

THE MALAY HERITAGE FOUNDATION LTD

Company Registration Number: 199904358R

FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED
31 MARCH 2012

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THE MALAY HERITAGE FOUNDATION LTD

Company Registration No. 199904358R

(Incorporated in Singapore)

DIRECTORS' REPORT

For the financial year ended 31 March 2012

The directors present their report to the members together with the financial statements of the Company for the financial year ended 31 March 2012.

1 DIRECTORS

The directors at the date of this report are:

Zuraidah Binte Abdullah

Dr Suriani Binti Suratman

Abdul Rohim Bin Sarip

Idris Bin Bidin

Idris Bin Rashid Khan Surattee

Muhammad Nazri Bin Muhd

[Appointed on 1 August 2011]

Noor Effendy Bin Ibrahim

Nur Hidayah Binte Abu Bakar

[Appointed on 1 August 2011]

Siti Habibah Binte Haji Siraj

Zahidi Bin Abd Rahman

[Appointed on 1 August 2011]

Zuraida Binte Haji Mohamed Din

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

The Company is limited by guarantee and has no share capital. As such, none of the directors holding office at the end of the financial year are a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares and debentures of the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

As the Company is limited by guarantee and has no share capital, none of the directors holding office at the end of the financial year had any interest in the share capital or debentures of the Company or any other related corporation at the beginning or at the end of the financial year. All the directors of the Company are members of the Company.

4 DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

5 SHARE OPTIONS

The Company is limited by guarantee. As such there are no share options or unissued shares under option.

THE MALAY HERITAGE FOUNDATION LTD

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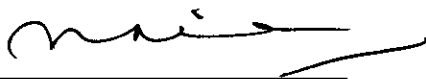
DIRECTORS' REPORT

For the financial year ended 31 March 2012

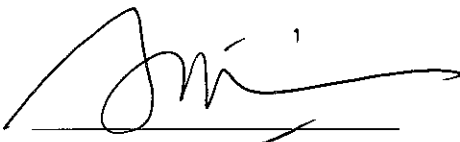
6 INDEPENDENT AUDITORS

The independent auditors, Helmi Talib & Co, have expressed their willingness to accept re-appointment as auditors.

On behalf of the directors



Zuraidah Binte Abdullah
Director



Dr Suriani Binti Suratman
Director

Date: 10 August 2012

THE MALAY HERITAGE FOUNDATION LTD

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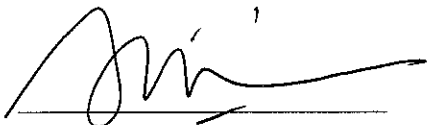
STATEMENT BY DIRECTORS

In the opinion of the directors, the accompanying financial statements are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2012, the results of the business, changes in funds and cash flows of the Company for the financial year then ended, and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors



Zuraidah Binte Abdullah
Director



Dr Suriani Binti Suratman
Director

Date: 10 August 2012



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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF THE MALAY HERITAGE FOUNDATION LTD

Report on the Financial Statements

We have audited the accompanying financial statements of THE MALAY HERITAGE FOUNDATION LTD (the Company), which comprise the statement of financial position as at 31 March 2012, the statement of financial activities, statement of changes in funds and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the Act), Charities Act (Chapter 37), Singapore Financial Reporting Standards (FRS) and the Recommended Accounting Practice 6 (RAP 6), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of financial activities and statement of financial position and to maintain accountability of assets.

Auditors' Responsibility

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act, Charities Act (Chapter 37), Singapore Financial Reporting Standards (FRS) and the Recommended Accounting Practice 6 (RAP 6), so as to give a true and fair view of the state of affairs of the Company as at 31 March 2012 and the results, changes in funds and cash flows of the Company for the financial year ended on that date.

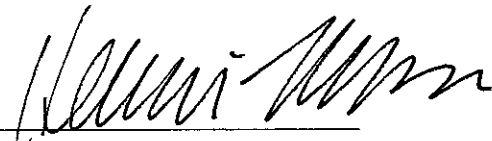


Report on Other Legal and Regulatory Requirements

In our opinion,

- (a) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with those regulations; and
- (b) the use of donation money received is in accordance with the Company's objectives.

The Company did not have any fund-raising activity during the financial year.



HELMI TALIB & CO
Public Accountants and
Certified Public Accountants

Singapore

Date: 10 August 2012

THE MALAY HERITAGE FOUNDATION LTD
Company Registration No. 199904358R
(Incorporated in Singapore)

STATEMENT OF FINANCIAL POSITION

For the financial year ended 31 March 2012

	NOTE	<u>2012</u> \$	<u>2011</u> \$
ASSETS			
Non-current assets			
Heritage materials	5	49,772	49,772
Plant and equipment	6	154,066	3,684
Investment securities - Available-for-sale	7	875,668	880,397
Total non-current assets		<u>1,079,506</u>	<u>933,853</u>
Current assets			
Government grants receivable	8	-	250,000
Receivables	9	12,950	8,202
Cash and cash equivalents	10	3,512,344	3,796,715
Total current assets		<u>3,525,294</u>	<u>4,054,917</u>
TOTAL ASSETS		<u>4,604,800</u>	<u>4,988,770</u>
FUNDS AND LIABILITIES			
LIABILITIES			
Current liabilities			
Payables	11	48,509	290,845
TOTAL LIABILITIES		<u>48,509</u>	<u>290,845</u>
FUNDS			
Unrestricted funds			
General fund		453,696	587,474
Fair value adjustment reserve		16,888	24,744
		<u>470,584</u>	<u>612,218</u>
Restricted funds			
Community Heritage Grant		-	-
Heritage capital reserve		49,772	49,772
Endowment fund		4,035,935	4,035,935
		<u>4,085,707</u>	<u>4,085,707</u>
TOTAL FUNDS	12	<u>4,556,291</u>	<u>4,697,925</u>
TOTAL LIABILITIES AND FUNDS		<u>4,604,800</u>	<u>4,988,770</u>

The accompanying notes form an integral part of the financial statements

THE MALAY HERITAGE FOUNDATION LTD

Company Registration No. 199904358R

(Incorporated in Singapore)

STATEMENT OF FINANCIAL ACTIVITIES

For the financial year ended 31 March 2012

	Unrestricted Funds	<u>2012</u> Restricted Funds	Total	<u>2011</u> Total
	\$	\$	\$	\$
INCOMING RESOURCES				
Incoming resources from generated funds				
- Voluntary income	154,400	92,050	246,450	262,000
- Activities for generating funds	114,750	-	114,750	143,250
- Investment income	11,107	-	11,107	35,350
Incoming resources from charitable activities	401	6,275	6,676	51,229
Other incoming resources	26,519	-	26,519	68,706
TOTAL INCOMING RESOURCES	<u>307,177</u>	<u>98,325</u>	<u>405,502</u>	<u>560,535</u>
Less: RESOURCES EXPENDED				
Cost of generating funds	7,920	-	7,920	18,467
Cost of charitable activities	340,999	138,586	479,585	555,800
Governance costs	39,275	12,500	51,775	37,376
TOTAL RESOURCES EXPENDED	<u>(388,194)</u>	<u>(151,086)</u>	<u>(539,280)</u>	<u>(611,643)</u>
NET OUTGOING RESOURCES FOR THE FINANCIAL YEAR	<u>(81,017)</u>	<u>(52,761)</u>	<u>(133,778)</u>	<u>(51,108)</u>

The accompanying notes form an integral part of the financial statements

THE MALAY HERITAGE FOUNDATION LTD

Company Registration No. 199904358R

(Incorporated in Singapore)

STATEMENT OF CHANGES IN FUNDS

For the financial year ended 31 March 2012

	NOTE	<u>Total Funds</u> \$
Balance as at 31 March 2010		4,775,938
Net outgoing for the financial year		(51,108)
Net decrease in fair value of investment securities available-for-sale	12	<u>(26,905)</u>
Balance as at 31 March 2011		4,697,925
Net outgoing for the financial year		(133,778)
Net decrease in fair value of investment securities available-for-sale		<u>(7,856)</u>
Balance as at 31 March 2012	12	<u><u>4,556,291</u></u>

The accompanying notes form an integral part of the financial statements

THE MALAY HERITAGE FOUNDATION LTD
Company Registration No. 199904358R
(Incorporated in Singapore)

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2012

	NOTE	2012 \$	2011 \$
Cash flows from operating activities			
Net (outgoing)/incoming resources for the financial year		(133,778)	(51,108)
Adjustments for:			
Assets written off		-	1,860
Allowance for doubtful debts		7,920	8,000
Bad debts		-	10,467
Food festival grant		-	(8,856)
Operating grant		(165,500)	(12,000)
Interest income		(4,181)	(3,852)
Gain on sale of investment securities available-for-sale		(6,926)	(31,498)
Depreciation of plant and equipment		1,951	8,595
Loss on disposal of plant and equipment		-	2,966
Operating cash flows before working capital changes		<u>(300,514)</u>	<u>(75,426)</u>
Decrease/(Increase) in receivables		237,332	(48,968)
(Decrease)/Increase in payables		(242,336)	215,843
Net cash flows from operating activities		<u>(305,518)</u>	<u>91,449</u>
Cash flows from investing activities			
Proceeds from disposal of investment securities available-for-sale		127,972	697,593
Acquisition of investment securities available-for-sale		(124,173)	(697,593)
Interest received		4,181	3,852
Acquisition of plant and equipment		(152,333)	(4,297)
Net cash flows (used in)/from investing activities		<u>(144,353)</u>	<u>(445)</u>
Cash flows from financing activities			
Government grant received		165,500	20,856
Net cash generated from financing activities		<u>165,500</u>	<u>20,856</u>
Net increase in cash and cash equivalents		(284,371)	111,860
Cash and cash equivalents at beginning of the financial year		3,796,715	3,684,855
Cash and cash equivalents at end of the financial year	10	<u>3,512,344</u>	<u>3,796,715</u>

The accompanying notes form an integral part of the financial statements

THE MALAY HERITAGE FOUNDATION LTD

Company Registration No. 199904358R

(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

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

1 THE COMPANY AND ITS PRINCIPAL ACTIVITY

The Company was incorporated in Singapore on 28 July 1999 as a company limited by guarantee without a share capital. Each ordinary member undertakes to contribute to the assets of the Company in the event of it being wound up while he is a member, or within one year after he ceases to be a member, for payment of the debts and liabilities of the Company contracted before he ceases to be a member and of the costs, charges and expenses of winding up, such amount as may be required but not exceeding \$1.

The Company is an approved Charity under the Charities Act, Cap. 37 with effect from 7 September 1999 and has been accorded the status of an Institution of Public Character (IPC) for the period from 29 May 2006 to 28 May 2011. The IPC status has been extended to 28 May 2014. The IPC number is IPC000595.

The principal activities of the Company are to promote the study and research, and the public's understanding and knowledge, of the historical and socio-cultural developments of the Malay Community in Singapore.

The registered office and the principal place of business of the Company is located at 85 Sultan Gate, Singapore 198501.

The financial statements of the Company for the financial year ended 31 March 2012 were authorised for issue in accordance with a resolution of the directors on 10 August 2012.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with the historical cost basis except for the revaluation of certain non-current assets and instruments, and are drawn up in accordance with the Singapore Companies Act (Cap. 50), the Charities Act (Chapter 37), Singapore Financial Reporting Standards (FRS) and the Recommended Accounting Practice 6 (RAP 6).

The Company has applied RAP 6 for the presentation of the statement of financial activities which differs from FRS 1 presentation of Statement of Comprehensive Income.

The preparation of financial statements requires the use of estimates, assumptions and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the financial year. These estimates are based on directors' best knowledge of current events and actual results may ultimately differ from those estimates. The key estimates and judgments made that have a material effect are those relating to depreciation.

The financial statements are expressed in Singapore Dollar (SGD or \$).

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous financial year.

THE MALAY HERITAGE FOUNDATION LTD

Company Registration No. 199904358R

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards and interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 April 2012. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company.

2.3 New or revised accounting standards and interpretations

The Company has not early adopted all the new standards, amendments and interpretations to existing standards which have been published and are mandatory for the Company's accounting periods beginning on or after 1 April 2012 or later period.

The directors expect that the adoption of the new standards and interpretations will have no material impact on the financial statements in the period of initial application. Below are the new standards, amendments and interpretations to existing standards, that have been published and are relevant for the Company's accounting periods beginning on or after 1 April 2012 or later periods.

Amendments to FRS 107 Disclosures – Transfers of Financial Assets (Effective for annual periods beginning on or after 1 July 2012)

The amendments to FRS 107 introduce disclosure requirements for all transferred assets, existing at the reporting date, irrespective of when the related transfer transaction occurred. These additional disclosure requirements are to enable users of financial statements to evaluate the risk exposures relating to transfers transactions of financial assets (for example, securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of the reporting period.

2.4 Functional currency

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be SGD. Donation received, fees and major costs of providing services including major operating expenses are primarily influenced by fluctuation in SGD.

2.5 Heritage materials

Heritage materials purchased by the Company are capitalised and recognised in the statement of financial position at the cost, where such a cost is reasonably obtainable and reliable. Such items are not depreciated.

THE MALAY HERITAGE FOUNDATION LTD

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any impairment. The cost of plant and equipment initially recognised includes its purchase price and any directly attributable costs of bringing the plant and equipment to working condition for its intended use. Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is calculated on a straight-line basis over their estimated useful lives of the assets as follows:

Office equipment	3 years
Furniture and fixtures	3 years
Computers	3 years
Museum accessories	5 years
Renovation	5 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

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

The residual values, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the statement of financial activities in the year the asset is derecognised.

2.7 Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. All impairment losses are recognised in profit or loss whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

An impairment loss is only revised to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or impairment, if no impairment loss has been recognised. All reversals of impairment are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balances. Cash carried in the statement of financial position is classified and accounted for as loans and receivables under FRS 39.

2.9 Financial assets

Financial assets are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus transaction costs.

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

(a) Loans and receivables

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

The Company classifies the following financial assets as loans and receivables:

- government grants receivable
- receivables
- cash and cash equivalents

(b) Available-for-sale financial assets

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories. Any gains or losses from changes in fair value of the financial assets are recognised directly in the fair value adjustment reserve, except that impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in reserves is included in the statement of financial activities.

THE MALAY HERITAGE FOUNDATION LTD

Company Registration No. 199904358R

(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (continued)

(b) Available-for-sale financial assets (continued)

The fair value of investments that are actively traded in organised financial markets is determined by reference to the relevant exchange's quoted market bid prices at the close of business at the end of the reporting period. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

2.10 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

(a) Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

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

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

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

THE MALAY HERITAGE FOUNDATION LTD

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(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of financial assets (continued)

(b) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligator, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from funds to the statement of financial activities. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss. Reversals of impairment losses on debt instruments are recognised in profit or loss if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

2.11 Derecognition of financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in profit or loss.

2.12 Financial liabilities

Financial liabilities include payables. Financial liabilities are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

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

THE MALAY HERITAGE FOUNDATION LTD

Company Registration No. 199904358R

(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Grants

Grants utilised for the purchase of heritage materials are taken to the heritage capital reserve.

Government grants and contributions from other organisations to finance the current financial year's operating expenses are recognised as income in the same financial year.

Grants are recognised only when it is probable that the Company would comply with the conditions attached to those grants, and the grants would be received.

2.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events where it is probable that it will result in an outflow of economic benefits to settle the obligation and the amount of the obligation can be estimated reliably. Where the company expects some or all of the provision to be reimbursed, the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

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

2.15 Endowment fund

This is maintained for funds raised by the Company as well as dollar-for-dollar government matching grants up to \$2 million. Government matching grants are recorded on an accrual basis to match the funds raised by the Company. The Company may, at the discretion of its directors, use the Endowment Funds for any purposes, including for investment, provided that it is incidental, necessary, beneficial or conducive to the attainment of the objects of the Company as stated in the Memorandum of Association.

2.16 Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Company and the income can be reliably measured.

(a) Donations and corporate sponsorship

Income from donations of individuals and corporate sponsorship are accounted when received, except for committed donations and corporate cash sponsorship that are recorded when the commitments are signed.

THE MALAY HERITAGE FOUNDATION LTD

Company Registration No. 199904358R

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Income recognition (continued)

(b) *Rental income*

Revenue arising from rental income from operating lease is recognised on a straight-line basis in accordance with substance of the relevant agreements.

(c) *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest rate that takes into account the effective yield on the asset.

(d) *Programme income*

Revenue from heritage programmes and programme revenue are recognised when programmes are conducted.

2.17 Employee benefits

(a) *Defined contribution plan*

As required by law, the Company makes contributions to the state pension schemes, the Central Provident Fund (CPF). CPF contributions are recognised as compensation expenses in the same period as the employment that gives rise to the contribution.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they are accrued to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees at the end of the reporting period.

2.18 Operating leases

Leases where the lessor effectively retains substantially all the risk and benefit of ownership of the leased assets, are classified as operating leases.

Operating lease payments are charged to profit or loss on a straight line basis over the period of the lease term.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

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3 RELATED PARTY TRANSACTION

A related party includes the trustees/office bearers (that is, directors) and key management of the Company. It also includes an entity or person that directly or indirectly controls, is controlled by, or is under common or joint control with these persons. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual. The Board of Directors of the Company are considered as key management personnel.

The Ministry of Information, Communications and the Arts (MICA) is empowered by clause 28 of the Articles of Association of the Company to appoint chairman, deputy chairman and all members of the Board upon such terms and conditions as he deems fits.

In this regard, the Company regards all the bodies of the MICA including National Heritage Board (NHB) as a related party.

It is not the practice for the directors/office bearers, or people connected with them, to receive remuneration, or other benefits, from the Company for which they are responsible, or from institutions connected with the Company.

There is no compensation paid to the board of directors during the financial year (2011: NIL).

Significant related party transactions

	<u>2011</u>	<u>2010</u>
	\$	\$
<i><u>Related party, National Heritage Board (NHB)</u></i>		
Reimbursement of expenses (payable)/ receivable	(179)	5,202
Rental expense borne by NHB on behalf of the Company	3	3
NHB fee	<u>24,650</u>	<u>9,706</u>

Memorandum of understanding (MOU)

The Company signed a MOU with NHB on 11 March 2009. In accordance with the MOU, NHB will provide for a one-time direct development grant to cover 95% of the development cost and will provide for funds to cover 99% of the recurring operating costs of the Malay Heritage Centre. The Company will contribute the remaining 1% of the operating cost which is paid to NHB as NHB fee.

Tenancy agreement

The tenancy agreement was entered between the Company and NHB on 27 November 2008 in respect of the property situated at 73 Sultan Gate Singapore 198497 from 1 December 2008 to 30 November 2011 for an annual rent of \$2.99. The lease term was extended until further notice.

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4 DETAILED STATEMENT OF FINANCIAL ACTIVITIES

<u>2012</u>	UNRESTRICTED FUNDS	RESTRICTED FUNDS				TOTAL
	General Fund	NCSS-VWO-Charities Building Fund (VCF)	MCYS (Community Heritage Grant), NHB, NAC & CDC Grant	Heritage Capital Reserve	Endowment Fund	\$
	\$		\$	\$	\$	
INCOMING RESOURCES						
<i>Incoming resources from generated funds</i>						
Voluntary income						
Community heritage grant	-	-	29,200	-	-	29,200
Operating grant	135,000	10,000	20,500	-	-	165,500
National Arts Council grant	-	-	16,400	-	-	16,400
Donations	19,400	-	15,950	-	-	35,350
	<u>154,400</u>	<u>10,000</u>	<u>82,050</u>	<u>-</u>	<u>-</u>	<u>246,450</u>
Activities for generating funds						
Rental income	114,750	-	-	-	-	114,750
Investment income						
Interest income	4,181	-	-	-	-	4,181
Gain on disposal of investment securities available-for-sale	6,926	-	-	-	-	6,926
	<u>11,107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,107</u>
<i>Incoming resources from charitable activities</i>						
Bad debts recovered	-	-	-	-	-	-
Events, programmes and heritage experience	401	-	6,275	-	-	6,676
	<u>401</u>	<u>-</u>	<u>6,275</u>	<u>-</u>	<u>-</u>	<u>6,676</u>
<i>Other incoming resources</i>						
Other income	26,519	-	-	-	-	26,519
TOTAL INCOMING RESOURCES	<u>307,177</u>	<u>10,000</u>	<u>88,325</u>	<u>-</u>	<u>-</u>	<u>405,502</u>
Less: RESOURCES EXPENDED						
<i>Resources expended for generating funds</i>						
Cost of generating voluntary income						
Allowance for doubtful debts	7,920	-	-	-	-	7,920
Bad debts	-	-	-	-	-	-
	<u>7,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,920</u>
<i>Resources expended for charitable activities</i>						
Cost of charitable activities						
Assets written off	-	-	-	-	-	-
Community engagement and media relations	1,700	-	-	-	-	1,700
Depreciation	1,951	-	-	-	-	1,951
Donations and sponsorship	-	-	-	-	-	-
Events, programmes and museum cost	135,716	-	138,586	-	-	274,302
IT and telecommunication expenses	1,431	-	-	-	-	1,431
Loss on disposal of plant and equipment	-	-	-	-	-	-
Miscellaneous	40,250	-	-	-	-	40,250
National Heritage Board fee	24,650	-	-	-	-	24,650
Repair and maintenance	4,690	-	-	-	-	4,690
Salaries, CPF and other benefits	130,611	-	-	-	-	130,611
	<u>340,999</u>	<u>-</u>	<u>138,586</u>	<u>-</u>	<u>-</u>	<u>479,585</u>
Governance costs						
Accounting fees	19,603	-	-	-	-	19,603
Audit fees	4,632	-	-	-	-	4,632
Bank charges	184	-	-	-	-	184
Legal and professional	5,177	-	12,500	-	-	17,677
Secretarial fees	9,679	-	-	-	-	9,679
	<u>39,275</u>	<u>-</u>	<u>12,500</u>	<u>-</u>	<u>-</u>	<u>51,775</u>
TOTAL RESOURCES EXPENDED	<u>(388,194)</u>	<u>-</u>	<u>(151,086)</u>	<u>-</u>	<u>-</u>	<u>(539,280)</u>
NET OUTGOING RESOURCES FOR THE FINANCIAL YEAR	<u>(81,017)</u>	<u>10,000</u>	<u>(62,761)</u>	<u>-</u>	<u>-</u>	<u>(133,778)</u>

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4 DETAILED STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)

<u>2011</u>	UNRESTRICTED FUNDS	RESTRICTED FUNDS				TOTAL
	General Fund \$	NCSS-VVO- Charities Building Fund (VCF)	MCYS (Community Heritage Grant), NHB, NAC & CDC Grant \$	Heritage Capital Reserve \$	Endowment Fund \$	\$
INCOMING RESOURCES						
<i>Incoming resources from generated funds</i>						
<u>Voluntary income</u>						
Community heritage grant	-	-	250,000	-	-	250,000
Operating grant	12,000	-	-	-	-	12,000
National Arts Council grant	-	-	-	-	-	-
Donations	-	-	-	-	-	-
	<u>12,000</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>262,000</u>
<u>Activities for generating funds</u>						
Rental income	143,250	-	-	-	-	143,250
<u>Investment income</u>						
Interest income	3,852	-	-	-	-	3,852
Gain on disposal of investment securities available-for-sale	31,498	-	-	-	-	31,498
	<u>35,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,350</u>
<i>Incoming resources from charitable activities</i>						
Bad debts recovered	3,857	-	-	-	-	3,857
Events, programmes and heritage experience	38,516	-	8,856	-	-	47,372
	<u>42,373</u>	<u>-</u>	<u>8,856</u>	<u>-</u>	<u>-</u>	<u>51,229</u>
<i>Other incoming resources</i>						
Other income	68,706	-	-	-	-	68,706
TOTAL INCOMING RESOURCES	<u>301,679</u>	<u>-</u>	<u>258,856</u>	<u>-</u>	<u>-</u>	<u>560,535</u>
Less: RESOURCES EXPENDED						
<i>Resources expended for generating funds</i>						
<u>Cost of generating voluntary income</u>						
Allowance for doubtful debts	8,000	-	-	-	-	8,000
Bad debts	10,467	-	-	-	-	10,467
	<u>18,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,467</u>
<i>Resources expended for charitable activities</i>						
<u>Cost of charitable activities</u>						
Assets written off	-	-	-	1,860	-	1,860
Community engagement and media relations	-	-	-	-	-	-
Depreciation	8,595	-	-	-	-	8,595
Donations and sponsorship	5,000	-	-	-	-	5,000
Events, programmes and museum cost	172,384	-	258,856	-	-	431,240
IT and telecommunication expenses	265	-	-	-	-	265
Loss on disposal of plant and equipment	2,966	-	-	-	-	2,966
Miscellaneous	5,272	-	-	-	-	5,272
National Heritage Board fee	3,006	-	-	-	-	3,006
Repair and maintenance	8,291	-	-	-	-	8,291
Salaries, CPF and other benefits	89,305	-	-	-	-	89,305
	<u>295,084</u>	<u>-</u>	<u>258,856</u>	<u>1,860</u>	<u>-</u>	<u>555,800</u>
<u>Governance costs</u>						
Accounting fees	15,804	-	-	-	-	15,804
Audit fees	9,723	-	-	-	-	9,723
Bank charges	283	-	-	-	-	283
Legal and professional	9,003	-	-	-	-	9,003
Secretarial fees	2,563	-	-	-	-	2,563
	<u>37,376</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,376</u>
TOTAL RESOURCES EXPENDED	<u>(350,927)</u>	<u>-</u>	<u>(258,856)</u>	<u>(1,860)</u>	<u>-</u>	<u>(611,643)</u>
NET OUTGOING RESOURCES FOR THE FINANCIAL YEAR	<u>(49,248)</u>	<u>-</u>	<u>-</u>	<u>(1,860)</u>	<u>-</u>	<u>(51,108)</u>

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5 HERITAGE MATERIALS

	<u>2012</u>	<u>2011</u>
	\$	\$
<u>At cost</u>		
Balance at beginning of financial year	49,772	51,632
Written off	-	(1,860)
Balance at end of financial year	<u>49,772</u>	<u>49,772</u>

The heritage materials include the museum artifacts such as antique Malay magazines and religious books which showcase heritage values and culture.

6 PLANT AND EQUIPMENT

	<u>Office equipment</u>	<u>Furniture & fixtures</u>	<u>Computer</u>	<u>Museum accessories</u>	<u>Renovation</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$
Cost						
At 31.03.2010	17,533	54,099	17,665	30,690	-	119,987
Additions	345	-	3,952	-	-	4,297
Disposals	(17,533)	(54,099)	(17,665)	(30,690)	-	(119,987)
At 31.03.2011	345	-	3,952	-	-	4,297
Additions	589	-	1,744	-	150,000	152,333
Disposals	-	-	-	-	-	-
At 31.03.2012	<u>934</u>	<u>-</u>	<u>5,696</u>	<u>-</u>	<u>150,000</u>	<u>156,630</u>
Accumulated depreciation						
At 31.03.2010	15,025	53,932	16,034	24,048	-	109,039
Charge for the financial year	2,260	167	2,169	3,999	-	8,595
Disposals	(17,210)	(54,099)	(17,665)	(28,047)	-	(117,021)
At 31.03.2011	75	-	538	-	-	613
Charge for the financial year	197	-	1,754	-	-	1,951
Disposals	-	-	-	-	-	-
At 31.03.2012	<u>272</u>	<u>-</u>	<u>2,292</u>	<u>-</u>	<u>-</u>	<u>2,564</u>
Net carrying amount						
At 31.03.2011	<u>270</u>	<u>-</u>	<u>3,414</u>	<u>-</u>	<u>-</u>	<u>3,684</u>
At 31.03.2012	<u>662</u>	<u>-</u>	<u>3,404</u>	<u>-</u>	<u>150,000</u>	<u>154,066</u>

Assets under construction

The Company's plant and equipment included an amount of \$150,000 (2011: NIL) relating to cost incurred for the renovation of Malay Heritage Centre Museum and the upgrading of the changing galleries.

NOTES TO THE FINANCIAL STATEMENTS
 For the financial year ended 31 March 2012

7 INVESTMENT SECURITIES - AVAILABLE-FOR-SALE

	2012			2011		
	Cost	Fair value adjustment	Carrying amount	Cost	Fair value adjustment	Carrying amount
	\$	\$	\$	\$	\$	\$
<i>Non-current:</i>						
Quoted bonds	128,770	2,926	131,696	119,843	9,395	129,238
Unit trust	730,010	13,962	743,972	735,810	15,349	751,159
	<u>858,780</u>	<u>16,888</u>	<u>875,668</u>	<u>855,653</u>	<u>24,744</u>	<u>880,397</u>

The movement of investment securities – available-for-sale during the financial year is as follows:

	2012	2011
	\$	\$
At beginning of financial year	880,397	875,804
Additions	124,173	697,593
Fair value gain/(loss) recognised in reserve	13,043	(26,861)
Disposal	(141,945)	(666,139)
	<u>875,668</u>	<u>880,397</u>

The fair value of quoted bonds and equity instruments is determined by reference to stock exchange quoted bid prices.

Investment securities - available-for-sale are denominated in Singapore Dollar.

8 GOVERNMENT GRANTS RECEIVABLE

The government grants receivable for financial year ended 2011 represents receivable from Ministry of Community Development, Youth and Sports (MCYS) for heritage activities.

Government grants receivable is denominated in Singapore Dollar.

9 RECEIVABLES

	2012	2011
	\$	\$
Heritage programmes receivable	17,920	2,000
Allowance for impairment	(7,920)	-
	<u>10,000</u>	<u>2,000</u>
Rent receivable	9,800	21,800
Allowance for impairment	(9,800)	(20,800)
	-	1,000
Deposits	2,950	-
Amount due from related party (Note 3)	-	5,202
	<u>12,950</u>	<u>8,202</u>

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For the financial year ended 31 March 2012

9 RECEIVABLES (CONTINUED)

	<u>2012</u>	<u>2011</u>
	\$	\$
Total receivables	12,950	8,202
Government grants receivable (Note 8)	-	250,000
Add: Cash and cash equivalents (Note 10)	3,512,344	3,796,715
Total loans and receivables	<u>3,525,294</u>	<u>4,054,917</u>

Amount due from related party is unsecured, interest-free and repayable on demand. This amount is to be settled in cash.

Receivables that are past due but not impaired

The Company has receivables amounting to \$10,000 (2011: \$8,202) that are past due but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	<u>2012</u>	<u>2011</u>
	\$	\$
<u>Receivables that are past due</u>		
Less than 30 days	-	2,000
More than 60 days	10,000	6,202
	<u>10,000</u>	<u>8,202</u>

Receivables that are impaired

The Company has receivables amounting to \$17,720 (2011: \$20,800) that are individually determined to be impaired at the end of the reporting period and the movement of the allowance for impairment on other receivable is as follows:

	<u>2012</u>	<u>2011</u>
	\$	\$
Receivables – Nominal amounts	17,720	21,800
Less: Allowance for impairment	(17,720)	(20,800)
	<u>-</u>	<u>1,000</u>

	<u>2012</u>	<u>2011</u>
	\$	\$
<u>Movement in allowance account</u>		
Balance at beginning of financial year	(20,800)	(16,249)
Allowance for the year	(7,920)	(8,000)
Recovered during the financial year	11,000	3,449
Balance at end of financial year	<u>(17,720)</u>	<u>(20,800)</u>

Receivables that are individually determined to be impaired at the end of the reporting period relate to outstanding revenue income as the date of the report.

Receivables are denominated in Singapore Dollar.

THE MALAY HERITAGE FOUNDATION LTD*Company Registration No. 199904358R**(Incorporated in Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 March 2012***10 CASH AND CASH EQUIVALENTS**

	<u>2012</u>	<u>2011</u>
	\$	\$
Cash in hand	77	200
Cash at banks	971,429	1,259,859
Fixed deposit	2,540,838	2,536,656
	<u>3,512,344</u>	<u>3,796,715</u>

Cash at banks are held in non-interest bearing accounts.

Fixed deposits earn interest at rates ranging from 0.05% to 0.187% (2011: 0.01% - 0.1%) per annum and has maturity period of 1 month.

For the purpose of the statement of cash flows, cash and cash equivalents are made up of the balances as shown above.

Cash and cash equivalents are denominated in Singapore Dollar.

11 PAYABLES

	<u>2012</u>	<u>2011</u>
	\$	\$
Accrued expenses	39,097	16,817
Rental security deposit	3,883	9,000
Amount due to related party (Note 3)	179	-
Others	5,350	265,028
	<u>48,509</u>	<u>290,845</u>
Total financial liabilities carried at amortised cost	<u>48,509</u>	<u>290,845</u>

Amount due to related party is unsecured, interest-free and repayable on demand. This amount is to be settled in cash.

Payables are denominated in Singapore Dollar.

NOTES TO THE FINANCIAL STATEMENTS
 For the financial year ended 31 March 2012

12 FUND ACCOUNT BALANCES	UNRESTRICTED FUNDS			RESTRICTED FUNDS				TOTAL
	General Fund \$	Fair Value Reserves \$	Subtotal \$	NCSS-VWO-Charities Building Fund (YCF) \$	MCYS (Community Heritage Grant), NHB, NAC & CDC Grant \$	Heritage Capital Reserve \$	Endowment Fund \$	
Balance at 31 March 2010	636,722	51,649	688,371	-	-	51,632	4,035,935	4,087,567
Net outgoing resources for the financial year	(49,248)	-	(49,248)	-	-	(1,860)	-	(1,860)
Net loss on available-for-sale financial assets	-	(26,861)	(26,861)	-	-	-	-	-
Recognised in the statement of financial activities on disposal of investment securities	-	(44)	(44)	-	-	-	-	-
Transfer to/(from) funds	-	-	-	-	-	-	-	-
Balance at 31 March 2011	587,474	24,744	612,218	-	-	49,772	4,035,935	4,085,707
Net (outgoing)/incoming resources for the financial year	(81,017)	-	(81,017)	10,000	(62,761)	-	-	(52,761)
Net loss on available-for-sale financial assets	-	13,043	13,043	-	-	-	-	-
Recognised in the statement of financial activities on disposal of investment securities	-	(20,899)	(20,899)	-	-	-	-	-
Transfer to/(from) funds	-	-	-	-	-	-	-	-
Balance at 31 March 2012	506,457	16,888	523,345	10,000	(62,761)	49,772	4,035,935	4,032,946

Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes of available-for-sale financial assets until they are disposed.

NCSS-VWO-Charities Building Fund (YCF)

The VWO-Charities Building Fund received from National Council of Social Service (NCSS) is in support of project to review the Company's corporate governance and internal processes so that it is aligned to the requirements of the Commissioner of Charities.

MCYS (Community Heritage Grant), NHB, NAC & CDC Grant

The Community Heritage Grant received from Ministry of Community Development, Youth and Sports (MCYS) and grants received from National Heritage Board (NHB), National Arts Council (NAC) and Community Development Council (CDC), was utilised for the purpose of funding the project, "Terasnya (Kampong Gelam Street Festival 2011)".

In the previous financial year 2011, the Community Heritage Grant received from MCYS was utilised for the purpose of funding the project, "Biggest-Ever Malay Cultural Contingent for Chingay Parade 2011".

Heritage capital reserve

The Heritage capital reserve comprises grants received and utilised for the purchase of heritage materials.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2012

12 FUND ACCOUNT BALANCES (CONTINUED)

Endowment Fund

The endowment fund is maintained for funds raised by the Company as well as dollar-for-dollar government matching grants up to \$2 million. The Company may, at the discretion of its directors, use the Endowment Funds for any purposes, including for investments, provided that it is incidental, necessary, beneficial or conducive to the attainment of the objects of the Company as stated in the Memorandum of Association.

13 INCOME TAX

The Company is a registered Charity and its income is exempted from income tax.

14 TAX-EXEMPT RECEIPTS

During the financial year, the Company issued tax-exempt receipts for donations collected amounting to \$33,550 (2011: NIL).

15 OPERATING LEASE COMMITMENTS

(a) As lessee

The Company has a lease agreement with National Heritage Board for the lease of 73 Sultan Gate, Singapore 198497 from 1 December 2008 to 30 November 2011 for annual rent of \$2.99. The lease term was extended until further notice.

(b) As lessor

The Company has entered into non-cancellable operating lease commitments as a lessor on the premises at 73 Sultan Gate, Singapore 198497. The lease has a tenure of 3 years commencing from 1 January 2009 to 31 December 2011.

The receivable non-cancellable operating leases as of 31 March are as follows:

	<u>2012</u>	<u>2011</u>
	\$	\$
Within one financial year	-	114,750

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

16 FINANCIAL INSTRUMENTS

(a) *Financial risk management objectives and policies*

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk and market price risk. The Company has no foreign currency risk. The board policies for managing these risks are summarised below.

There has been no change to the Company's exposures to these financial risks or the manner in which it manages and measures the risks.

Credit risk

Credit risk is the risk of the loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from receivables and cash and cash equivalents.

Exposure to credit risk

The carrying amount of receivables, cash and cash equivalents and investment securities – available-for-sale represent the Company's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

Credit risk concentration profile

The Company has no concentration of credit risk with any single counterparty.

Financial assets that are neither past due nor impaired

Receivables that are neither past due nor impaired are receivables with good payment record with the Company. Cash and cash equivalents and investment securities – available-for-sale that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 9 to the financial statements.

Liquidity risk

In the management of liquidity risk, the management monitors and maintains a level of cash and bank balance deemed adequate by the management to meet its operating expense at all time.

At the end of the reporting period, the Company has non-derivative financial liabilities that are payables amounting to \$48,509 (2011: \$290,845) which will mature within 1 year or less; or repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

16 FINANCIAL INSTRUMENTS (CONTINUED)

(a) *Financial risk management objectives and policies (continued)*

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises from interest bearing bank deposits.

The Company's fixed deposits have interest rates ranging from 0.05% to 0.187% (2011: 0.01% to 0.1%) per annum.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if the interest rate risk had been 100 basis points lower/higher with all other variables held constant, the Company's net surplus after tax would have been \$25,408 (2011: \$25,367) lower/higher arising mainly as a result of a lower/higher interest income on fixed deposits.

Market price risk

Market price risk is the potential change in the value of the financial instruments caused by unfavorable changes in the interest rates or the market value of the securities underlying the instruments. The Company is exposed to equity securities price risk because of the investments held by the Company which are classified as available-for-sale. The Company does not have exposure to commodity price risk.

The Company's main objective is to manage investment returns and equity price risk using a mix of investment grade shares with steady dividend yield and non-investment grade shares with higher volatility.

Sensitivity analysis for equity price risk

At the end of the reporting period, if prices for equity securities listed had been 2% (2011: 2%) higher/lower with all other variables held constant, the Company's other reserve in funds would have been \$17,513 (2011: \$17,608) higher/lower, arising as a result of an increase/decrease in the fair value equity instruments classified as available-for-sale.

(b) *Fair values of financial assets and financial liabilities*

The fair value of financial assets and financial liabilities reported in the statement of financial position approximates the carrying amounts of those assets and liabilities, as these are short term in nature except for investment securities – available-for-sale in which the carrying amounts have been adjusted to its fair value, as disclosed in Note 12.

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For the financial year ended 31 March 2012

16 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair values of financial assets and financial liabilities (continued)

Methods and assumptions used to determine fair value

Investment securities available-for-sale

The Company has carried all investment securities available-for-sale financial assets at their fair value as required by FRS 39.

In assessing fair value, the Company uses the quoted market prices as at 31 March 2012. During the financial year, unrealised gain of \$137,748 (2011: unrealised loss of \$26,861) from investment securities – available-for-sale has been recognised in the fair value adjustment reserve in equity in relation to the change in fair value of available-for-sale financial assets estimated using a valuation technique described above.

During the financial year, no amount (2011: NIL) has been recognised in the statement of financial activities in relation to the change in fair value of financial assets or financial liabilities, estimated using a valuation technique.

Fair value hierarchy

The Company classifies fair value measurement using a fair value hierarchy that reflects the significance of the input used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – 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), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The available-for-sale financial assets amounting to \$875,668 (2011: \$880,397) are classified as level 1.

During the financial year, there are no transfers of investment securities – available-for-sale from level 1 to level 2 of fair value hierarchy.

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17 MANAGEMENT OF RESERVES

The Company regards its unrestricted general fund as its reserves. The Company's reserve policy requires it to maintain sufficient reserve to ensure long term financial sustainability and continuity for the purpose of operating effective programmes. This includes transfer between funds.

The Company's overall strategy remains unchanged from the previous financial year.

The Company is not subject to any externally imposed capital requirements.