FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

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STATEMENT BY MEDIA DEVELOPMENT AUTHORITY

For the financial year ended 31 March 2013

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

(a) the financial statements as set out on pages 92 to 164 are drawn up so as to give a true and fair view of the state of affairs of the Authority as at 31 March 2013 and of the results, changes in capital, funds and accumulated surplus of the Authority and cash flows of the Authority for the financial year then ended; and

(b) proper accounting and other records have been kept including all records of all assets of the Authority whether purchased, donated or otherwise; and

(c) the receipt, expenditure and investment of monies and the acquisition and disposal of assets by the Authority during the financial year have been in accordance with the provisions of the Media Development Authority Act (Chapter 172) (the "Act").

On behalf of the Authority

Mr. Niam Chiang Meng
Chairman

Ms. Koh Lin-Net
Chief Executive Officer

28 June 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDIA DEVELOPMENT AUTHORITY

Report on the Financial Statements

We have audited the accompanying financial statements of Media Development Authority (the "Authority"), set out on pages 92 to 164, which comprise the statement of financial position as at 31 March 2013, and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Media Development Authority Act, Chapter 72 (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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDIA DEVELOPMENT AUTHORITY
CONTINUED

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 2013 and of the results, changes in equity and cash flows of the Authority for the year ended on that date.

Report on Other Legal and Regulatory Requirements

Management's Responsibility for Compliance with Legal and Regulatory Requirements

Management is responsible for ensuring that the receipts, expenditure, investment of monies 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.

Auditor's Responsibility

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 28 June 2013

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2013

	Note	2013 General Fund ($'000)	2013 Restricted Funds ($'000)	2013 Total ($'000)	2012 General Fund ($'000)	2012 Restricted Funds ($'000)	2012 Total ($'000)
Income							
Broadcast licence fees		**25,708**	**-**	**25,708**	19,793	-	19,793
Film and video fees		**4,321**	**-**	**4,321**	5,725	-	5,725
Revenue from completed films		**3,230**	**-**	**3,230**	1,220	-	1,220
		33,259	**-**	**33,259**	26,738	-	26,738
Other income	5	**2,371**	**-**	**2,371**	4,847	-	4,847
Net income from bank deposits, derivative financial instruments and financial assets at fair value through profit or loss	4	**6,440**	**-**	**6,440**	2,670	-	2,670
Expenses							
Public Service Broadcast expenses		**(3,828)**	**-**	**(3,828)**	(110,089)	-	(110,089)
Employee compensation	6	**(29,922)**	**-**	**(29,922)**	(29,138)	-	(29,138)
Licensing expenses		**(2,172)**	**-**	**(2,172)**	(5,189)	-	(5,189)
Allowance for trade receivables	11	**(2,044)**	**-**	**(2,044)**	(8,343)	-	(8,343)
Write-off of bad debts		**(2,005)**	**-**	**(2,005)**	(551)	-	(551)
Depreciation and amortisation expenses	16 & 17	**(5,475)**	**(11)**	**(5,486)**	(10,188)	(10)	(10,198)
Rental on operating leases		**(3,669)**	**-**	**(3,669)**	(3,736)	-	(3,736)
Fund management expenses		**(571)**	**-**	**(571)**	(1,698)	-	(1,698)
Professional and consultancy fees		**(1,510)**	**-**	**(1,510)**	(6,822)	-	(6,822)
Information technology expenses		**(10,262)**	**-**	**(10,262)**	(10,339)	-	(10,339)
Irrecoverable GST		**(1,989)**	**-**	**(1,989)**	(2,732)	-	(2,732)
Other operating expenses		**(8,626)**	**-**	**(8,626)**	(8,917)	-	(8,917)
Total operating expenditure		**(72,073)**	**(11)**	**(72,084)**	(197,742)	(10)	(197,752)
Deficit before industry development expenses		**(30,003)**	**(11)**	**(30,014)**	(163,487)	(10)	(163,497)

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

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

STATEMENT OF COMPREHENSIVE INCOME
CONTINUED

	Note	2013 General Fund ($'000)	2013 Restricted Funds ($'000)	2013 Total ($'000)	2012 General Fund ($'000)	2012 Restricted Funds ($'000)	2012 Total ($'000)
Industry development expenses							
Industry promotional expenses	7	**(2,682)**	**(30,336)**	**(33,018)**	(3,729)	(34,959)	(38,688)
Write-off/Impairment of interest receivable on industry loans	11	**(1,207)**	**-**	**(1,207)**	(1,195)	-	(1,195)
Amortisation of financial guarantees	12	**(33)**	**-**	**(33)**	(115)	-	(115)
Write-back/(loss) on financial guarantees		**167**	**-**	**167**	86	-	86
Allowance for impairment of loan receivables	13	**-**	**-**	**-**	(975)	-	(975)
Write-back/(amortisation) of fair value of convertible loans	13	**-**	**-**	**-**	29	-	29
Impairment loss on financial assets available for sale	14	**(209)**	**-**	**(209)**	(10,000)	(15,000)	(25,000)
Total industry development expenses		**(3,964)**	**(30,336)**	**(34,300)**	(15,899)	(49,959)	(65,858)
Deficit before grants		**(33,967)**	**(30,347)**	**(64,314)**	(179,386)	(49,969)	(229,355)

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

	Note	2013 General Fund ($'000)	2013 Restricted Funds ($'000)	2013 Total ($'000)	2012 General Fund ($'000)	2012 Restricted Funds ($'000)	2012 Total ($'000)
Government grants							
Government grants	21	**36,377**	**30,030**	**66,407**	128,732	48,268	177,000
Deferred capital grants amortised	22	**288**	**11**	**299**	-	10	10
Other deferred grants amortised	23	**-**	**(23)**	**(23)**	-	-	-
Total Government Grants	8	**36,665**	**30,018**	**66,683**	128,732	48,278	177,010
Net Surplus/(Deficit)		**2,698**	**(329)**	**2,369**	(50,654)	(1,691)	(52,345)
Other comprehensive gain/(loss)							
Financial assets available for sale - Fair value gain/(loss)	14	**654**	**406**	**1,060**	(654)	(23)	(677)
Total comprehensive gain/(loss)		**3,352**	**77**	**3,429**	(51,308)	(1,714)	(53,022)

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

STATEMENT OF FINANCIAL POSITION

For the financial year ended 31 March 2013

	Note	2013 ($'000)	2012 ($'000)
ASSETS			
Current assets			
Cash and cash equivalents	9	**84,831**	108,016
Financial assets at fair value through profit or loss	10	**140,519**	134,978
Receivables and other current assets	11	**27,853**	33,114
Deferred subsidies	12	**28**	21
Loan receivables	13	**-**	-
Derivative financial instruments	15	**722**	-
		253,953	276,129
Non-current assets			
Property, plant and equipment	16	**4,940**	6,683
Intangible assets	17	**661**	2,382
Loans receivables	13	**-**	-
Financial assets available for sale	14	**6,508**	14,822
		12,109	23,887
TOTAL ASSETS		**266,062**	300,016
LIABILITIES and EQUITY			
Current liabilities			
Trade and other payables	19	**22,154**	49,031
Advances and deposits	20	**9,299**	9,405
Grant received in advance	21	**11,102**	24,054
Deferred capital grant	22	**2,106**	12
Other deferred grants	23	**6,118**	5,875
Derivative financial instruments	15	**-**	479
Provision for deferred subsidies	12	**28**	21
Provision for pensions and gratuities	25	**1,667**	1,651
		52,474	90,528
Non-current liabilities			
Provision for unclaimed monies		**2,405**	2,565
Provision for pensions and gratuities	25	**18,253**	18,256
Provision for ex-gratia payments		**243**	243
Provision for reinstatement of property, plant and equipment		**1,671**	837
		22,572	21,901
TOTAL LIABILITIES		**75,046**	112,429
Capital and Reserves			
Share capital	26	**1,201**	1,201
Capital account	27	**131,614**	131,614
Accumulated surplus		**57,818**	55,449
Fair value reserve		**383**	(677)
		191,016	187,587
TOTAL LIABILITIES AND EQUITY		**266,062**	300,016
Net assets and liabilities of Trust And Agency Funds	18	**7,770**	(11,382)
		7,770	(11,382)

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

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STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2013

	Share capital ($'000)	Capital account ($'000)	FAIR VALUE RESERVE General Fund ($'000)	FAIR VALUE RESERVE Restricted Funds ($'000)	FAIR VALUE RESERVE Subtotal ($'000)	ACCUMULATED SURPLUS General Fund ($'000)	ACCUMULATED SURPLUS Restricted Funds ($'000)	ACCUMULATED SURPLUS Subtotal ($'000)	**Total ($'000)**
2013									
Beginning of financial year	1,201	131,614	(654)	(23)	(677)	17,293	38,156	55,449	187,587
Net deficit and total comprehensive loss for the financial year	-	-	654	406	1,060	2,698	(329)	2,369	3,429
Transfer from restricted to general funds	-	-	-	-	-	17,116	(17,116)	-	-
End of financial year	**1,201**	**131,614**	**-**	**383**	**383**	**37,107**	**20,711**	**57,818**	**191,016**
2012									
Beginning of financial year	1,201	131,614	-	-	-	67,947	39,847	107,794	240,609
Net deficit and total comprehensive loss for the financial year	-	-	(654)	(23)	(677)	(50,654)	(1,691)	(52,345)	(53,022)
End of financial year	**1,201**	**131,614**	**(654)**	**(23)**	**(677)**	**17,293**	**38,156**	**55,449**	**187,587**

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

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STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2013

	Note	2013 ($'000)	2012 ($'000)
Cash flows from operating activities			
(Deficit) before grants		**(64,314)**	(229,355)
Adjustments for:			
- Depreciation and amortisation expense		**5,486**	10,198
- Write-off/loss on disposal of property, plant and equipment		**27**	12
- Loss/(income) from bank deposits, derivative financial instruments and financial assets at fair value through profit or loss		**(6,440)**	(2,670)
- Management fee expense for financial assets available for sale		**-**	200
- Write-off of bad debts		**2,005**	551
- Allowance for impairment of trade receivables		**2,044**	8,343
- Amortisation/(write-back) of fair value of convertible loans		**-**	(29)
- Finance income arising from amortisation of fair value on convertible loans		**-**	(24)
- Allowance for impairment of loans receivables		**-**	975
- Impairment of interest receivable on loan receivables		**1,207**	1,195
- Impairment loss on financial assets available for sale		**209**	25,000
- (Write-back)/loss on financial guarantees		**-**	(86)
- Provision for reinstatement of property, plant and equipment		**834**	-
- Provision for unclaimed monies		**(160)**	1,473
- Provision for pensions, gratuities and ex-gratia		**1,680**	962
		(57,422)	(183,255)
Change in working capital			
- Trade receivables and other current assets		**51**	(11,889)
- Trade and other payables		**(26,877)**	(39,571)
- Advances and deposits		**(106)**	1,082

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

	Note	2013 ($'000)	2012 ($'000)
- Grants received in advance		**(12,952)**	4,928
- Deferred capital grants		**2,094**	(10)
- Other deferred grants		**243**	(5,802)
Cash utilised in operations		**(94,969)**	(234,517)
Payment of pension and gratuities		**(1,667)**	(1,651)
Net cash utilised in operating activities		**(96,636)**	(236,168)
Cash flows from investing activities			
Net purchases of property, plant and equipment		**(1,621)**	(808)
Purchases of intangible assets		**(428)**	(173)
Net proceeds from sale/(purchase) of financial assets at fair value through profit or loss		**(2,013)**	18,267
Net proceeds from sale of derivative financial instruments		**(57)**	2,944
Purchases of financial assets available for sale		**(1,210)**	(9,547)
Repayment from financial assets available for sale		**10,375**	326
Interest received		**1,304**	505
Dividend received		**251**	618
Net cash provided by investing activities		**6,601**	12,132
Cash flows from financing activities			
Recovery/(Payment) of financial guarantees		**167**	(530)
Government grants received		**66,683**	177,010
Net cash provided by financing activities		**66,850**	176,480
Net (decrease)/increase in cash and cash equivalents		**(23,185)**	(47,556)
Cash and cash equivalents at beginning of financial year		**108,016**	155,572
Cash and cash equivalents at end of financial year	9	**84,831**	108,016

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

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

1. General information

Media Development 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 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").

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 is engaged in the following principal activities:

(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 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 licensees; and

(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.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Media Development Authority Act (Chapter 172) (the "Act") and Statutory Board Financial Reporting Standards ("SB-FRS"), including interpretations of SB-FRS ("INT SB-FRS"), and Guidance notes. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

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

Interpretations and amendments to published standards effective in 2012

In the current financial year, the Authority has adopted all the new or amended SB-FRS, INT SB-FRS and Guidance notes that are mandatory and relevant for its operations for application on or after 1 April 2012. Changes to the Authority's accounting policies have been made as required, in accordance with the transitional provisions in the respective SB-FRS.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

The adoption of the new or amended SB-FRS, INT SB-FRS and Guidance notes has not resulted in substantial changes to the Authority's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

2.2 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 restricted recognition criteria must also be met before revenue is recognised:

(a) *Broadcast license fees*

Broadcast license fees are computed based on a percentage of the broadcasters' total qualifying income, and are recognised evenly over the licence period. Concession rates are accorded to broadcasters providing new or innovative services.

(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, TV 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 monies*

Unclaimed monies held by the Authority which are not claimed within 6 years of its receipt are recognised in the statement of comprehensive income as "Other income".

(g) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

2.3 Government grants

Government grants are accounted on an accrual basis.

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 the statement of comprehensive income over the period necessary to match the annual depreciation and amortization 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 the statement of comprehensive income 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 the statement of comprehensive income to match with 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 the statement of comprehensive income to match the net impairment value of the investment disposed.

2.4 Trust and agency funds

Monies received from the Government 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 ("IDM") R&D development fund, as well as Others are shown as a separate line in the balance sheet. Trust and agency funds are accounted for on an accruals basis. The receipts and expenses of these funds are directly taken to the fund accounts.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

PSB programmes are programmes that promote social objectives and national harmony as well as serve the interests of TV 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.

A total of $815.8m was allocated over five years from year ended 31 March 2013 to enhance the quality and increase the reach of public service broadcast programmes and support the production of more locally produced documentaries and current affairs programmes.

IDM R&D development funds supports the development of a strategic IDM research programme and the set-up of a multiagency IDM R&D Programme Office within the Authority to spearhead the growth and development of Singapore's IDM sector.

Others 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), as well as funding of national transition from analogue to digital broadcasting.

2.5 Restricted funds

These are funds received from the Government for specific purposes and for which separate disclosure is necessary as these funds are material and are subject to restrictions on the ability of the Authority to distribute or otherwise apply its funds. The treatment is in accordance with Guidance Note 3 issued by Accountant General Department ("AGD"). Restricted Funds are accounted for on an accrual basis.

Restricted Funds in the Authority include the Media 21 and Singapore Media Fusion Plan ("SMFP") funds.

Media 21 fund was set up to support the development of the media industry through a comprehensive slate of industry development schemes. A total of $165 million was allocated for the programme.

SMFP builds on the achievements of its predecessor Media 21 fund to strengthen the building blocks of the media ecosystem and support the creation of innovative content, applications and services with global appeal. $230 million had been set aside to implement SMFP over five years commencing from the financial year ended 31 March 2010.

2.6 Employee compensation

(a) *Defined contribution plans*

The Authority's contributions to defined contribution plans are recognised as employee compensation expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefits scheme, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Authority's obligations under the plans are equivalent to those arising in a defined contribution benefit plan.

(b) *Employee leave entitlement*

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

(c) *Pensions and gratuities*

The Authority operates one defined pension plan that provides for certain additional post-employment healthcare benefits for eligible employees.

The provision for pension and gratuities are estimated based on the most recent valuation by independent professional actuaries conducted on an annual basis.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. Any actuarial gain and loss arising from the valuation of the pension provision is recognised in the statement of comprehensive income under employee compensation expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting year exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date.

The past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognised immediately.

The liability recognised in the balance sheet in respect of the defined pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised past service costs. It is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds or government bonds that are denominated in the currency in whichthe benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

(d) *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.

2.7 Operating lease payments

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

2.8 Property, plant and equipment

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

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

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

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

No depreciation is provided for assets under construction.

Plant and equipment costing less than $2,000 each are charged to the statement of comprehensive income in the year of purchase.

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

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the statement of comprehensive income.

2.9 Intangible assets

Application software including software development cost are capitalised on the basis of the costs incurred to bring to use or develop the specific software. Direct expenditure including employee costs, which enhances or extends the performance of computer/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 licenses are carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the statement of comprehensive income using the straight-line method over their estimated useful lives of three years.

The amortisation period and amortisation method of intangible assets are reviewed at least at each balance sheet date. The effects of any revision are recognised in the statement of comprehensive income when the changes arise.

2.10 Impairment of non-financial assets

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

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

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

2.11 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and at bank, deposits held with AGD and deposits with financial institutions that are readily convertible to a known amount of cash and are subject to an insignificant risk in change in value.

2.12 Trade and other receivables

Trade, loans and other receivables are classified and accounted for as loans and receivables under SB-FRS 39. The accounting policy for this category of financial assets is stated in Note 2.13.

2.13 Financial assets

(a) *Classification, initial and subsequent measurement*

The Authority classifies its financial assets in the following categories: at fair value through profit or loss (FVTPL), loans and receivables and available for sale (AFS). The classification depends on the nature and purpose for which the assets were acquired and is determined by management at the time of initial recognition.

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

A financial asset is classified as FVTPL where the financial asset is held for trading acquired principally for the purpose of selling in the short term or designated as FVTPL at inception based on Authority's documented investment strategy to manage these assets on fair value basis. They are initially recognized and subsequently re-measured at fair value, and the transaction costs are recognised immediately in the statement of comprehensive income. Derivatives are also categorized as held for trading unless they are designated as hedges. They are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

(ii) Loans and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. These are subsequently carried at amortised cost using the effective interest method and are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets.

Loans and receivables are presented as "Receivables and other current assets" (Note 11) and "Loan receivables" (Note 13) on the balance sheet.

(iii) Financial assets available for sale ("AFS")

AFS are non-derivatives that are either designated in this category or not classified in any of the other categories. They are initially recognized, and subsequently re-measured at fair value plus transaction cost and are presented as non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date. AFS are subsequently carried at fair value.

Interest and dividend income are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in the statement of comprehensive income and the other changes are recognised in other comprehensive income. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income, together with the related currency translation differences.

(b) *Recognition and de-recognition*

The Authority recognises regular way purchases and sales of financial assets on trade-date – the date on which the Authority commits to purchase or sell the asset.

The Authority de-recognises a financial asset when the contractual rights to receive cash flows from the asset expired or when the Authority has transferred substantially all risks and rewards of ownership of the financial asset to another entity. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the statement of comprehensive income. Any amount in the fair value reserve relating to that asset is reclassified to the statement of comprehensive income.

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(c) *Impairment*

The Authority assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

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

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

If in a subsequent period, if the amount of the impairment loss decreases and the decrease can be related objectively to an event after the impairment loss was recognised, the previously recognised impairment loss is reversed through the statement of comprehensive income to the extent that the new carrying amount does not exceed what the amortised cost would have been, had the impairment not been recognised in prior periods.

(ii) Financial assets available for sale ("AFS")

For AFS, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the AFS is impaired.

If evidence of impairment exists, the cumulative loss that was previously recognised in the fair value reserve is reclassified to the statement of comprehensive income. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through the statement of comprehensive income.

2.14 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. Present obligations arising under financial guarantees are recognised and measured as provisions for financial guarantees.

2.15 Contribution to Consolidated Fund

The Authority is required to make contribution to the Consolidated Fund in accordance with the Statutory Corporations (Contributions to the 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. Contribution is provided for on an accrual basis.

The Authority is allowed to carry forward its deficits to offset against 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 are probable.

2.16 Fair value estimation of financial assets and liabilities

The fair values of current assets and liabilities carried at amortised cost appropriate their carrying amounts.

The fair values of financial assets traded in active markets are based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Authority is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. The fair values of forward currency exchange contracts are determined using actively quoted forward foreign currency rates.

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2.17 Financial guarantees and deferred subsidies

Financial guarantees and deferred subsidies are initially recognised at their fair values plus transaction costs in the Authority's balance sheet.

Financial guarantees and deferred subsidies are subsequently amortised to the statement of comprehensive income over the period of the guarantee, unless it is probable that the Authority will reimburse an amount higher than the unamortised amount. In this case, the financial guarantees and deferred subsidies shall be carried at the expected amount payable in the Authority's balance sheet.

2.18 Derivative financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

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

Derivatives that do not qualify for hedge accounting

External fund managers enter into derivative financial instruments on behalf of the Authority. These derivative financial instruments do not qualify for hedge accounting. Fair value changes for such derivative instruments that do not qualify for hedge accounting are included in the statement of comprehensive income in the financial year when the changes arise.

2.19 Currency translation

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

Transactions in a currency other than Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the statement of comprehensive income. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2.20 Trade and other payables

Trade and other payables represent unpaid liabilities for goods and services provided to the Authority prior to the end of financial year. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

2.21 Dividends

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

2.22 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 of Finance, incorporated by the Minister of Finance (Incorporation) Act.

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3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are reviewed on an on-going basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

(a) Impairment of loan receivables and trade receivables

Management reviews its loan receivables and trade receivables for objective evidence of impairment annually. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. In determining this, management uses estimates based on available information as at the balance sheet date.

(i) Loan receivables

The Authority's allowance for impairment on loan receivables as at 31 March 2013 was $9,081,000 (2012: $10,556,000).

If the net present values of estimated cash flows increase/decrease by 10% from management's estimates for all past due loan receivables, the Authority's allowance for impairment will decrease/increase by $908,100.

(ii) Trade receivables

The Authority's allowance for impairment of trade receivables as at 31 March 2013 was $13,540,000 (2012: $11,496,000). The allowance for impairment has been made taking into consideration the likelihood of recovery on outstanding receivables based on historical recovery rate upon issuance of late payment advices.

(b) Provision for pensions and gratuities

The provision for pensions and gratuities of the Authority as at 31 March 2013 is $19,920,000 (2012: $19,907,000). The provision has been computed based on certain assumptions and estimates as disclosed in Note 25 and the revisions to the assumptions and estimates could impact the provision made.

(c) Deferred income tax asset on contribution to Consolidated Fund

Deferred income tax asset have not been recognised on unrecognised deficits of $110,849,000 (2012: $113,218,000) (Note 24) as MDA 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 of $110,849,000. Accordingly, MDA has not recognised any deferred income tax assets for contribution to Consolidated Fund.

NOTES TO THE FINANCIAL STATEMENTS
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4. Net income from bank deposits, derivative financial instruments and financial assets at fair value through profit or loss

	2013 ($'000)	2012 ($'000)
Interest income		
- Short-term deposits and cash at bank	514	369
- Financial assets at fair value through profit or loss	1,198	2,365
Gain from financial assets at fair value through profit or loss	3,041	760
Fair value gain from derivative financial instruments	1,162	466
Gain/(Loss) on disposal of financial assets at fair value through profit or loss	597	(1,448)
(Loss)/Gain on disposal of derivative financial instruments	(18)	21
Dividend income	251	618
Foreign exchange (loss) (net)	(305)	(481)
	6,440	2,670

5. Other income

	2013 ($'000)	2012 ($'000)
Financial guarantee income	34	115
Broadcast frequency management fees	102	109
Finance income arising from amortisation of fair value on convertible loans (Note 13)	-	24
Unclaimed monies	32	173
Reimbursement of expenses from MCI	97	150
Foreign exchange gain - financial guarantees/financial assets available for sale	-	86
Interest on term/convertible loans	1,023	1,379
Others	1,083	2,811
	2,371	4,847

6. Employee compensation

	2013 ($'000)	2012 ($'000)
Wages and salaries	24,993	25,179
Employer's contribution to Central Provident Fund	3,126	2,833
Pension and gratuities (Note 25)	1,680	994
Other benefits	123	132
	29,922	29,138

7. Industry promotional expenses

	2013 ($'000)	2012 ($'000)
Comprising of:		
General fund	2,682	3,729
Restricted Funds	30,336	34,959
	33,018	38,688

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, Music and Publishing. Grants are disbursed based on milestones and KPIs achieved.

NOTES TO THE FINANCIAL STATEMENTS
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8. Government grants

	2013 ($'000)	2012 ($'000)
General Funds		
Public Service Broadcast Expenses – MCI	**3,000**	112,078
Public Service Broadcast Expenses – Other government agencies	**-**	200
Other grants - MCI	**33,665**	16,454
	36,665	128,732
Restricted Funds		
Singapore Media Fusion Plan ("SMFP") - MCI	**30,018**	48,278
	66,683	177,010
Comprising of:		
Government Grants (Note 21)	**66,407**	177,000
Deferred capital grants amortised (Note 22)	**299**	10
Other deferred grants amortised (Note 23)	**(23)**	-
	66,683	177,010

9. Cash and cash equivalents

	2013 ($'000)	2012 ($'000)
General Fund	**56,618**	39,830
Restricted Funds (Note 30)	**28,213**	68,186
Total cash and cash equivalents	**84,831**	108,016
Comprising of:		
Cash at bank and on hand		
- Held by the Authority	**235**	3,637
- Held by Fund Manager	**7,899**	10,518
	8,134	14,155
Short Term Deposits		
- Held by Fund Managers	**-**	452
Deposits held with Accountant - General Department (AGD)		
- The Authority	**76,697**	93,409
	84,831	108,016

Deposits held with AGD under the Central Liquidity Management Scheme involve placing funds directly with the AGD to generate higher interest returns. 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.

NOTES TO THE FINANCIAL STATEMENTS
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10. Financial assets at fair value through profit or loss

	2013 ($'000)	2012 ($'000)
Financial assets at fair value through profit or loss		
- Quoted equity securities	**23,999**	21,864
- Quoted bonds	**116,520**	113,114
	140,519	134,978

According to the Investment Guideline issued by Ministry of Communications and Information dated 11 December 2009, the Authority's short-term (1 or 2 years) cash flow needs could be invested in instruments with capital preservation as the primary objective to protect the principal sum invested to ensure that the funds are available when required.

For the Authority's longer-term (3 or 4 years and beyond) cash flow needs, the return on investment will be pegged to MOF's cost of capital rate with a deviation band of (+) or (-) 1%. The objective is to recover the opportunity cost of holding the funds and minimise the loss in real value of the monies over the longer term.

The above financial assets are managed by external funds managers. As at 31 March 2013, the funds placed with the external fund managers are $147,610,000 (2012: $142,714,000). The Authority has the following amounts placed under fund managers.

	Note	2013 ($'000)	2012 ($'000)
Quoted equity securities	10	**23,999**	21,864
Quoted bonds	10	**116,520**	113,114
Derivative financial instruments	15	**722**	(479)
Short-term bank deposits	9	**-**	452
Cash at bank and on hand	9	**7,899**	10,518
Amount due from brokers	11	**1,978**	153
Accrued interest under fund management	11	**408**	709
Amount due to brokers	19	**(3,916)**	(3,617)
		147,610	142,714

These items have been included in the respective current assets and liabilities categories in the balance sheet.

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11. Receivables and other current assets

	2013 ($'000)	2012 ($'000)
Trade receivables		
- Licence and penalty fees	**16,682**	18,923
- Broadcasting fees	**4,194**	2,895
- Others	**937**	989
	21,813	22,807
Less: Allowance for impairment of trade receivables	**(13,540)**	(11,496)
	8,273	11,311
Other receivables		
- Accrued interest under fund management (Note 10)	**408**	709
- Amount due from brokers (Note 10)	**1,978**	153
- Amount due from MCI	**13,388**	16,800
- Interest receivables	**1,851**	1,520
- Others	**2,058**	1,848
	19,683	21,030
Less: Allowance for impairment of other receivables	**(1,655)**	(1,195)
	18,028	19,835
Other current assets		
- Deposits	**929**	1,049
- Prepayments	**517**	704
- Others	**106**	215
	1,552	1,968
	27,853	33,114

12. Deferred subsidies and financial guarantees

	2013 ($'000)	2012 ($'000)
Current		
Financial guarantees	**-**	-
Deferred subsidies	**28**	21
	28	21

(a) Provision for deferred subsidies

As at 31 March 2013, the Authority authorised its bank to issue standby letters or credits amounting to $643,166 (2012: $976,603) to financial institutions for loans extended to film and animation projects managed by media companies under its Loan Guarantee Programme. A provision for financial guarantee is recognised at the balance sheet date for expected default by the media companies.

Movement in the provision for deferred subsidies are as follows:

	2013 ($'000)	2012 ($'000)
Provision for deferred subsidies		
Beginning of financial year	**(21)**	(122)
Amortisation charged	**33**	115
Provision made		
- Extension of financial guarantee	**(32)**	(10)
- Increased credit risk	**(11)**	(131)
Write-back on provision	**-**	86
Currency translation differences	**3**	41
End of financial year	**(28)**	(21)
Comprising of:		
- Current	**(28)**	(21)
- Non-current	**-**	-
	(28)	(21)

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(b) Deferred subsidies

The financial guarantees provided by the Authority are carried at the higher of the loan amounts guaranteed and the initial amounts recognised, less cumulative amortisation recognised as income over the terms of the guarantees. Since the media companies are paying at a preferential rate for the financial guarantees, corresponding deferred subsidies are recognised on the balance sheet, less cumulative amortisation recognised as expense over the terms of the guarantees.

Movement in deferred subsidies are as follows:

	2013 ($'000)	2012 ($'000)
Deferred subsidies		
Beginning of financial year	**21**	122
Amortisation charged	**(33)**	(115)
Provision made		
- Extension of financial guarantee	**32**	10
- Increased credit risk	**11**	131
Write-back on provision	**-**	(86)
Currency translation differences	**(3)**	(41)
End of financial year	**28**	21
Comprising of:		
- Current	**28**	21
- Non-current	**-**	-
	28	21

13. Loan receivables

	2013 ($'000)	2012 ($'000)
Convertible loans (at cost)		
- Current	**2,036**	2,030
- Non-current	**4,545**	5,026
	6,581	7,056
Less: Allowance for impairment of convertible loans	**(6,581)**	(7,056)
	-	-
Industry loans (at cost)		
- Current	**2,500**	3,500
- Non-current	**-**	-
	2,500	3,500
Less: Allowance for impairment for industry loans	**(2,500)**	(3,500)
	-	-

Movement in allowance for impairment of loan receivables are as follows:

	2013 ($'000)	2012 ($'000)
Beginning of financial year	**10,556**	9,581
Allowance made	**-**	975
Utilisation of allowance	**(1,475)**	-
End of financial year	**9,081**	10,556

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Accumulated amortisation of fair value on convertible loans

Convertible loans disbursed by the Authority to media companies yield zero or lower market interest rates as compared to commercial interest rates. Provision for amortisation on the fair value on convertible loans are made for the lower rates at which the Authority disburses these loans representing the time value loss of money of interest income that the Authority could have earned had these loans been made at the market interest rates.

Movement in accumulated amortisation of fair value on convertible loans are as follows:

	2013 ($'000)	2012 ($'000)
Beginning of financial year	-	53
Amortisation charge	-	-
Credited to statement of comprehensive income (Note 5)	-	(24)
Write-back of fair value of convertible loans	-	(29)
End of financial year	-	-

(a) Convertible loans

Included in the industry loans is an amount of $6,581,000 (2012: $7,056,000) which relates to convertible loans where the Authority can convert into equity or require the companies to repay principal with interest at the repayment date. Interest rates for the convertible loans are fixed at 3.6% (2012: between 3.6% and 4.6%) per annum. These interest rates are lower compared to the commercial interest rates.

The value of the embedded conversion option in the convertible loans is deemed to be negligible, on the basis that the underlying equities are unquoted and the valuation cannot be reliably determined.

During the financial year, the Authority has measured and recognised the time value loss on the convertible loans of $ Nil (2012: $ Nil) and an allowance for impairment of $ Nil (2012: $475,000) was made against convertible loans.

(b) Industry loans

The Authority has extended loans to certain companies in the media industry.

During the financial year, an allowance for impairment of $ Nil (2012: $500,000) was made against industry loans.

14. Financial assets available for sale

	2013 ($'000)	2012 ($'000)
Beginning of financial year	**14,822**	31,478
Charged to statement of comprehensive income	**-**	(200)
Addition	**1,733**	9,547
Repayment	**(10,375)**	(326)
Reversal	**(523)**	-
Impairment loss	**(209)**	(25,000)
Fair value recognized in other comprehensive income	**1,060**	(677)
End of financial year	**6,508**	14,822

Financial assets available for sale are as follows:

	2013 ($'000)	2012 ($'000)
Investment in media and film production funds	**6,508**	14,822

Investment in media and film production funds relates to collaboration with other investors to finance the development of film production. These investments range from 3 to 10 years and repayment terms vary according to the terms of the agreements. MDA may be entitled to full repayment of principal investment plus the rights to participate in any revenue generated from the film production.

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15. Derivative financial instruments

Derivative financial instruments comprise fair value gains of the currency forwards for investments managed by external fund managers. The contracted notional principal amount of the derivative financial instruments outstanding at balance sheet date is $87,839,000 (2012: $103,506,000).

	Contracts notional amount for outstanding forward foreign exchange contracts ($'000)	Fair Value Asset ($'000)	Fair Value Liability ($'000)	Total ($'000)
2013				
Forwards foreign exchange contracts (current position)	**87,839**	**723**	**(1)**	**722**
2012				
Forwards foreign exchange contracts (current position)	103,506	-	(479)	(479)

The Authority does not have non-current forwards foreign exchange contracts. As at 31 March 2013, the settlement dates on forwards foreign exchange contracts range from 1 day to 3 months (2012: 1 day to 3 months).

16. Property, plant and equipment

	Vehicles ($'000)	Furniture, fittings and equipment ($'000)	Computers ($'000)	Leasehold Improvements ($'000)	Assets Under Construction ($'000)	Total ($'000)
2013						
Cost						
Beginning of financial year	382	12,043	11,362	14,803	344	38,934
Additions	44	50	141	1,366	62	1,663
Disposals	(146)	-	-	(379)		(525)
Reclassification	-	-	302	-	(302)	-
Reclassification to expenses	-	-	-	-	(42)	(42)
End of financial year	280	12,093	11,805	15,790	62	40,030
Accumulated depreciation						
Beginning of financial year	372	7,453	9,925	14,501	-	32,251
Depreciation charge	14	2,333	784	206	-	3,337
Disposals	(146)	-	-	(352)	-	(498)
End of financial year	240	9,786	10,709	14,355	-	35,090
Net book value End of financial year	**40**	**2,307**	**1,097**	**1,434**	**62**	**4,940**

NOTES TO THE FINANCIAL STATEMENTS
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	Vehicles ($'000)	Furniture, fittings and equipment ($'000)	Computers ($'000)	Leasehold Improvements ($'000)	Assets Under Construction ($'000)	Total ($'000)
2012						
Cost						
Beginning of financial year	382	12,197	11,005	14,803	-	38,387
Additions	-	-	464	-	344	808
Disposals	-	(154)	(98)	-	-	(252)
Write off	-	-	(9)	-	-	(9)
End of financial year	382	12,043	11,362	14,803	344	38,934
Accumulated depreciation						
Beginning of financial year	361	5,242	8,925	11,525	-	26,053
Depreciation charge	11	2,362	1,098	2,976	-	6,447
Disposals	-	(151)	(98)	-	-	(249)
End of financial year	372	7,453	9,925	14,501	-	32,251
Net book value End of financial year	**10**	**4,590**	**1,437**	**302**	**344**	**6,683**

17. Intangible assets

	2013 ($'000)	2012 ($'000)
Cost		
Beginning of financial year	**18,003**	18,434
Additions	**428**	173
Disposals	**-**	(604)
End of financial year	**18,431**	18,003
Accumulated amortisation		
Beginning of financial year	**15,621**	12,474
Amortisation charge	**2,149**	3,751
Disposals	**-**	(604)
End of financial year	**17,770**	15,621
Net book value	**661**	2,382

18. Trust and agency funds

This represent funds received from Government and other statutory boards that are held by the Authority as agent. The receipts and expenditure for the year are taken directly to the funds accounts, and the net assets of these funds at the balance sheet date are as follows:

	2013 ($'000)	2012 ($'000)
Public Service Broadcast ("PSB")	**7,601**	-
Interactive and Digital Media R&D ("IDM R&D")	**(729)**	(12,479)
Others	**898**	1,097
	7,770	(11,382)

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18. Trust and agency funds (continued)

	PSB		IDM R&D		Others		Total	
	2013 ($'000)	2012 ($'000)	**2013 ($'000)**	2012 ($'000)	**2013 ($'000)**	2012 ($'000)	**2013 ($'000)**	2012 ($'000)
Balance of the beginning of the year	**-**	-	**(12,479)**	(3,127)	**1,097**	1,734	**(11,382)**	(1,393)
Income	**-**	-	**35**	145	**26**	28	**61**	173
Government Grants	**117,550**	-	**34,308**	30,240	**10,275**	-	**162,133**	30,240
Deferred capital grant	**-**	-	**303**	377	**-**	-	**303**	377
Less:								
Operating Expenditure	**-**	-	**(1,551)**	(1,507)	**(3)**	(5)	**(1,554)**	(1,512)
Depreciation	**-**	-	**(273)**	(374)	**-**	-	**(273)**	(374)
Programme Funding	**(109,949)**	-	**(21,072)**	(38,233)	**(10,497)**	(660)	**(141,518)**	(38,893)
Funds utilised in the financial year	**(109,949)**	-	**(22,896)**	(40,114)	**(10,500)**	(665)	**(143,345)**	(40,779)
Balance at the end of the financial year	**7,601**	-	**(729)**	(12,479)	**898**	1,097	**7,770**	(11,382)

18. Trust and agency funds (continued)

	PSB		IDM R&D		Others		Total	
	2013 ($'000)	2012 ($'000)	**2013 ($'000)**	2012 ($'000)	**2013 ($'000)**	2012 ($'000)	**2013 ($'000)**	2012 ($'000)
Represented by:								
Balance Sheet								
Current assets								
Cash and cash equivalent	**50,753**	-	**7,433**	485	**922**	1,111	**59,108**	1,596
Other current assets	**7,050**	-	**863**	1,657	**-**	-	**7,913**	1,657
Non current assets								
Property, plant and equipment	**-**	-	**255**	557	**-**	-	**255**	557
Intangible assets	**-**	-	**-**	-	**-**	-	**-**	-
Total assets	**57,803**	-	**8,551**	2,699	**922**	1,111	**67,276**	3,810
Current Liabilities								
Deferred capital grant	**-**	-	**(255)**	(557)	**-**	-	**(255)**	(557)
Trade and other payables	**(50,202)**	-	**(9,025)**	(14,621)	**(24)**	(14)	**(59,251)**	(14,635)
Total liabilities	**(50,202)**	-	**(9,280)**	(15,178)	**(24)**	(14)	**(59,506)**	(15,192)
Net Assets/ (Liabilities)	**7,601**	-	**(729)**	(12,479)	**898**	1,097	**7,770**	(11,382)

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19. Trade and other payables

	2013 ($'000)	2012 ($'000)
Trade payables	**2,831**	26,905
Amount due to brokers (Note 10)	**3,916**	3,617
Accruals for operating expenses	**15,407**	18,509
	22,154	49,031

20. Advances and deposits

	2013 ($'000)	2012 ($'000)
Deposits	**5,452**	5,562
Fees billed in advance	**3,607**	3,577
Fees received in advance	**240**	266
	9,299	9,405

21. Grants received in advance

	Operating grants		Restricted Fund		Total	
	2013 ($'000)	2012 ($'000)	**2013 ($'000)**	2012 ($'000)	**2013 ($'000)**	2012 ($'000)
At the beginning of the year	**68**	1,574	**23,986**	17,551	**24,054**	19,125
Received during the year	**38,924**	127,226	**17,147**	48,900	**56,071**	176,126
Transfer to Deferred Capital Grant	**(2,331)**	-	**(62)**	-	**(2,393)**	-
Transfer (to)/from Other Deferred Grants	**-**	-	**(220)**	5,803	**(220)**	5,803
Transfer to Statement of Comprehensive Income – Government Grants	**(36,377)**	(128,732)	**(30,030)**	(48,268)	**(66,407)**	(177,000)
Transfer to Statement of Comprehensive income – Other income	**(3)**	-	**-**	-	**(3)**	-
At the close of the year	**281**	68	**10,821**	23,986	**11,102**	24,054

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22. Deferred capital grants

	Operating grants		Restricted Fund		Total	
	2013 ($'000)	2012 ($'000)	**2013 ($'000)**	2012 ($'000)	**2013 ($'000)**	2012 ($'000)
At the beginning of the year	**-**	-	**12**	22	**12**	22
Transfer from grants received in advance	**2,331**	-	**62**	-	**2,393**	-
Transfer to statement of comprehensive income – Deferred capital grants amortised	**(288)**	-	**(11)**	(10)	**(299)**	(10)
At the close of the year	**2,043**	-	**63**	12	**2,106**	12

23. Other deferred grants

	Operating grants		Restricted Fund		Total	
	2013 ($'000)	2012 ($'000)	**2013 ($'000)**	2012 ($'000)	**2013 ($'000)**	2012 ($'000)
At the beginning of the year	**-**	-	**5,875**	11,678	**5,875**	11,678
Transfer from/(to) grants received in advance	**-**	-	**220**	(5,803)	**220**	(5,803)
Transfer from statement of comprehensive income – Other deferred grants amortised	**-**	-	**23**	-	**23**	-
At the close of the year	**-**	-	**6,118**	5,875	**6,118**	5,875

24. Provision for contribution to Consolidated Fund

The contribution to the Consolidated Fund is based on 17% (2012: 17%) of the net surplus of the Authority.

Although MDA was in a net surplus position in the current year, there is no contribution as there is unutilised deficit carried forward from the past years to offset the net surplus of $2,369,000 (2012: $-). No contribution was made for the financial year ended 31 March 2012 as the Authority was in a net deficit position.

After offsetting the surplus of $2,369,000, the Authority has remaining unrecognised deficits of $110,849,000 (2012: $113,218,000) at the balance sheet date which can be carried forward and used to offset against future contributions to the Consolidated Fund.

25. Provision for pensions and gratuities

The provision for pension and gratuities relate 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 balance sheet is determined as follows:

	2013 ($'000)	2012 ($'000)
Present value of obligations	**22,558**	23,602
Unrecognised losses	**(2,638)**	(3,695)
	19,920	19,907
Comprising of:		
- Current	**1,667**	1,651
- Non-current	**18,253**	18,256
	19,920	19,907

An actuarial loss of $1,335,000 (2012: $428,000) has been recognised in the current year as the unrecognised actuarial loss exceed 10% of the present value of the defined benefit obligation at the last balance sheet date.

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(b) The amount recognised in the statement of comprehensive income are as follows:

	2013 ($'000)	2012 ($'000)
Current service cost	**8**	8
Interest cost	**337**	558
Net actuarial loss recognised in the year	**1,335**	428
Expenses recognised in the statement of comprehensive income (Note 6)	**1,680**	994

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

	2013 ($'000)	2012 ($'000)
Beginning of financial year	**19,907**	20,564
Provision for the year	**1,680**	994
Payments during the year	**(1,667)**	(1,651)
End of financial year	**19,920**	19,907

(d) Movement in the fair value of plan assets is as follows:

	2013 ($'000)	2012 ($'000)
Beginning of financial year	**23,602**	23,325
Interest cost	**337**	558
Current service cost	**8**	8
Actuarial gain	**278**	1,362
Benefits paid	**(1,667)**	(1,651)
End of financial year	**22,558**	23,602

The principle assumptions used in determining the Authority's pension obligations are:

(i) All pensioners under the pension scheme will retire at the exact age of 62.
(ii) The discount rate of the pension fund is 1.42% (2012: 1.48%) which is based on 10-year Singapore Government Bond yields.
(iii) The projected salary increase of 0% (2012: 0%).
(iv) The Singapore Mortality Table S04-08M/F was used for purpose of the latest valuation of pension liabilities.
(v) All current pensionable officers will choose the Reduced Pension with Gratuity.

26. Share capital

			Number of shares	
	2013 ($'000)	2012 ($'000)	**2013 ($'000)**	2012 ($'000)
Beginning and end of financial year	**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 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. In lieu of the capital injection, share certificates amounting to $1,201,000 had been issued.

There are no shares issued in the current financial year.

The shares issued are held by the Minister of Finance, incorporated by the Minister for Finance (Incorporation) Act.

27. 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.

28. Commitments

(a) Capital commitments

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

	2013 ($'000)	2012 ($'000)
Property, plant and equipment	**135**	178

(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 for at the balance sheet date but not recognised as liabilities, are as follows:

	2013 ($'000)	2012 ($'000)
Not later than one year	**6,966**	7,140
Between one and five years	**762**	7,728
	7,728	14,868

(c) Media 21

No new commitments were made since year ended 31 March 2009. The amounts shown below represent the remaining disbursements to be made.

	2013 ($'000)	2012 ($'000)
Not later than one year	**11**	306
Between one and five years	**-**	11
	11	317

(d) Singapore Media Fusion Plan ("SMFP")

The statement shown below represents the amount committed against the $230 million that was allocated for SMFP.

	2013 ($'000)	2012 ($'000)
Amount allocated	**230,000**	230,000
Amount utilised		
- Industry development expenses	**(107,614)**	(77,584)
- Property, plant and equipment	**(94)**	(32)
- Investment in media and film production funds	**(21,118)**	(20,899)
Total amount utilised	**(128,826)**	(98,515)
Amount committed but yet to be utilised	**(29,374)**	(48,369)
Amount uncommitted	**71,800**	83,116

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(e) Guarantees

As at 31 March 2013, the Authority had authorised its bank to issue standby letters of credits amounting to $643,166 (2012: $976,603) to financial institutions for loans extended to film and animation projects managed by media companies under its Loan Guarantee Programme (Note 12).

(f) Financial assets available for sale

	2013 ($'000)	2012 ($'000)
Amount committed	**46,486**	61,000
Amount disbursed	**(33,621)**	(41,003)
Amount unutilised	**12,865**	19,997

29. Restricted funds

	2013 ($'000)	2012 ($'000)
Statement of comprehensive income		
Expenses		
Depreciation	**(11)**	(10)
Industry Development expenses	**(30,336)**	(34,959)
Impairment loss on Media Investments	**-**	(15,000)
Deficit before grants	**(30,347)**	(49,969)
Government grants (Note 8)	**30,018**	48,278
Surplus/(Deficit)	**(329)**	(1,691)
Financial assets available for sale - Fair value gain/(loss)	**406**	(23)
Total comprehensive gain/(loss)	**77**	(1,714)

NOTES TO THE FINANCIAL STATEMENTS
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30. Net assets and liabilities of restricted funds

	Note	2013 ($'000)	2012 ($'000)
Balance sheet			
Current assets			
Cash and cash equivalents	9	**28,213**	68,186
Financial assets available for sale		**6,501**	5,875
Other current assets		**4,790**	150
		39,504	74,211
Non-current asset			
Property, plant and equipment		**63**	12
Total assets		**39,567**	74,223
Current liabilities			
Trade and other payables		**(1,471)**	(6,218)
Grants received in advance	21	**(10,821)**	(23,985)
Deferred capital grant	22	**(63)**	(12)
Other deferred grant	23	**(6,118)**	(5,875)
Total liabilities		**(18,473)**	(36,090)
Net assets		**21,094**	38,133

	Note	2013 ($'000)	2012 ($'000)
Represented By:			
Fair value reserves		**383**	(23)
Accumulated surplus		**20,711**	38,156
		21,094	38,133

NOTES TO THE FINANCIAL STATEMENTS
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31. Financial risk management

Financial risk factors

The Authority's activities expose it to market risk (including currency, price and interest rate risk), credit risk and liquidity risk.

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 risk identification and measurement, exposure limits.

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

(a) Market risk

Currency risk
The Authority has exposure to foreign exchange risk as a result of transactions in foreign currency denominated assets and liabilities. The Authority's currency exposure based on the information provided to key management is as follows:

	SGD ($'000)	USD ($'000)	JPY ($'000)	EUR ($'000)	AUD ($'000)	HKD ($'000)	KRW ($'000)	TWD ($'000)	GBP ($'000)	SKR ($'000)	CAD ($'000)	IDR ($'000)	Others ($'000)	Total ($'000)
At 31 March 2013														
Financial assets														
Cash and cash equivalents	84,831	-	-	-	-	-	-	-	-	-	-	-	-	84,831
Financial assets at fair value through profit or loss	64,167	51,952	1,870	9,907	1,235	-	-	-	7,479	3,822	87	-	-	140,519
Trade receivables and other current assets (gross)	27,853	-	-	-	-	-	-	-	-	-	-	-	-	27,853
Financial assets available for sale (gross)	31,333	-	-	-	-	-	-	-	-	-	-	-	-	31,333
Loan receivables (gross)	2,500	6,581	-	-	-	-	-	-	-	-	-	-	-	9,081
	210,684	58,533	1,870	9,907	1,235	-	-	-	7,479	3,822	87	-	-	293,617
Financial liabilities														
Trade and other payables	22,154	-	-	-	-	-	-	-	-	-	-	-	-	22,154
Advances and deposits	9,299	-	-	-	-	-	-	-	-	-	-	-	-	9,299
Grant received in advance	11,102	-	-	-	-	-	-	-	-	-	-	-	-	11,102
Deferred capital grant	2,106	-	-	-	-	-	-	-	-	-	-	-	-	2,106
Other Deferred Grants	6,118													6,118
Provision for unclaimed monies	2,405	-	-	-	-	-	-	-	-	-	-	-	-	2,405

NOTES TO THE FINANCIAL STATEMENTS
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	SGD ($'000)	USD ($'000)	JPY ($'000)	EUR ($'000)	AUD ($'000)	HKD ($'000)	KRW ($'000)	TWD ($'000)	GBP ($'000)	SKR ($'000)	CAD ($'000)	IDR ($'000)	Others ($'000)	Total ($'000)
Provision for pensions and gratuities	19,920	-	-	-	-	-	-	-	-	-	-	-	-	19,920
Provision for ex-gratia payments	243	-	-	-	-	-	-	-	-	-	-	-	-	243
	73,347	-	-	-	-	-	-	-	-	-	-	-	-	73,347
Net financial assets	137,337	58,533	1,870	9,907	1,235	-	-	-	7,479	3,822	87	-	-	220,270
Add/(less): Currency forwards	51,835	(29,121)	(2,344)	(6,910)	(1,705)	-	-	-	(7,628)	(3,986)	488	-	-	629
Currency profile	**189,172**	**29,412**	**(474)**	**2,997**	**(470)**	**-**	**-**	**-**	**(149)**	**(164)**	**575**	**-**	**-**	**220,899**
At 31 March 2012														
Financial assets														
Cash and cash equivalents	108,016	-	-	-	-	-	-	-	-	-	-	-	-	108,016
Financial assets at fair value through profit or loss	36,232	37,740	6,670	15,696	1,137	9,083	4,362	2,515	8,502	4,609	3,625	1,919	2,888	134,978
Trade receivables and other current assets (gross)	33,114	-	-	-	-	-	-	-	-	-	-	-	-	33,114
Financial asset, available for sale (gross)	39,976	523	-	-	-	-	-	-	-	-	-	-	-	40,499
Loan receivables (gross)	3,975	6,581	-	-	-	-	-	-	-	-	-	-	-	10,556
	221,313	44,844	6,670	15,696	1,137	9,083	4,362	2,515	8,502	4,609	3,625	1,919	2,888	327,163
Financial liabilities														
Trade and other payables	49,031	-	-	-	-	-	-	-	-	-	-	-	-	49,031
Advances and deposits	9,405	-	-	-	-	-	-	-	-	-	-	-	-	9,405
Grant received in advance	24,054	-	-	-	-	-	-	-	-	-	-	-	-	24,054
Deferred capital grant	12	-	-	-	-	-	-	-	-	-	-	-	-	12
Other Deferred Grants	5,875													5,875
Provision for unclaimed monies	2,565	-	-	-	-	-	-	-	-	-	-	-	-	2,565
Provision for pensions and gratuities	19,907	-	-	-	-	-	-	-	-	-	-	-	-	19,907

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	SGD ($'000)	USD ($'000)	JPY ($'000)	EUR ($'000)	AUD ($'000)	HKD ($'000)	KRW ($'000)	TWD ($'000)	GBP ($'000)	SKR ($'000)	CAD ($'000)	IDR ($'000)	Others ($'000)	Total ($'000)
Provision for ex-gratia payments	243	-	-	-	-	-	-	-	-	-	-	-	-	243
	111,092	-	-	-	-	-	-	-	-	-	-	-	-	111,092
Net financial assets	110,221	44,844	6,670	15,696	1,137	9,083	4,362	2,515	8,502	4,609	3,625	1,919	2,888	216,071
Add/(less): Currency forwards	80,217	(38,121)	(7,136)	(17,242)	(1,439)	-	172	-	(8,634)	(4,160)	(3,966)	(252)	271	(290)
Currency profile	**190,438**	**6,723**	**(466)**	**(1,546)**	**(302)**	**9,083**	**4,534**	**2,515**	**(132)**	**449**	**(341)**	**1,667**	**3,159**	**215,781**

If the above foreign currencies change against the Singapore dollar by 0.4% to 3.3% (2012: 0.2% to 3.6%) for the respective currencies, with all other variables being held constant, the effects arising from the net financial asset position will be as follows:

	2013 Increase/(decrease) Surplus/(deficit) ($'000)	2012 Increase/(decrease) Surplus/(deficit) ($'000)
US dollar against SGD		
- strengthened	**151**	90
- weakened	**(151)**	(90)
Japanese yen against SGD		
- strengthened	**(11)**	(17)
- weakened	**11**	17
Euro dollar against SGD		
- strengthened	**96**	(20)
- weakened	**(96)**	20
Australian dollar against SGD		
- strengthened	**(9)**	(5)
- weakened	**9**	5

	2013 Increase/(decrease) Surplus/(deficit) ($'000)	2012 Increase/(decrease) Surplus/(deficit) ($'000)
Hong Kong dollar against SGD		
- strengthened	**-**	114
- weakened	**-**	(114)
Korean won against SGD		
- strengthened	**-**	11
- weakened	**-**	(11)
New Taiwan dollar against SGD		
- strengthened	**-**	9
- weakened	**-**	(9)
Swedish krona against SGD		
- strengthened	**(3)**	7
- weakened	**3**	(7)

NOTES TO THE FINANCIAL STATEMENTS
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	2013 Increase/(decrease) Surplus/(deficit) ($'000)	2012 Increase/(decrease) Surplus/(deficit) ($'000)
Canadian dollar against SGD		
- strengthened	**10**	(3)
- weakened	**(10)**	3
Indonesian rupiah against SGD		
- strengthened	**-**	21
- weakened	**-**	(21)
British pound against SGD		
- strengthened	**(3)**	(1)
- weakened	**3**	1

Price risk

The Authority's exposure to market risk arises from its quoted marketable securities (Note 10). The risk is managed through fund diversification across different asset classes in various markets.

The Authority is exposed to equity securities price risk arising from the financial assets held which are classified on the balance sheet at fair value through profit or loss. The Authority is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Authority diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Authority.

If prices for quoted equity securities change by 0.3% to 1.6% (2012: 0.5% to 4.7%) for the portfolio held with the respective fund managers, with all other variables being held constant, the effects on surplus/(deficit) will be:

	2013 Increase/(decrease) Surplus/(deficit) ($'000)	2012 Increase/(decrease) Surplus/(deficit) ($'000)
Quoted equity securities		
- increased by	**382**	1,018
- decreased by	**(382)**	(1,018)
Quoted bonds		
- increased by	**397**	678
- decreased by	**(397)**	(678)

Interest rate risk

The Authority's exposure to interest rate risk for changes in interest rates arises primarily from investments in quoted bonds, short-term deposits and loan receivables. Investments in quoted bonds, short-term bank deposits and loan receivables obtained at fixed rates expose the Authority to fair value interest rate risk.

The Authority has insignificant exposure to cash flow interest rate risk as majority of the quoted bonds, short-term deposits and loan receivables bear interest at fixed rates.

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 reputable financial institutions. Amounts under fund management are placed with reputable fund managers.

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The table below set out the Authority's exposure to interest rate risks. Included in the table are assets at carrying amounts, categorised by earlier of contractual repricing or maturity dates.

	Variable rates			Fixed rates			
	Not later than 1 year ($'000)	1 to 5 years ($'000)	More than 5 years ($'000)	Not later than 1 year ($'000)	1 to 5 years ($'000)	More than 5 years ($'000)	Total ($'000)
2013							
Quoted bonds	-	-	-	5,799	52,326	58,396	116,521
Cash and cash equivalents	84,831	-	-	-	-	-	84,831
Loan receivables	-	-	-	2,500	6,581	-	9,081
Total	**84,831**	**-**	**-**	**8,299**	**58,907**	**58,396**	**210,433**
2012							
Quoted bonds	126	80	882	3,195	45,760	63,071	113,114
Cash and cash equivalents	107,564	-	-	452	-	-	108,016
Loan receivables	-	-	-	3,975	6,581	-	10,556
Total	107,690	80	882	7,622	52,341	63,071	231,686

Sensitivity analysis for interest rate risk

For quoted bonds and short-term deposits

Assuming all other variables are held constant, 50 (2012: 50) basis points increase in variable interest rate in the portfolio held with the respective fund managers and loan receivables, will decrease the Authority's net surplus by $3,205,000 (2012: $3,184,000). A decrease by 50 (2012: 50) basis points in variable interest rate in the portfolio held with the respective fund managers and loan receivables, will increase the Authority's net surplus by $3,205,000 (2012: $3,184,000).

(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 Authority's major classes of financial assets are bank deposits, deposits held with AGD, trade and other receivables, financial assets available for sale, loan receivables and financial assets at fair value through profit or loss.

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.

Cash and cash equivalents, quoted equities, quoted bonds, quoted investment funds, including deposits held with AGD and derivative financial instruments are placed or transacted with high credit quality financial institutions.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet. The Authority's major classes of financial assets are cash and cash equivalents, trade and other receivables, financial assets available for sale and loans receivables.

(i) *Financial assets that are neither past due nor impaired*
Bank deposits and deposits held with AGD that are neither past due nor impaired are mainly deposits with banks which have high credit-ratings as determined by international credit-rating agencies. Trade and other receivables including industry loans that are neither past due nor impaired are substantially companies with good collection track records with the Authority.

(ii) *Financial assets that are past due and/or impaired*
There is no other class of financial assets that is past due and/or impaired except for trade receivables and loans receivables.

The age analysis of trade and loan receivables past due but not impaired is as follows:

	2013 ($'000)	2012 ($'000)
Past due < 3 months	**106**	275
Past due 3 to 6 months	**343**	12
Past due over 6 months	**3,523**	7,623
	3,972	7,910

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The age analysis of trade and loans receivable past due and/or impaired is as follows:

	2013 ($'000)	2012 ($'000)
Past due < 3 months	**12**	1,475
Past due 3 to 6 months	**8**	-
Past due over 6 months	**16,020**	13,996
	16,040	15,471

The carrying amount of trade receivables and loans receivable which are past due and/or individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	2013 ($'000)	2012 ($'000)
Gross amount	**26,593**	29,961
Less: Allowance for impairment	**(22,621)**	(22,052)
	3,972	7,909
Beginning of financial year	**22,052**	12,734
Allowance made	**3,384**	9,326
Reversal made	**(2,815)**	(8)
End of financial year	**22,621**	22,052

The impairment in trade receivables is due to several debtors who have not repaid their outstanding amounts despite late reminders sent. The impairment in loans receivable arises mainly from two companies which have suffered losses in its operations and have not repaid their loans which have expired. It is uncertain if full repayment can be made on the outstanding amounts.

(c) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as and when they fall due. The Authority manages liquidity risk by maintaining sufficient funding from the government and other government agencies to finance its operations. Investments are mainly held in quoted marketable securities comprising of equity securities, bonds and investment in media and production funds.

The table below analyses the maturity profile of the Authority's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year ($'000)	More than 1 year ($'000)	Total ($'000)
At 31 March 2013			
Trade and other payables	22,154	-	22,154
Advances and deposits	9,299	-	9,299
Grant received in advance	11,102	-	11,102
Deferred capital grant	2,106	-	2,106
Other deferred grants	6,118	-	6,118
Provision for unclaimed monies	-	2,405	2,405
Provision for pensions and gratuities	1,667	18,253	19,920
Provision for ex-gratia payments	-	243	243
	52,446	**20,901**	**73,347**
At 31 March 2012			
Trade and other payables	49,031	-	49,031
Advances and deposits	9,405	-	9,405
Grant received in advance	24,054	-	24,054
Deferred capital grant	12	-	12
Other deferred grants	5,875	-	5,875
Provision for unclaimed monies	-	2,565	2,565
Provision for pensions and gratuities	1,651	18,256	19,907
Provision for ex-gratia payments	-	243	243
	90,028	21,064	111,092

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The table below analyses the derivative financial instruments of the Authority for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year ($'000)
At 31 March 2013	
Gross-settled currency forwards	
- Receipts	**87,839**
- Payments	**(87,117)**
At 31 March 2012	
Gross-settled currency forwards	
- Receipts	103,506
- Payments	(103,985)

(d) Capital risk

The Authority's objectives when managing capital are to ensure that the Authority is adequately capitalised and to fulfil objectives for which monies of the Authority may be applied under the Media Development Authority 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 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, funds and accumulated surplus and deferred capital grants. The Authority monitors its surplus/deficits. The Authority's approach to capital management remains unchanged from the financial year ended 31 March 2012.

(e) Fair value measurements

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

(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).

The following table presents the assets and liabilities measured at fair value at 31 March 2013.

	Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)	Total ($'000)
2013				
Assets				
Financial assets available for sale (gross)	-	-	31,333	31,333
Financial assets at fair value through profit or loss				
- Quoted equity securities	-	-	-	-
- Quoted bonds	116,520	-	-	116,520
- Quoted investment fund	23,999	-	-	23,999
Derivatives financial instruments	-	87,839	-	87,839
Total assets	140,519	87,839	31,333	259,691
Liabilities				
Derivatives financial instruments	-	(87,117)	-	(87,117)

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	Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)	Total ($'000)
2012				
Assets				
Financial assets available for sale (gross)	-	-	40,499	40,499
Financial assets at fair value through profit or loss				
- Quoted equity securities	21,864	-	-	21,864
- Quoted bonds	113,113	-	-	113,113
- Quoted investment fund	-	-	-	-
Derivatives financial instruments	-	103,506	-	103,506
Total assets	134,977	103,506	40,499	278,982
Liabilities				
Derivatives financial instruments	-	(103,984)	-	(103,984)

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 balance sheet 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 (for example, over-the-counter derivatives) 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 balance sheet date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. These investments are included in Level 2 and comprise derivative financial instruments. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in Level 3.

The carrying amount less impairment provision of trade receivables and payables and loan receivables are assumed to approximate their fair values.

Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in the notes to the financial statements, except for the following:

	2013 ($'000)	2012 ($'000)
Loans and receivables	**112,684**	141,130
Financial liabilities at amortised cost	**50,779**	88,377

32. Significant related party transactions

(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.

The Authority had the following significant transactions with its supervisory Ministry, MCI, and other related parties during the year:

	2013 ($'000)	2012 ($'000)
MCI		
Services and expenses paid to MCI	**256**	228
Expenses paid on behalf of MCI	**3,639**	4,042
Other Ministries and Statutory Boards		
Services and expenses paid to other ministries	**165**	32
Services and expenses paid to other statutory boards	**7,341**	6,675
Computer and IT related expenses	**1,575**	977
Statutory board and Ministries operating lease expense	**6,662**	6,913

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At the end of the reporting period, the Authority has outstanding commitments under non-cancellable operating leases with another statutory board, which fall due as follows:

	2013 ($'000)	2012 ($'000)
Not later than one year	**6,966**	7,140
Between one and five years	**762**	7,728
	7,728	14,868

(b) Compensation of key management personnel

The remuneration of members of key management is as follows:

	2013 ($'000)	2012 ($'000)
Wages and salaries	**2,527**	2,809
Employer's contribution to Central Provident Fund	**82**	53
	2,609	2,862

33. New or revised accounting Standards and Interpretations

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

- Amendments to SB-FRS 32 Offsetting of Financial Assets and Liabilities
  (effective for annual periods beginning on or after 1 January 2014)

The management anticipates that the adoption of the above amendment to SB-FRS in the future periods will not have a material impact on the financial statements of the Authority in the period of their initial adoption.

34. Authorisation of financial statements

These financial statements were authorised for issue by the members of the Authority on 28 June 2013.