



FINANCIAL STATEMENT

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STATEMENT BY MEDIA DEVELOPMENT AUTHORITY OF SINGAPORE

In the opinion of Media Development Authority of Singapore (the "Authority"),

- (a) the accompanying financial statements of the Authority as set out on pages 5 to 34 are drawn up in accordance with the provisions of the Media Development Authority of Singapore Act (Chapter 172) (the "Act") and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the financial position of the Authority as at 31 March 2016, the financial performance and changes in equity of the Authority, and cash flows of the Authority for the year ended on that date; and
- (b) proper accounting and other records have been kept, including records of all assets of the Authority whether purchased, donated or otherwise; and
- (c) the receipts, expenditure and investment of moneys and the acquisition and disposal of assets by the Authority during the financial year have been in accordance with the provisions of the Act.

The Board of the Media Development Authority of Singapore has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Authority



Niam Chiang Meng
Chairman



Gabriel Lim
Chief Executive Officer

13 July 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEDIA DEVELOPMENT AUTHORITY OF SINGAPORE

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Media Development Authority of Singapore (the "Authority"), which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, set out on pages 5 to 34.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Media Development Authority of Singapore Act, Chapter 172 (the "Act") and Statutory Board Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Authority as at 31 March 2016 and the results, changes in equity and cash flows of the Authority for the year ended on that date.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which states that the Authority and Info-communications Development Authority of Singapore will, pursuant to the announcement by Ministry of Communications and Information on 18 January 2016, be restructured to form Info-communications Media Development Authority of Singapore and Government Technology Agency. Following the restructuring, all the business and undertakings and all rights and obligations of the Authority will be transferred to Info-communications Media Development Authority of Singapore, being the restructured statutory board. Subsequent to the restructuring, the Authority will cease to exist as a separate statutory board.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS*Management's Responsibility for Compliance with Legal and Regulatory Requirements*

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Authority during the year are, in all material respects, in accordance with the provisions of the Act; and
- (b) proper accounting and other records have been kept, including records of all assets of the Authority whether purchased, donated or otherwise.



KPMG LLP

Public Accountants and Chartered Accountants

Singapore

13 July 2016

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	Note	2016 \$'000	2015 \$'000
Assets			
Property, plant and equipment	4	1,304	1,693
Intangible assets	5	1,297	1,097
Financial assets available-for-sale	6	4,099	4,920
Non-current assets		6,700	7,710
Cash and cash equivalents	7	161,785	164,712
Financial assets at fair value through profit or loss	8	73,284	73,419
Trade and other receivables	9	12,035	10,872
Financial assets available-for-sale	6	–	828
Current assets		247,104	249,831
Total assets		253,804	257,541
Equity			
Share capital	10	1,201	1,201
Capital account	11	131,614	131,614
Fair value reserve		1,387	538
Accumulated surplus		57,928	63,406
Total equity		192,130	196,759
Liabilities			
Provision of unclaimed moneys		2,215	2,334
Provision for pension and gratuities	12	15,244	16,921
Provision for ex-gratia payments		183	141
Provision for reinstatement of property, plant and equipment		1,711	1,711
Non-current liabilities		19,353	21,107
Trade and other payables	13	25,151	22,903
Advances and deposits	14	7,698	3,796
Grants received in advance	15	2,341	3,919
Deferred capital grants	16	2,554	2,197
Other deferred grants	17	2,712	5,209
Provision for pension and gratuities	12	1,865	1,651
Current liabilities		42,321	39,675
Total liabilities		61,674	60,782
Total equity and liabilities		253,804	257,541
Net assets of Trust and agency Funds	18	15,676	28,886

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2016

	Note	2016			2015		
		General Fund \$'000	Restricted Funds \$'000	Total \$'000	General Fund \$'000	Restricted Funds \$'000	Total \$'000
Income							
Broadcast licence fees		28,310	–	28,310	27,837	–	27,837
Film and video fees		1,564	–	1,564	2,091	–	2,091
Revenue from completed films		19	–	19	126	–	126
		29,893	–	29,893	30,054	–	30,054
Net (loss)/gain on financial assets at fair value through profit or loss		(135)	–	(135)	3,132	–	3,132
Other income	19	2,476	–	2,476	2,475	–	2,475
Expenses							
Employee compensation	20	(34,453)	–	(34,453)	(29,265)	–	(29,265)
Information technology expenses		(10,692)	–	(10,692)	(10,718)	–	(10,718)
Rental on operating leases		(3,174)	–	(3,174)	(3,104)	–	(3,104)
Professional and consultancy fees		(2,512)	–	(2,512)	(2,828)	–	(2,828)
Irrecoverable Goods and Services Tax		(1,830)	–	(1,830)	(1,639)	–	(1,639)
Depreciation and amortisation expenses	4 & 5	(1,421)	(22)	(1,443)	(1,566)	(22)	(1,588)
Regulatory and licensing expenses		(491)	–	(491)	(838)	–	(838)
Write-off of bad debts		–	–	–	(141)	(13)	(154)
Write-back/(allowance) for impairment of trade receivables		1	–	1	135	(18)	117
Other operating expenses		(12,873)	–	(12,873)	(9,510)	–	(9,510)
Total operating expenditure		(67,445)	(22)	(67,467)	(59,474)	(53)	(59,527)
Deficit before industry development expenses		(35,211)	(22)	(35,233)	(23,813)	(53)	(23,866)
Industry development expenses							
Industry promotional expenses	21	–	(19,434)	(19,434)	–	(24,001)	(24,001)
Write-back for industry loans and interest receivable		380	–	380	1	–	1
Amortisation of financial guarantees		–	–	–	(19)	–	(19)
Impairment loss on financial assets available-for-sale	6	–	(1,761)	(1,761)	–	(620)	(620)
Total industry development expenses		380	(21,195)	(20,815)	(18)	(24,621)	(24,639)
Deficit before grants		(34,831)	(21,217)	(56,048)	(23,831)	(24,674)	(48,505)

	Note	2016			2015		
		General Fund \$'000	Restricted Funds \$'000	Total \$'000	General Fund \$'000	Restricted Funds \$'000	Total \$'000
Government grants							
Government grants	15	36,623	17,396	54,019	31,550	24,652	56,202
Deferred capital grants amortised	16	1,418	22	1,440	1,422	22	1,444
Total government grants		38,041	17,418	55,459	32,972	24,674	57,646
Net surplus/(deficit)		3,210	(3,799)	(589)	9,141	–	9,141
Other comprehensive income							
Items that will not be reclassified to income or expenditure							
Actuarial gain/(loss) recognised on provision for pension and gratuities	12	1	–	1	(590)	–	(590)
Items that are or may be reclassified subsequently to income or expenditure							
Net change in fair value of financial assets available-for-sale	6	–	672	672	–	(1,126)	(1,126)
Net change in fair value of financial assets available-for-sale reclassified to income or expenditure	6	–	177	177	–	(158)	(158)
Total other comprehensive income		1	849	850	(590)	(1,284)	(1,874)
Total comprehensive income		3,211	(2,950)	261	8,551	(1,284)	7,267

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2016

	Note	Share capital \$'000	Capital account \$'000	Fair value reserve (Restricted Funds) \$'000	General Fund \$'000	Accumulated surplus Restricted Funds \$'000	Subtotal \$'000	Total \$'000
At 1 April 2014		1,201	131,614	1,822	39,283	20,479	59,762	194,399
Net surplus		–	–	–	9,141	–	9,141	9,141
Other comprehensive income								
Actuarial loss recognised on provision for pension and gratuities	12	–	–	–	(590)	–	(590)	(590)
Net change in fair value of financial assets available-for-sale	6	–	–	(1,126)	–	–	–	(1,126)
Net change in fair value of financial assets available-for-sale reclassified to income or expenditure	6	–	–	(158)	–	–	–	(158)
Total other comprehensive income		–	–	(1,284)	(590)	–	(590)	(1,874)
Total comprehensive income		–	–	(1,284)	8,551	–	8,551	7,267
Transactions with owners of the Authority, recognised directly in equity								
Distributions to owners of the Authority								
Dividend paid	26	–	–	–	(4,907)	–	(4,907)	(4,907)
Total distributions to owners of the Authority		–	–	–	(4,907)	–	(4,907)	(4,907)
At 31 March 2015		1,201	131,614	538	42,927	20,479	63,406	196,759
At 1 April 2015		1,201	131,614	538	42,927	20,479	63,406	196,759
Net surplus/(deficit)		–	–	–	3,210	(3,799)	(589)	(589)
Other comprehensive income								
Actuarial loss recognised on provision for pension and gratuities	12	–	–	–	1	–	1	1
Net change in fair value of financial assets available-for-sale	6	–	–	672	–	–	–	672
Net change in fair value of financial assets available-for-sale reclassified to income or expenditure	6	–	–	177	–	–	–	177
Total other comprehensive income		–	–	849	1	–	1	850
Total comprehensive income		–	–	849	3,211	(3,799)	(588)	261
Transactions with owners of the Authority, recognised directly in equity								
Distributions to owners of the Authority								
Dividend paid	26	–	–	–	(4,890)	–	(4,890)	(4,890)
Total distributions to owners of the Authority		–	–	–	(4,890)	–	(4,890)	(4,890)
Transfer from general fund to restricted funds	23	–	–	–	(23,787)	23,787	–	–
At 31 March 2016		1,201	131,614	1,387	17,461	40,467	57,928	192,130

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2016

	Note	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Deficit before grants		(56,048)	(48,505)
Adjustments for:			
Depreciation and amortisation expense	4 & 5	1,443	1,588
Net gain/(loss) on financial assets at fair value through profit or loss	8	135	(3,132)
Interest income	19	(2,035)	(1,641)
Write-off of bad debts		–	154
Write-back for impairment of trade receivables		(1)	(117)
Reversal of interest receivable on industry loans		–	(1)
Impairment loss on financial assets available-for-sale	6	1,761	620
		(54,745)	(51,034)
Changes in:			
– trade and other receivables		(556)	6,907
– trade and other payables		2,248	3,233
– advances and deposits		3,902	(1,472)
– provision for unclaimed moneys		(119)	(122)
– provision for pension and gratuities		403	465
– provision for ex-gratia		42	(100)
Cash used in operations		(48,825)	(42,123)
Payment of pension and gratuities	12	(1,865)	(1,651)
Net cash used in operating activities		(50,690)	(43,774)
Cash flows from investing activities			
Purchases of property, plant and equipment	4	(419)	(537)
Purchases of intangible assets	5	(835)	(1,163)
Proceeds from sale of intangible assets		–	98
Purchases of unit trusts		–	(40,000)
Repayment from financial assets available-for-sale		737	–
Interest received		1,429	1,199
Net cash from/(used in) investing activities		912	(40,403)
Cash flows from financing activities			
Payment of dividends		(4,890)	(4,907)
Government grants received	15	51,741	57,265
Net cash from financing activities		46,851	52,358
Net decrease in cash and cash equivalents		(2,927)	(31,819)
Cash and cash equivalents at beginning of the year		164,712	196,531
Cash and cash equivalents at end of the year	7	161,785	164,712

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements. The financial statements were authorised for issue by the Board on 13 July 2016.

1 DOMICILE AND ACTIVITIES

Media Development Authority of Singapore (the "Authority"), a statutory board under the Ministry of Communications and Information ("MCI"), formerly the Ministry of Information, Communications and the Arts ("MICA"), was established in The Republic of Singapore under the Media Development Authority of Singapore Act (Chapter 172) on 1 January 2003.

The establishment of the Authority was by way of a merger of the Singapore Broadcasting Authority, the Singapore Film Commission and the Films and Publications Department from the then Ministry of Information, Communications and the Arts ("MICA").

As a statutory board, the Authority is subjected to the control of its supervisory Ministry, MCI, and is required to follow the policies and instructions issued from time to time by MCI and other government ministries and departments such as the Ministry of Finance ("MOF").

The registered office and principal place of operations of the Authority is located at 3 Fusionopolis Way, #16-22, Symbiosis, Singapore 138633.

The Authority is the national regulatory authority for media in Singapore and its principal activities are:

- (a) to exercise licensing and regulatory functions in respect of media services in Singapore, including the establishment of guidelines and standards relating to the content of media services, and any equipment or facility used in connection with the provision of media services;
- (b) to encourage, promote and facilitate the development of the media industries in Singapore;
- (c) to advise and make recommendations to the Government of Singapore on matters, measures and regulations related to or connected with the media;
- (d) to facilitate the provision of an adequate range of media services in Singapore which serve the interests of the general public;
- (e) to maintain fair and efficient market conduct and effective competition in the media industries in Singapore or, in the absence of a competitive market, to prevent the misuse of monopoly or market power;
- (f) to ensure that media services in Singapore are maintained at a high standard in all respects and, in particular, in respect of the quality, balance and range of subject-matter of their content;
- (g) to encourage and regulate public service broadcast programming by broadcasting licencees under the Broadcasting Act (Cap. 28);
- (h) to ensure that nothing is included in the content of any media service which is against public interest or order, or national harmony, or which offends against good taste or decency; and
- (i) to exercise any other function or duty conferred on the Authority by or under this Act, the Broadcasting Act, the Films Act (Cap. 107), the Newspaper and Printing Press Act (Cap. 206), the Undesirable Publications Act (Cap. 338) or any other written law.

On 18 January 2016, pursuant to the announcement by Ministry of Communications and Information, the Authority and Info-communications Development Authority of Singapore will be restructured to form Info-communications Media Development Authority of Singapore and Government Technology Agency. Following the restructuring, all the business and undertakings and all rights and obligations of the Authority will be transferred to Info-communications Media Development Authority of Singapore, being the restructured statutory board. Subsequent to the restructuring, the Authority will cease to exist as a separate statutory board.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the provision of the Media Development Authority of Singapore Act (Chapter 172) and Statutory Board Financial Reporting Standards ("SB-FRS"), including Interpretations of SB-FRS ("INT SB-FRS") and SB-FRS Guidance Notes as promulgated by the Accountant-General.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Authority's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with SB-FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements relate to the classification of investments at fair value through profit or loss and available-for-sale investments, and are disclosed in note 3.9.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are as follows:

Provision for pension and gratuities

Provision for pension and gratuities is estimated by management based on the most recent valuation by professional actuaries. Changes to assumptions and estimates used in the valuation would result in changes to the provision for pension and gratuities amounts estimated.

Valuation of investments

The determination of fair value for financial assets for which there is no observable market price requires the use of valuation techniques as described in note 27. For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Deferred benefits on contribution to Consolidated Fund

Deferred benefits has not been recognised on unrecognised deficits carried forward as the Authority expects to continue to be in operating deficit, excluding any investment income and fair value gains or losses from its financial assets held at fair value through profit or loss. Management believes that the probability of utilising the carried forward deficits is dependent on market performance and does not expect significant gains in its investments and financial assets held at fair value through profit or loss to fully offset the unrecognised deficits. Accordingly, the Authority has not recognised any deferred benefits for contribution to the Consolidated Fund.

Broadcast licence fees

Broadcast licence fees are billed in advance based on a percentage of the broadcasters' total qualifying income recognised evenly over the licence period and are subsequently adjusted based on the latest available information. Changes to the estimates used in the determination of broadcast licence fee would result in changes to the broadcast licence fee revenue recognised for the financial year.

2.5 Changes in accounting policies

On 1 April 2015, the Authority has adopted all the new and revised SB-FRSs, INT SB-FRSs and Guidance Notes that are mandatory for application on that date. The adoption of these new or revised SB-FRS, INT SB-FRSs and Guidance Notes does not have any significant impact on the financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses the changes in accounting policies.

3.1 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured. The following recognition criteria must also be met before revenue is recognised:

(a) *Broadcast licence fees*

Broadcast licence fees are billed in advance based on a percentage of the broadcasters' total qualifying income recognised evenly over the licence period and are subsequently adjusted based on the latest available information. Any adjustments to the broadcast licence fees based on the actual audited qualifying income provided by the broadcasters are recognised in the following financial year.

(b) *Film and video licence fees*

Film and video licence fees are recognised when the licences are granted and recognised evenly over the licence period.

(c) *Film and video classification fees*

Film and video classification fees are recognised when services are rendered.

(d) *Revenue from completed films*

Under the Authority's industry developments schemes, the share of returns from the marketing and sale of the completed films, television programmes, digital media and publishing projects are recognised as revenue when sold by the production companies to their customers.

(e) *Interest income*

Interest income is accrued on a time-proportion basis by reference to the principal outstanding using the effective interest method.

(f) *Unclaimed moneys*

Unclaimed moneys held by the Authority which are not claimed within 6 years of its receipt are recognised in income or expenditure as "Other income".

3.2 Government grants

Government grants and contributions from other organisations are recognised initially at their fair value where there is reasonable assurance that the grants and contributions will be received and the Authority will comply with the conditions associated with the grants and contributions.

Government grants received to meet the Authority's operating expenditure are recognised as income in the same financial year.

Government grants utilised for the purchase or the construction of depreciable tangible and intangible assets are recorded in the deferred capital grants account. The deferred capital grants are amortised to income or expenditure over the period necessary to match the annual depreciation and amortisation charge of these assets purchased with the related grants. On disposal of these assets, the balance of the related deferred capital grant is recognised in income or expenditure to match the net book value of the assets disposed.

Government grants utilised for investment in financial assets available-for-sale are recorded in the other deferred grants account. The other deferred grants are amortised to income or expenditure to match the impairment of these financial assets. On disposal of these financial assets available-for-sale, the balance of the related other deferred grants is recognised in income or expenditure to match any net impairment relating to the disposed investments.

3.3 Trust and agency funds

Moneys received from the Government of Singapore and other organisations where the Authority is not the owner and beneficiary, are accounted for as trust and agency funds.

The total net assets and liabilities of the trust and agency funds of the Authority – Public Service Broadcast ("PSB"), the Interactive Digital Media Research and Development ("IDM R&D"), as well as other trust and agency funds are shown as a separate line in the statement of financial position. Trust and agency funds are accounted for on an accruals basis. The receipts and expenditures of these funds are directly taken to the fund accounts.

3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.4 Restricted funds

These are funds set aside for specific purposes and for which separate disclosure is made as these funds are material and subject to restrictions on the ability of the Authority to distribute or otherwise apply its funds. Restricted funds are accounted for on an accrual basis.

3.5 Employee benefits

(i) Defined contribution plans

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

Contributions on the employees' salaries are made to the Central Provident Fund ("CPF") as required by law. The CPF contributions are recognised as employee compensation expenses in the period when the employees rendered their services.

(ii) Defined benefit plans

The Authority operates a defined benefit pension plan that provides for certain post-employment pension benefits for eligible employees.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Authority's net obligation in respect of the defined benefit pension plans is calculated by estimating the future benefit that the employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield of a government bond rate that has maturity dates approximating the terms of the Authority's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. Under the method, a "projected accrued benefit" is calculated for each benefit. For all active members of the scheme, the "projected accrued benefit" is based on the scheme's accrual formula and upon service as of the valuation date, but using the employee's scheme salary, projected to the age at which the employee is assumed to leave active service. For inactive members, it is the total benefit. The defined benefit obligation/project benefit obligation/plan liability is the discounted present value of the "projected accrued benefits". The service cost is the corresponding value of benefits earned by active members over the year as a result of 1 more year of service.

The Authority recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefits expense in income or expenditure.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Authority is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Authority has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(iv) Short-term employee benefits

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

(v) Provision for ex-gratia payments

This amount is provided for payments to be made to former Singapore Broadcasting Corporation ("SBC") staff transferred from Singapore Broadcasting Authority to the Authority. The provision is computed based on the guidelines contained in the Ministry of Finance (Revenue) Circular No. 4/94 dated 10 August 1994.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Operating lease payments

When entities within the Authority are lessees of an operating lease

Where the Authority has the use of assets under operating leases, payments made under the leases are recognised in income or expenditure on a straight-line basis over the term of the lease. Lease incentives received are recognised in income or expenditure as an integral part of the total lease payments made. Leased assets are not recognised in the Authority's statement of financial position.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Authority determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Authority the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, the Authority separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Authority concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Authority's incremental borrowing rate.

3.7 Property, plant and equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Authority has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in income or expenditure.

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

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset, and is recognised from the date that the property, plant and equipment are installed and are ready for use.

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

Vehicles	5 years
Furniture, fittings and equipment	5 years
Computers	3 years
Leasehold improvements	3 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate. Property, plant and equipment costing less than \$2,000 each are charged to expenditure in the year of purchase.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Intangible assets

Application software including software development costs are capitalised on the basis of the costs incurred to bring to use or develop the specific software. Direct expenditures including employee costs, which enhances or extends the performance of computer or application software beyond its specifications and which can be reliably measured, is added to the original cost of the software. Costs associated with maintaining the computer software are recognised as expenses when incurred.

Computer software licences are carried at cost less accumulated amortisation and accumulated impairment losses. These costs less residual values, are amortised to income or expenditure using the straight-line method over their estimated useful lives of 3 years.

In respect of internally constructed intangible assets, amortisation is recognised from the date that the asset is completed and ready for use. Systems under development are not amortised.

The amortisation period and amortisation method of intangible assets are reviewed at least at each reporting date. The effects of any revision are recognised in income or expenditure when the changes arise.

3.9 Financial instruments

(i) Non-derivative financial assets

The Authority initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Authority becomes a party to the contractual provisions of the instrument.

The Authority derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Authority is recognised as a separate asset or liability.

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

The Authority classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and financial assets available-for-sale. The Authority determines the classification of its financial assets after initial recognition and, where allowed.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Authority manages and evaluates the performance of the assets on fair value basis in accordance with the Authority's documented risk management or investment strategy. Attributable transaction costs are recognised in income or expenditure as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in income and expenditure.

Financial assets designated at fair value through profit or loss comprise unit trusts that otherwise would have been classified as available-for-sale.

Loans and receivables

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

Loans and receivables comprise cash and cash equivalents and trade and other receivables (excluding prepayments). Cash and cash equivalents comprise cash held with Accountant- General's Department ("AGD"), cash on hand and short-term deposits with maturities of 3 months or less that are subject to an insignificant risk of changes in their fair value.

3 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.9 Financial instruments *(cont'd)*

Financial assets available-for-sale

Financial assets available-for-sale are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets.

The Authority designated available-for-sale investments for long term investments in media funds with an expected investment period of 10 years. The financial assets are presented as non-current unless management intends to dispose the assets within 12 months after the reporting date.

Financial assets available-for-sale are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to income or expenditure.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost.

Financial assets available-for-sale comprise investment in media funds.

(ii) Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Authority becomes a party to the contractual provisions of the instrument.

The Authority derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

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

The Authority classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables, advances and deposits, and grants received in advance.

3.10 Impairment

(i) Non-derivative financial assets

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

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Authority on terms that the Authority would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 Impairment (cont'd)

Loans and receivables

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

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

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

Financial assets available-for-sale

Impairment losses on financial assets available-for-sale are recognised by reclassifying the losses accumulated in the fair value reserve in equity to income or expenditure. The cumulative loss that is reclassified from equity to income or expenditure is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in income or expenditure. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in income or expenditure. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

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

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

Impairment losses are recognised in income or expenditure. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

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

3.11 Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events and it is likely that the Authority will be required to settle the obligation and the amount of obligation can be estimated reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligations. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Foreign currency

Foreign currency transactions

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in income or expenditure, except for the following differences which are recognised in other comprehensive income arising on the retranslation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to income or expenditure).

3.13 Contribution to Consolidated Fund

The Authority is required to make contribution to the Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidation Funds) Act, Chapter 319A. The provision is based on guidelines specified by the Ministry of Finance. It is computed based on a percentage pegged at the prevailing corporate tax rate for the year of assessment on the net surplus of the Authority and after deducting prior year's accumulated deficits in accordance with FCM 5/2005 – Framework for Contribution to Consolidated Fund by Statutory boards. Contribution is provided for on an accrual basis.

The Authority is allowed to carry forward its deficits to offset its future surplus. The deficits have no expiry date.

The benefits associated with the deficits are recognised as deferred income tax asset to the extent that realisation of the related benefits through future surplus is probable.

3.14 Dividends

Dividends payable to the Ministry of Finance, the ultimate shareholder, are recognised when the dividends are approved for payment by the Authority.

3.15 Share capital

Ordinary shares issued in accordance with FCM 26/2008 – Capital Management Framework for Statutory Boards, are classified as equity. The shares issued are held by the Minister for Finance, incorporated by the Minister for Finance (Incorporation) Act.

3.16 Donation

Donations, other than those specified below, are recognised in income in the period of receipt.

Property, plant and equipment obtained through donations that can be reliably measured are taken to deferred capital grants at their fair value in the period of receipt. The deferred capital grants are amortised to income or expenditure over the period necessary to match the annual depreciation and amortisation charge of these assets.

3.17 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning 1 April 2016, and have not been applied in preparing these financial statements. The Authority is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Authority.

These new standards include, among others, SB-FRS 109 *Financial Instruments* which are mandatory for adoption by the Authority on 1 January 2018.

- SB-FRS 109 replaces most of the existing guidance in SB-FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As SB-FRS 109, when effective, will change the existing accounting standards and guidance applied by the Authority in accounting for financial instruments, this standard is expected to be relevant to the Authority. The Authority does not plan to adopt this standard early.

4 PROPERTY, PLANT AND EQUIPMENT

	Vehicles \$'000	Furniture, fittings and equipment \$'000	Computers \$'000	Leasehold improvements \$'000	Assets under construction \$'000	Total \$'000
Cost						
At 1 April 2014	281	11,207	9,018	9,898	76	30,480
Additions	90	27	704	6	–	827
Reclassification	–	–	–	30	(30)	–
Reclassification to intangible assets	–	–	–	–	(46)	(46)
Disposals	–	(154)	–	–	–	(154)
At 31 March 2015	371	11,080	9,722	9,934	–	31,107
Additions	–	185	207	27	–	419
Disposals	–	(71)	(89)	–	–	(160)
At 31 March 2016	371	11,194	9,840	9,961	–	31,366
Accumulated depreciation						
At 1 April 2014	250	10,685	8,523	9,055	–	28,513
Depreciation for the year	10	108	488	449	–	1,055
Disposals	–	(154)	–	–	–	(154)
At 31 March 2015	260	10,639	9,011	9,504	–	29,414
Depreciation for the year	27	115	432	234	–	808
Disposals	–	(71)	(89)	–	–	(160)
At 31 March 2016	287	10,683	9,354	9,738	–	30,062
Carrying amounts						
At 1 April 2014	31	522	495	843	76	1,967
At 31 March 2015	111	441	711	430	–	1,693
At 31 March 2016	84	511	486	223	–	1,304

5 INTANGIBLE ASSETS

	Computer systems \$'000	Systems under development \$'000	Total \$'000
Cost			
At 1 April 2014	18,959	–	18,959
Additions	421	742	1,163
Reclassification	145	(145)	–
Reclassification from assets under construction	–	46	46
Disposals	–	(98)	(98)
At 31 March 2015	19,525	545	20,070
Additions	718	117	835
Reclassification	620	(620)	–
Disposals	(159)	–	(159)
At 31 March 2016	20,704	42	20,746
Accumulated amortisation			
At 1 April 2014	18,440	–	18,440
Amortisation for the year	533	–	533
At 31 March 2015	18,973	–	18,973
Amortisation for the year	635	–	635
Disposals	(159)	–	(159)
At 31 March 2016	19,449	–	19,449
Carrying amounts			
At 1 April 2014	519	–	519
At 31 March 2015	552	545	1,097
At 31 March 2016	1,255	42	1,297

6 FINANCIAL ASSETS AVAILABLE-FOR-SALE

	2016 \$'000	2015 \$'000
At 1 April	5,748	7,845
Divestment	(737)	(193)
Net impairment loss recognised in income or expenditure	(1,761)	(620)
Net fair value change recognised in other comprehensive income	849	(1,284)
At 31 March	4,099	5,748
Current	–	828
Non-current	4,099	4,920
	4,099	5,748

Investment in media funds relates to collaboration with other investors to finance the development of media companies. These investments last for 10 years and repayment terms vary according to the terms of the agreements.

7 CASH AND CASH EQUIVALENTS

	Note	2016 \$'000	2015 \$'000
General Fund		115,856	137,222
Restricted Funds	23	45,929	27,490
		161,785	164,712
Cash at bank and on hand			
– held by the Authority		37	–
– deposits held with Accountant-General's Department ("AGD")		256,943	203,170
– deposits held with AGD managed by the Authority on behalf of other ministries	18	(95,195)	(38,458)
		161,785	164,712

The Authority participates in the AGD's Centralised Liquidity Management Scheme ("CLM") whereby the Authority's cash is pooled together and managed centrally by AGD, a related party, in fixed deposits. Individual accounts are still maintained for daily transaction purpose and funds are transferred from deposits held with AGD whenever there are insufficient funds for transactional purpose. AGD pays interest on the Authority's cash balances participating in AGD's CLM. The effective interest rate was 1.26% (2015: 0.85%).

Cash and cash equivalents of the Authority include an amount of \$17,109,000 (2015: \$18,572,000) earmarked for payment of pension and gratuities to pensioners.

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 \$'000	2015 \$'000
At 1 April	73,419	30,287
Addition	–	40,000
Fair value change recognised in income or expenditure	(135)	3,132
At 31 March	73,284	73,419
Financial assets at fair value through profit or loss		
– Unquoted unit trusts	73,284	73,419

The unquoted unit trusts are in diversified portfolios of various asset classes managed by professional fund managers awarded by AGD under the Demand Aggregation II Scheme.

9 TRADE AND OTHER RECEIVABLES

	2016 \$'000	2015 \$'000
Trade receivables		
– Film, video and classification licence	16	16
– Broadcast licence fees	–	2,602
– Others	340	582
	356	3,200
Less: Allowance for impairment of trade receivables	(330)	(353)
	26	2,847
Other receivables		
– Amount due from MCI	5,606	5,654
– Interest receivables	1,535	2,175
– Others	3,319	986
	10,460	8,815
Less: Allowance for impairment of other receivables	(449)	(2,076)
	10,011	6,739
Other current assets		
– Deposits	846	956
Loans and receivables	10,883	10,542
Prepayments	1,152	330
	12,035	10,872

10 SHARE CAPITAL

	Number of shares			
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
1 April and 31 March	1,201	1,201	1,201	1,201

During the financial year ended 31 March 2009, in accordance with FCM 26/2008 – Capital Management Framework, there was a capital injection of \$1,201,000 into the Authority, comprising 1,000 shares from Ministry of Finance, and 1,200,000 shares for Minor Development Funds from the Ministry of Communications and Information, in the form of equity injection. Share certificates amounting to \$1,201,000 had been issued. The shares issued are held by the Minister for Finance, incorporated by the Minister for Finance (Incorporation) Act. The holders of these shares are entitled to receive dividends as and when declared by the Authority. The shares carry no voting rights and have no par value.

There were no shares issued in the current financial year.

11 CAPITAL ACCOUNT

The capital account comprises the capitalisation of net assets/(liabilities) transferred from the Singapore Broadcasting Authority and the Singapore Film Commission on 1 January 2003, the date of establishment of the Authority.

12 PROVISION FOR PENSION AND GRATUITIES

The provision for pension and gratuities relates to benefits payable upon retirement of officers who were transferred to the Authority from the Singapore Broadcasting Authority upon the establishment of the Authority on 1 January 2003.

(a) The amount recognised in the statement of financial position is determined as follows:

	2016 \$'000	2015 \$'000
Present value of obligations	17,109	18,572
Comprising:		
– Current	1,865	1,651
– Non-current	15,244	16,921
	17,109	18,572

(b) The amounts recognised in income or expenditure are as follows:

	Note	2016 \$'000	2015 \$'000
Current service cost		3	8
Interest cost		400	457
Expenses recognised in income or expenditure	20	403	465

(c) Movement in the fair value of pension and gratuities is as follows:

	2016 \$'000	2015 \$'000
At 1 April	18,572	19,168
Current service cost	3	8
Interest cost	400	457
Actuarial (gain)/loss recognised in other comprehensive income	(1)	590
Benefits paid	(1,865)	(1,651)
At 31 March	17,109	18,572

The principal assumption used in determining the Authority's pension obligations is:

	2016	2015
Discount rate	2.36%	2.27%

The discount rate used is based on the interpolated yield rate of Singapore Government Bond with duration of 8 years, which is the weighted duration of future benefit payments (2015: 10 years). The Singapore Mortality Table S2004-08M/F was used for purpose of the latest valuation of pension liabilities.

12 PROVISION FOR PENSION AND GRATUITIES (cont'd)

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumption set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in the assumption by 0.25 percent.

	Defined benefit obligation	
	0.25 percent increase \$'000	0.25 percent decrease \$'000
2016		
Discount rate	(320)	332
2015		
Discount rate	(364)	377

The above sensitivity is based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation in April 2016 and is applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

13 TRADE AND OTHER PAYABLES

	2016 \$'000	2015 \$'000
Trade and other payables	3,477	4,400
Accrued operating expenses	21,674	18,503
	25,151	22,903

14 ADVANCES AND DEPOSITS

	2016 \$'000	2015 \$'000
Deposits	597	791
Receipts in advance	7,101	3,005
	7,698	3,796

15 GRANTS RECEIVED IN ADVANCE

	Note	General Fund		Restricted Funds		Total	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
At 1 April		408	225	3,511	2,950	3,919	3,175
Received during the year		38,044	32,865	13,697	24,400	51,741	57,265
Transfer to deferred capital grants	16	(1,797)	(1,132)	–	–	(1,797)	(1,132)
Transfer from other deferred grants	17	–	–	2,497	813	2,497	813
Transfer to income or expenditure – government grants		(36,623)	(31,550)	(17,396)	(24,652)	(54,019)	(56,202)
At 31 March		32	408	2,309	3,511	2,341	3,919

16 DEFERRED CAPITAL GRANTS

	Note	General Fund		Restricted Funds		Total	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
At 1 April		2,154	2,154	43	65	2,197	2,219
Transfer from grants received in advance	15	1,797	1,132	–	–	1,797	1,132
Transfer to income or expenditure – deferred capital grants amortised		(1,418)	(1,422)	(22)	(22)	(1,440)	(1,444)
Others		–	290	–	–	–	290
At 31 March		2,533	2,154	21	43	2,554	2,197

17 OTHER DEFERRED GRANTS

	Note	Restricted Funds	
		2016 \$'000	2015 \$'000
At 1 April		5,209	6,022
Transfer to grants received in advance	15	(2,497)	(813)
At 31 March		2,712	5,209

18 TRUST AND AGENCY FUNDS

This represents funds received from the Government and other Statutory Boards that are held by the Authority as an agent.

- PSB programmes are programmes that promote social objectives and national harmony as well as serve the interests of television viewers. Hence, broadcasters in Singapore are required to carry these programmes as specified in their licences. Being commercially less viable, there is a need to support these programmes through public service programming funding.
- IDM R&D development funds supports the development of a strategic IDM research programme and the set-up of a multi-agency IDM R&D Programme Office within the Authority to spearhead the growth and development of Singapore's IDM sector. National Research Foundation ("NRF") took back the administration of IDM R&D Programme with effect from 1 April 2015. The remaining fund balances were returned to NRF thereafter.
- Other trust and agency funds include support of productivity improvement of the media industry, funding of local feature film projects and co-productions, overseas promotion of Singapore films and promotion of Singapore as a location for film shots under the Singapore Film Commission ("SFC"), funding of national transition from analogue to digital broadcasting, as well as funding of local media productions in celebration of Singapore's 50 years of nation building.

The receipts and expenditure for the financial year are taken directly to the funds' accounts, and the net assets of these funds at the reporting date are as follows:

	2016 \$'000	2015 \$'000
Public Service Broadcast ("PSB")	14,624	6,481
Interactive and Digital Media Research and Development ("IDM R&D")	–	18,004
Others	1,052	4,401
	15,676	28,886

18 TRUST AND AGENCY FUNDS (cont'd)

	PSB		IDM R&D		Others		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
At 1 April	6,481	339	18,004	2,340	4,401	801	28,886	3,480
Receipts/receivables								
– Government grants	250,443	230,299	–	37,787	32,824	19,289	283,267	287,375
– Others	–	–	–	–	–	–	–	–
Deferred capital grants	–	–	–	1	–	–	–	1
Less:								
Funds utilised in the year	(242,300)	(224,157)	–	(22,124)	(36,173)	(15,689)	(278,473)	(261,970)
Funds returned to NRF	–	–	(18,004)	–	–	–	(18,004)	–
At 31 March	14,624	6,481	–	18,004	1,052	4,401	15,676	28,886
Represented by:								
Cash and cash equivalents	87,837	4,419	–	20,652	7,358	13,387	95,195	38,458
Other assets	5,515	68,537	–	–	11,608	2,045	17,123	70,582
Current liabilities	(78,728)	(66,475)	–	(2,648)	(17,914)	(11,031)	(96,642)	(80,154)
Net assets	14,624	6,481	–	18,004	1,052	4,401	15,676	28,886

19 OTHER INCOME

	2016 \$'000	2015 \$'000
Interest income from short-term deposits and cash at bank	2,035	1,641
Financial guarantee income	–	19
Unclaimed moneys	117	118
Interest on loan receivables	–	128
Others	324	569
	2,476	2,475

20 EMPLOYEE COMPENSATION

	Note	2016 \$'000	2015 \$'000
Wages and salaries		29,837	25,196
Employer's contribution to Central Provident Fund		3,523	3,226
Pension and gratuities	12	403	465
Other benefits		690	378
Employee compensation		34,453	29,265

21 INDUSTRY PROMOTIONAL EXPENSES

	2016 \$'000	2015 \$'000
Restricted Funds	19,434	24,001

The Authority provides financial assistance in audio visual production, digital media and publishing projects in the form of industry grants for idea development, content production, gaining access to international markets and talent development, to individuals and companies from all media sectors, namely Animation, Broadcast, Film, Games, Interactive Media and Publishing. Grants are disbursed based on milestones and key performance indicators ("KPIs") achieved.

22 PROVISION FOR CONTRIBUTION TO CONSOLIDATED FUND

The contribution to the Consolidated Fund is based on 17% (2015: 17%) of the net surplus of the Authority.

The Authority was in a net deficit position, hence, there was no contribution in current year (2015: nil).

With net deficit of \$589,000 (2015: surplus of \$9,141,000), the Authority has remaining unrecognised deficits of \$97,390,000 (2015: \$96,801,000) at the reporting date which can be carried forward and used to offset against future contributions to the Consolidated Fund.

23 NET ASSETS OF RESTRICTED FUNDS

Restricted funds refer to the following:

- Singapore Media Fusion Plan ("SMFP")
- IGNITE under Infocomm Media 2025 ("IGNITE")

(a) SMFP

SMFP's objective is to strengthen the building blocks of the media ecosystem and support the creation of innovative content, applications and services with global appeal. \$230,000,000 had been set aside to implement SMFP over 5 years commencing from the financial year ended 31 March 2010. In March 2014, the Authority was given an extension for the commitment of the aforementioned SMFP funds until 31 March 2016. In June 2015, a budget increase of \$7,000,000 was approved for the programme. The total amount set aside for SMFP was revised to \$237,000,000 to be committed by 31 March 2016.

(b) IGNITE

IGNITE aims to build a competitive media industry anchored by strong enterprises, quality talent, and developing high-value Intellectual Property (IP) appealing to a global fanbase. A vibrant media sector producing compelling content in Singapore also contributes to a more connected society and enhances our standing as a global city. \$184,030,000 was approved to be set aside for the programme over 6 years commencing from the financial year ended 31 March 2016.

	Note	2016 \$'000	2015 \$'000
Property, plant and equipment		21	43
Financial assets available-for-sale	6	4,099	4,920
Non-current assets		4,120	4,963
Cash and cash equivalents	7	45,929	27,490
Financial assets available-for-sale	6	–	828
Trade and other receivables		1,853	303
Current assets		47,782	28,621
Total assets		51,902	33,584
Trade and other payables		5,006	3,804
Grants received in advance	15	2,309	3,511
Deferred capital grants	16	21	43
Other deferred grants	17	2,712	5,209
Current liabilities		10,048	12,567
Total liabilities		10,048	12,567
Net assets		41,854	21,017
Represented by:			
Fair value reserves		1,387	538
Accumulated surplus		40,467	20,479
		41,854	21,017

During the year, additional funds of \$23,787,000 were transferred to restricted funds as the funds are designated for the utilisation of commitment under SMFP from year commencing 1 April 2016 (note 24(c)).

24 COMMITMENTS

(a) Capital commitments

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

	2016 \$'000	2015 \$'000
Property, plant and equipment	540	214

(b) Non-cancellable operating lease commitments

The Authority leases office premises under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payable under non-cancellable operating leases contracted with another statutory board at the reporting date but not recognised as liabilities, are as follows:

	2016 \$'000	2015 \$'000
Not later than one year	3,159	3,168
Between one and five years	527	3,686
	3,686	6,854

(c) Singapore Media Fusion Plan ("SMFP") and IGNITE under Infocomm Media 2025 ("IGNITE")

The statement shown below represents the amount committed against the \$237,000,000 (2015: \$230,000,000) that was allocated to SMFP.

	2016 \$'000	2015 \$'000
Amount allocated	237,000	230,000
Amount utilised		
– Industry development expenses	(174,837)	(153,728)
– Property, plant and equipment	(99)	(99)
– Investment in media funds	(17,713)	(20,210)
	(192,649)	(174,037)
Amount committed but yet to be utilised	(40,467)	(29,800)
Amount uncommitted	3,884	26,163

The statement shown below represents the amount committed against the \$184,030,000 that was allocated to IGNITE.

	2015 \$'000
Amount allocated	184,030
Amount utilised	
- Industry development expenses	(86)
	183,944
Amount committed but yet to be utilised	–
Amount uncommitted	183,944

(d) Financial assets available-for-sale

Commitments for financial assets available-for-sale managed by fund managers at reporting date are as follows:

	2016 \$'000	2015 \$'000
Amount unutilised	2,057	2,057

25 RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Authority if the Authority has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Authority and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. In accordance with SB-FRS paragraph 27A, the Authority is exempted from disclosing transactions with government-related entities other than Ministries, Organs of State and other Statutory Boards, unless there are circumstances to indicate that these transactions are unusual and their disclosure would be of interest to readers of the financial statements.

(a) Significant related party transactions

Some of the Authority's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the financial year, other than disclosed elsewhere in the financial statements, the significant transactions with related parties which were carried out in the normal course of business are as follows:

	2016 \$'000	2015 \$'000
MCI		
Services and expenses paid to MCI	2,417	623
Computer and Info-technology related expenses	330	–
Expenses paid on behalf of MCI	2,356	1,550
Other Ministries and Statutory Boards		
Services and expenses paid to other Ministries	156	192
Services and expenses paid to other Statutory Boards	4,309	6,560
Computer and Info-technology related expenses	–	700
Operating lease expense	3,227	4,748

(b) Compensation of key management personnel

The remuneration of members of key management is as follows:

	2016 \$'000	2015 \$'000
Wages and salaries	2,208	2,586
Employer's contribution to Central Provident Fund	76	166
	2,284	2,752

27 DIVIDENDS

During the financial year ended 31 March 2016, the Authority declared and paid a dividend of \$4,890,000 (\$4.07 per share) (2015: \$4,907,000 (\$4.08 per share)) on the ordinary shares issued to the Ministry of Finance.

28 FINANCIAL RISK MANAGEMENT

Overview

The Authority has exposure to market risk (including currency, price and interest rate risk), credit risk and liquidity risk from its use of financial instruments.

Risk management framework

The Authority is responsible for setting the objectives and underlying principles of financial risk management for the Authority. The Finance Committee then establishes the detailed policies such as exposure limits, risk identification and measurement.

The Authority measures actual exposure against the limits set and prepares regular reports for the review of the Finance Committee. The information presented below is based on information received by key management.

28 FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market risk

Market risk refers to the risk arising from uncertainty in the future values of a financial instrument, resulting from movements in factors such as equity prices, foreign exchange rates and market interest rates. The Authority's exposure to each of these factors is presented in the following paragraphs.

Currency risk

The Authority operates mainly in Singapore. The Authority's operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate arising from changes in market places (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting similar financial instruments traded in the market.

The Authority's exposure to price risk arises mainly from its investments in unit trusts (note 8). The risk is managed through fund diversification across different asset classes in various markets. The market risk associated with these investments is the potential loss in fair value resulting from the decrease in the net asset value of unit trusts.

Sensitivity analysis

A 10% decrease in the underlying market prices or net asset value of unit trusts at the reporting date, with all other variables remain constant, would decrease net surplus or deficit by the following amount:

	2016 \$'000	2015 \$'000
Unquoted unit trusts	7,328	7,342

A 10% increase in the underlying market prices or net asset value of unit trusts would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Authority's exposure to interest rate risk for changes in interest rates arises primarily from deposits held with AGD.

The Authority periodically reviews and monitors interest rate fluctuations to ensure that the exposure to interest rate risk is within acceptable limits. Surplus funds are placed with AGD.

The table below set out the Authority's exposure to interest rate risks.

	Note	2016 \$'000	2015 \$'000
Variable rate instrument			
Deposits held with AGD	7	161,748	164,712

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) net surplus or deficit by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

	100bp increase \$'000	100bp decrease \$'000
2016		
Variable rate instruments	1,617	(1,617)
2015		
Variable rate instruments	1,647	(1,647)

28 FINANCIAL RISK MANAGEMENT (cont'd)**(b) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Authority. The carrying amounts of the Authority's major classes of financial assets such as cash at bank and on hand, deposits held with AGD, trade and other receivables (excluding prepayments), financial assets available-for-sale and financial assets at fair value through profit or loss represents the maximum exposure to credit risk.

Cash and cash equivalents are mainly deposits held with AGD and banks which have high credit- ratings as determined by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially entities with good collection track records with the Authority.

The Authority limits its credit risk exposure in respect of investments by placing its funds only with professional fund managers recommended by an investment consultant or awarded by AGD under the Demand Aggregation II Scheme.

An impairment loss of \$1,761,000 (2015: \$620,000) in respect of available-for-sale equity securities was recognised during the current year owing to significant decline in fair value of these securities. The Authority has no collateral in respect of these investments.

The Authority adopts the policy of dealing only with media and production companies of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk.

The ageing of loans and receivables are as follows:

	Impairment		Impairment	
	Gross	loss	Gross	loss
	2016	2016	2015	2015
	\$'000	\$'000	\$'000	\$'000
Not past due	11,330	(449)	6,182	(830)
Past due less than 3 months	2	–	5,181	–
Past due 3 to 6 months	–	–	–	–
Past due over 6 months	330	(330)	4,108	(4,099)
	11,662	(779)	15,471	(4,929)

The movement in allowance for impairment loss in respect of loans and receivables during the financial year is as follows:

	2016	2015
	\$'000	\$'000
At 1 April	4,929	26,368
Charge to income or expenditure	–	573
Write-back to income or expenditure	(380)	(655)
Utilised during the year	(3,770)	(21,357)
At 31 March	779	4,929

The impairment in trade and other receivables is due to several debtors who have not repaid their outstanding amounts despite reminders sent. The Authority wrote-off the balances which have been assessed as, and deemed uncollectible.

(c) Liquidity risk

The Authority monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Authority's operations.

The Authority receives its funds from the Ministry of Communications and Information, which are drawn down on a monthly basis to meet its funding requirements. The Authority's funds are mainly deposits held with AGD which have high liquidity.

At the end of the reporting period, the contractual cash flows of the Authority's current financial liabilities approximate the carrying values and they are expected to be settled within the next 12 months.

28 FINANCIAL RISK MANAGEMENT (cont'd)**(d) Capital management**

The Authority's objectives when managing capital are to ensure that the Authority is adequately capitalised and to fulfil objectives for which moneys of the Authority may be applied under the Media Development Authority of Singapore Act (Chapter 172). To achieve these objectives, the Authority may secure grants from the Government, return capital to shareholders, issue new shares, or obtain new borrowings.

The Authority is not subject to any capital requirements under the Media Development Authority of Singapore Act (Chapter 172) or any other externally imposed capital requirements, except for those mandated by the Ministry of Finance.

The Authority defines capital as share capital, capital account, fair value reserve and accumulated surplus. The Authority monitors its surplus/deficits. The Authority's approach to capital management remains unchanged from the financial year ended 31 March 2015.

(e) Accounting classifications and fair values**Determination of fair values***Financial assets at fair value through profit and loss and financial assets available-for-sale*

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Authority is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Authority uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The fair value of the unit trusts is based on the realisation price of the unquoted unit trusts provided by the administrator of those unit trusts.

In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in Level 3.

Other financial assets and liabilities

The carrying amounts of trade and other receivables, loan receivables, trade and other payables, advances and deposits and grants received in advance are assumed to approximate their fair values because of the short period to maturity.

Fair value hierarchy

The table below presents the fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques.

The different levels are defined as follows:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

As at 31 March 2016, the Authority's available-for-sale equity securities with a carrying amount of \$498,000 was transferred from Level 1 to Level 2 because of the change in valuation method from observable market data to recent acquisition consideration based on market data. To determine fair value of such equity securities, historical market data was used.

28 FINANCIAL RISK MANAGEMENT *(cont'd)*

(e) Accounting classifications and fair values *(cont'd)*

Valuation technique and key unobservable input

The following is a list of the valuation techniques and the key unobservable inputs used in the determination of fair value of the available-for-sale investments and financial assets at fair value through profit and loss.

Valuation technique	Inter-relationship between significant unobservable inputs and fair value measurement
	The estimated fair value would decrease if:
Valuation of redemption	valuation of redemption was lower;
Valuation of recent acquisition consideration	valuation of recent acquisition consideration was lower;
Valuation of recent funding	valuation of recent funding was lower; or
Valuation of realisation price	valuation of realisation price was lower.

Management considers that changing one or more of the significant unobservable inputs used to other reasonably possible alternative assumptions would not result in a significant change in the estimated fair value.

Key unobservable inputs

Key unobservable inputs correspond to:

- Fund manager's judgement with regard to the assumption that the recent acquisition consideration, valuation of recent funding and estimated redemption value are reflective of fair value of investment.
- Fund manager's assessment that there are no major changes in the business and market environment that would impact the value of the investment materially.
- Fund manager's judgement with regard to the realisation price used in determining the value of unit trust.

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount					Fair value				
	Note	Loans and receivables \$'000	Other financial liabilities \$'000	Designated at fair value \$'000	Available-for-sale \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 March 2016										
Assets										
Financial assets measured at fair value										
– Financial assets available-for-sale										
	6	–	–	–	4,099	4,099	–	498	3,601	4,099
– Financial assets at fair value through profit or loss										
	8	–	–	73,284	–	73,284	–	–	73,284	73,284
		–	–	73,284	4,099	77,383				
Financial assets not measured at fair value										
	7	161,785	–	–	–	161,785				
	9	10,883	–	–	–	10,883				
		172,668	–	–	–	172,668				
Liabilities										
Financial liabilities not measured at fair value										
	13	–	(25,151)	–	–	(25,151)				
	14	–	(7,698)	–	–	(7,698)				
	15	–	(2,341)	–	–	(2,341)				
		–	(35,190)	–	–	(35,190)				

* excludes prepayments

28 FINANCIAL RISK MANAGEMENT (cont'd)

(e) Accounting classifications and fair values (cont'd)

	Note	Carrying amount				Fair value				
		Loans and receivables \$'000	Other financial liabilities \$'000	Designated at fair value \$'000	Available-for-sale \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 March 2015										
Assets										
Financial assets measured at fair value										
– Financial assets available-for-sale										
	6	–	–	–	5,748	5,748	720	–	5,028	5,748
– Financial assets at fair value through profit or loss										
	8	–	–	73,419	–	73,419	–	–	73,419	73,419
		–	–	73,419	5,748	79,167				
Financial assets not measured at fair value										
	7	164,712	–	–	–	164,712				
	9	10,542	–	–	–	10,542				
		175,254	–	–	–	175,254				
Liabilities										
Financial liabilities not measured at fair value										
	13	–	(22,903)	–	–	(22,903)				
	14	–	(3,796)	–	–	(3,796)				
	15	–	(3,919)	–	–	(3,919)				
		–	(30,618)	–	–	(30,618)				

* excludes prepayments