
| Deferred revenue   | –                | (883)            |
| Cash used in operations                                      | <u>(133,776)</u> | <u>(115,597)</u> |
| Interest paid on obligation under finance lease              | (421)            | (546)            |
| Contribution to consolidated fund/tax                        | (310)            | (651)            |
| Net staff loan disbursed                                     | (7)              | (13)             |
| Net staff loan repayment                                     | 4                | –                |
| Net cash used in operating activities                        | <u>(134,510)</u> | <u>(116,807)</u> |

**Consolidated Statement Of Cash Flows (continued)**  
**Year Ended March 31, 2010**

|  | <b>The Group</b> |                 |
|--|------------------|-----------------|
|  | <u>2010</u>      | <u>2009</u>     |
|  | \$'000           | \$'000          |
| <b>Investing activities</b>  |                  |                 |
| Purchase of property, plant and equipment                                | (60,779)         | (24,904)        |
| Loans to a third party   | (10)             | (488)           |
| Proceeds from disposal of property, plant and equipment                  | –                | 118             |
| Proceeds from disposal of rights issue on available-for-sale investments | –                | 575             |
| Interest income  | 130              | 554             |
| Dividend income  | 226              | 323             |
| Net cash used in investing activities                                    | <u>(60,433)</u>  | <u>(23,822)</u> |
| <b>Financing activities</b>  |                  |                 |
| Loan from bank   | 16,000           | –               |
| Repayment of loan from bank  | (3,600)          | (1,800)         |
| Interest paid on bank loan   | (3,262)          | (1,806)         |
| Repayments of obligations under finance lease                            | (2,569)          | (2,444)         |
| Proceeds on issue of shares  | 24,339           | 8,774           |
| Government grants received   | <u>233,938</u>   | <u>142,620</u>  |
| Net cash from financing activities                                       | <u>264,846</u>   | <u>145,344</u>  |
| Net increase in cash and cash equivalents                                | 69,903           | 4,715           |
| Cash and cash equivalents at the beginning of financial year             | <u>115,122</u>   | <u>110,407</u>  |
| <b>Cash and cash equivalents at the end of financial year</b>            | <u>185,025</u>   | <u>115,122</u>  |
| Cash and cash equivalents are represented by:                            |                  |                 |
| Cash and bank balances (Note 17)   | 169,231          | 57,137          |
| Fixed deposits (Note 17)   | <u>15,794</u>    | <u>57,985</u>   |
| <b>Cash and cash equivalents</b>   | <u>185,025</u>   | <u>115,122</u>  |

See accompanying notes to financial statements.

## Notes To Financial Statements March 31, 2010

### 1 GENERAL

Singapore Sports Council ("Council"), a statutory board established under the Singapore Sports Council Act (Cap. 305, 1985 Revised Edition) is under the purview of the Ministry of Community Development, Youth and Sports ("MCYS"). The address of the Council's registered office and principal place of business is 230 Stadium Boulevard, Singapore 397799. The financial statements are expressed in Singapore dollar.

The principal activities of the Council are to plan for and promote recreational and competitive sports and to develop, manage and maintain public sports facilities.

The Council also owns and operates the Singapore Indoor Stadium.

The principal activity of its subsidiary is that of the provision of ticketing services as disclosed in Note 12.

The financial statements of the Group and the Council for the year ended March 31, 2010 were authorised for issue by the members of the Council on June 25, 2010.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF ACCOUNTING** – The financial statements have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Sports Council Act (Cap. 305) (the "Act") and Singapore Statutory Board Financial Reporting Standards ("SB-FRS").

**ADOPTION OF NEW AND REVISED STANDARDS** – In the current financial year, the Council has adopted all the new and revised SB-FRSs and Interpretations of SB-FRS ("INT SB-FRS") that are relevant to its operations and effective for annual periods beginning on or after April 1, 2009. The adoption of these new/revised SB-FRSs and INT SB-FRSs does not result in changes to the Council's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below.

## Notes To Financial Statements March 31, 2010

### **SB-FRS 1 – Presentation of Financial Statements (Revised)**

SB-FRS 1(2008) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of a third statement of financial position at the beginning of the earliest comparative period presented if the entity applies new accounting policies retrospectively or makes retrospective restatements or reclassifies items in the financial statements.

### **Amendments to SB-FRS 107 Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments**

The amendments to SB-FRS 107 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

### **SB-FRS 23 – Borrowing Costs (Revised)**

SB-FRS 23 (Revised) will be effective for annual periods beginning on the or after April 1, 2009 and eliminates the option available under the previous version SB-FRS 23 to recognise all borrowing costs immediately as an expense. An entity shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The impact of adoption of SB-FRS 23 (Revised) is not material and therefore not disclosed in the financial statements.

At the date of authorisation of these financial statements, the Council's management anticipates that the adoption of other SB-FRSs, INT SB-FRSs and amendments to SB-FRSs that were issued but not yet effective at the date of authorisation of these financial statements, will have no material impact on the financial statements of the Council in the period of their initial adoption.

**BASIS OF CONSOLIDATION** – The consolidated financial statements incorporate the financial statements of the Council and entities controlled by the Council (its subsidiary) made up to March 31 each year. Control is achieved when the Council has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiary acquired or disposed of during the year are included in income or expenditure from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiary to bring the accounting policies used in line with those used by other members of the Group.

## Notes To Financial Statements March 31, 2010

All intra-group balances and transactions are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiary are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Deficits applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those deficits.

In the Council's financial statements, investment in subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in income or expenditure.

**BUSINESS COMBINATIONS** – The acquisition of subsidiary is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SB-FRS 103 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with SB-FRS 105 - *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

**FINANCIAL INSTRUMENTS** – Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or liability, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis.

## Notes To Financial Statements March 31, 2010

### **Financial Assets**

#### Investments

Available-for-sale investments are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs.

Available-for-sale investments are measured at the end of subsequent reporting period at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investment revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in income or expenditure. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to income or expenditure for the period.

#### Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and fixed deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

## Notes To Financial Statements March 31, 2010

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in income or expenditure. When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to income or expenditure.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through income or expenditure to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in income or expenditure are not reversed through income or expenditure. Any subsequent increase in fair value after an impairment loss is recognised directly in other comprehensive income.

## Notes To Financial Statements March 31, 2010

### De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, if the Group neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### **Financial liabilities and equity instruments**

#### Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

#### Financial liabilities

Payables and accrued liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis except for short-term payables when the recognition of interest would be immaterial.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.



## Notes To Financial Statements March 31, 2010

### De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

### Derivative financial instruments

The Group's activities expose it primarily to the financial risks of changes in interest rates.

The Group uses interest rate swaps to hedge its risk associated with interest rates when appropriate. The significant interest rate risk arises from the Group's borrowings.

The use of financial derivatives by the Group is approved by the Council members who ensure that the use of financial derivatives is consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in income or expenditure immediately unless the derivatives is designated and effective as a hedging instrument, in which event the timing of the recognition in income or expenditure depends on the nature of the hedging relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

### Hedge accounting

The Group designates interest rate swaps as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions and whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

Note 18 contains details of the fair value of derivative instrument used for hedging purpose. Movements in the hedging reserve in equity are detailed in the statements of changes in share capital, capital account, accumulated surplus and funds.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in income or expenditure, as part of other gains and losses.

## Notes To Financial Statements March 31, 2010

Amounts deferred in equity are recycled in income or expenditure in the periods when the hedged item is recognised in income or expenditure. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in income or expenditure. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in income or expenditure.

SHARE CAPITAL – Pursuant to the Capital Management Framework FCM M26/2008 which builds on Debt-Equity Framework FCM M8/2007, equity injections from MOF are recorded as share capital.

GOVERNMENT GRANTS – Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants received prior to the application of FCM M26/2008 on capital management framework issued by MOF for the purchase of depreciable assets are taken to the Deferred Capital Grants Account. Fund injections received after the application are treated as equity and recorded as share capital.

Non-monetary contributions are taken to property, plant and equipment and the Deferred Capital Grants Account at fair value.

Deferred capital grants are recognised in income or expenditure over the periods necessary to match the depreciation of the assets with the related grants. On disposal of property, plant and equipment, the balance of related grants is recognised in income or expenditure to match the carrying amounts of the property, plant and equipment disposed.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in income or expenditure in the period in which they become receivable

NON-GOVERNMENT GRANTS – Contributions from other organisations for the purpose of depreciable assets are taken to the Deferred Capital Grant – Non-Government in the statement of financial position and transferred to income or expenditure on a systematic and rational basis over the useful lives of the related assets.

## Notes To Financial Statements March 31, 2010

DEFERRED REVENUE – Income from leasing of lettable areas and facilities received in advance is stated at initial amount less accumulated amortisation. Amortisation is calculated on a straight-line basis to reduce the initial amount over the lease term and is recognised in income or expenditure.

FUNDS – In view of the limitations and restrictions placed on the use of certain funds, resources for various purposes are classified for accounting and reporting purposes into separate funds in accordance with the activities or objectives specified for the use of those funds.

In the financial statements of the Group and the Council, four main groups of funds are distinguished: the Capital Fund, the Donation and Contribution Fund for Sports (Agency Fund), the General Funds and the Restricted Funds.

### (i) Capital Fund

Equity injections, capital grants and contributions for the establishment of the Council and for its major capital expenditure, other than in respect of the Singapore Indoor Stadium, are accounted for in this Fund.

### (ii) Donation and Contribution Fund for Sports (Agency Fund)

The Donation and Contribution Fund for Sports was established on October 1, 1973 for the development and promotion of recreational and competition sports in Singapore.

The Donation and Contribution Fund for Sports has been designated as an institution of public character (“IPC”) under Section 37(2) of the Income Tax Act on April 1, 2003 for a period of 5 years. During the financial year ended March 31, 2008, the IPC status was renewed for another 2 years, expiring on March 31, 2010. The IPC status has not been renewed.

The net asset of the Donation and Contribution Fund for Sports is shown as a separate line in the Statement of financial position.

Upon dissolution of the Donation and Contribution Fund for Sports or when the Council ceases to exist, the remaining monies in the Fund shall be donated to charitable organisations which have been designated as institutions of public character under Section 37(2) of the Income Tax Act and registered under the Charities Act (Cap. 37), as decided by the Council.

## Notes To Financial Statements March 31, 2010

### (iii) General Funds

Income or expenditure relating to the main activities of the Council are accounted for in these Funds.

The General Funds were set up for the following purposes:

| <u>Name of Fund</u>        | <u>Purpose</u>   |
|----------------------------|--|
| General Account            | To fund for Singapore Sports Council’s sports activities, maintenance and operations of sports facilities and to account for implementation of recommendations by the Committee of Sporting Singapore for sports development in Singapore. |
| Staff Loans Revolving Fund | To fund for loans to staff. Interest income of this fund is taken to the General account.  |
| Singapore Indoor Stadium   | To fund for funds relating to the operations of the Singapore Indoor Stadium.  |
| Sinking Fund               | To fund for cyclical maintenance needs for the Singapore Indoor Stadium and upgrading of its existing facilities and equipment.  |

### (iv) Restricted Funds

Income or expenditure relating to specific activities are accounted for directly in the funds to which they relate.

The Restricted Funds were set up for the following specific projects/purposes:

| <u>Name of Fund</u>                                | <u>Projects/Purpose</u>   |
|--|---|
| Runme Shaw Centre for Sports Medicine and Research | To fund sports medical research and the purchase of related sports medicine and research equipment. |
| Sports Aid Fund                                    | To provide financial assistance to athletes and selected sports and training facilities.            |

## Notes To Financial Statements March 31, 2010

(v) Assets and liabilities of the Capital Fund, General Funds and Restricted Funds are pooled in the statement of financial position, and are separately disclosed in Notes 8 and 9 respectively.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

### The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### The Group as lessee

Assets held under finance leases are recognised as assets of the Group at the lower of their fair value at the inception of the lease or the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to income or expenditure, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to income or expenditure on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expenditure in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

## Notes To Financial Statements March 31, 2010

NON-CURRENT ASSETS HELD FOR SALE – Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell. If there are changes to a plan of sale and the criteria for classification as held for sale are no longer met, the asset (or disposal group) is ceased to be classified as held for sale. The non-current asset (or disposal group) that ceases to be classified as held for sale is measured at the lower of i) its carrying amount before the disposal group was classified as held for sale and ii) its recoverable amount at the date of the subsequent decision not to sell.

PREPAID LAND PREMIUM – Prepaid land premium comprises premium paid for leasehold land and is charged to income or expenditure on a straight-line basis over the lease term of 20 years.

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are carried at cost, less accumulated depreciation and any accumulated impairment losses.

Work-in-progress consists of construction costs and consultancy expenses incurred during the period of construction.

Depreciation is charged so as to write-off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

|  |  |
|--|--|
| Leasehold land                             | – the period of the lease from 15 to 101 years             |
| Buildings                                  | – the period of the lease or 40 years whichever is shorter |
| Furniture equipment and other fixed assets | – 3 to 10 years  |

Depreciation is not provided on work-in-progress until completion of work and the asset is available for use.

Fully depreciated assets still in use are retained in the financial statements.

The estimated useful lives and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.