

Company Registration No. 200210647W
Charity No. 01658

Arts House Ltd and its subsidiary
(Formerly known as The Old Parliament House Limited)

Annual Financial Statements
31 March 2014



Building a better
working world

**Arts House Ltd and its subsidiary
(Formerly known as The Old Parliament House Limited)**

General Information

Chief Executive Officers

Lee Chor Lin	(Chief Executive Officer)	(appointed on 1 April 2014)
Desirene Ho Lei Ming	(Assistant Chief Executive Officer)	(appointed on 2 June 2014)
Colin Goh	(Chief Executive Officer)	(resigned on 31 March 2014)
Tan Tee Tong	(Deputy Chief Executive Officer)	(resigned on 16 June 2014)

Directors

Gan Christine	(Chairman) (appointed on 1 April 2014)
Chong Yuan Chien	(appointed on 14 April 2014)
Colin Goh	(resigned 31 March 2014, reappointed on 1 April 2014 and resigned on 31 July 2014)
Ho Nyuk Choo Deborah Joanne	(appointed on 14 April 2014)
Koh Choon Fah	
Lee Chor Lin	(appointed on 1 April 2014)
Mok Wei Wei	(appointed on 1 April 2014)
Ong Chao Choon	
Tan Kim Liang Paul	(appointed on 1 June 2014)
Tham Kwang Hsueh Yvonne	
Jennie Chua Kheng Yeng	(resigned on 1 April 2014)

Company secretaries

Helen Campos	
Florence Lee	(resigned on 1 May 2014)

Registered office

1 Old Parliament Lane
Singapore 179429

Auditor

Ernst & Young LLP

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**Arts House Ltd and its subsidiary
(Formerly known as The Old Parliament House Limited)**

Directors' Report

The directors hereby present their report to the members together with the audited consolidated financial statements of Arts House Ltd (the "Company") and its subsidiary (collectively, the "Group") and the balance sheet, statement of comprehensive income and statement of changes in accumulated funds of the Company for the financial year ended 31 March 2014.

Directors

The directors of the Company in office at the date of this report are:

Gan Christine	(appointed on 1 April 2014)
Chong Yuan Chien	(appointed on 14 April 2014)
Ho Nyuk Choo Deborah Joanne	(appointed on 14 April 2014)
Koh Choon Fah	
Lee Chor Lin	(appointed on 1 April 2014)
Mok Wei Wei	(appointed on 1 April 2014)
Ong Chao Choon	
Tan Kim Liang Paul	(appointed on 1 June 2014)
Tham Kwang Hsueh Yvonne	

As the Company is limited by guarantee, the board of directors does not consider it necessary to report on the matters to be disclosed under Section 201(6) (f) and (g) of the Singapore Companies Act, Chapter 50.

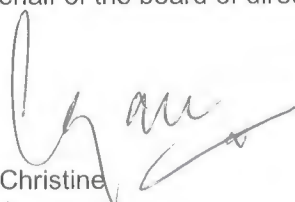
Directors' contractual benefits


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

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:


Gan Christine
Director


Lee Chor Lin
Director

Singapore

27 OCT 2014

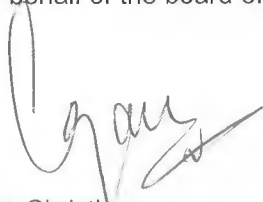
**Arts House Ltd and its subsidiary
(Formerly known as The Old Parliament House Limited)**

Statement by Directors

We, Gan Christine and Lee Chor Lin, being two of the directors of Arts House Ltd, do hereby state that, in the opinion of the directors,

- (i) the accompanying balance sheets, statements of comprehensive income, statements of changes in accumulated funds and the consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2014 and the results of the operations and changes in accumulated funds of the Group and the Company and cash flows of the Group for the financial year ended on that date, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors:



Gan Christine
Director



Lee Chor Lin
Director

Singapore

27 OCT 2014

**Arts House Ltd and its subsidiary
(Formerly known as The Old Parliament House Limited)**

**Independent Auditor's Report
For the financial year ended 31 March 2014**

Independent Auditor's Report to the Members of Arts House Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Arts House Ltd (the "Company") and its subsidiary (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2014, the statements of comprehensive income and statements of changes in accumulated funds of the Group and the Company and the consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act"), the Charities Act, Chapter 37 (the "Charities Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet, statement of comprehensive income and statement of changes in accumulated funds of the Company are properly drawn up in accordance with the provisions of the Act, the Charities Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2014 and of the results and changes in accumulated funds of the Group and the Company and the cash flows of the Group for the financial year ended on that date.

**Arts House Ltd and its subsidiary
(Formerly known as The Old Parliament House Limited)**

**Independent Auditor's Report
For the financial year ended 31 March 2014**

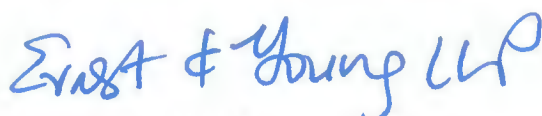
Independent Auditor's Report to the Members of Arts House Ltd

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary have been properly kept in accordance with the provisions of the Act.

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

- (a) The use of the donation moneys was not in accordance with the objectives of the Company as required under regulation 16 of the Charities (Institutions of a Public Character) Regulations; and
- (b) The Company has not complied with the requirements of regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.



Ernst & Young LLP

Public Accountants and
Chartered Accountants

Singapore

27 OCT 2014

Arts House Ltd and its subsidiary
(Formerly known as The Old Parliament House Limited)

Balance Sheets
As at 31 March 2014

		Group		Company	
	Note	2014	2013	2014	2013
		\$	\$	\$	\$
Non-current assets					
Equipment	4	226,318	137,636	226,318	137,636
Investment in subsidiary	5	–	–	–	–
		<u>226,318</u>	<u>137,636</u>	<u>226,318</u>	<u>137,636</u>
Current assets					
Inventories		27,570	8,524	27,570	8,524
Trade and other receivables	6	810,498	1,733,642	810,498	1,738,006
Prepayments		31,031	211,210	31,031	210,535
Cash and cash equivalents	7	2,390,904	3,891,527	2,380,343	3,885,696
		<u>3,260,003</u>	<u>5,844,903</u>	<u>3,249,442</u>	<u>5,842,761</u>
Current liabilities					
Trade and other payables	8	1,646,039	2,326,593	1,644,910	2,334,231
Unearned revenue	9	283,005	242,435	283,005	242,435
		<u>1,929,044</u>	<u>2,569,028</u>	<u>1,927,915</u>	<u>2,576,666</u>
Net current assets		<u>1,330,959</u>	<u>3,275,875</u>	<u>1,321,527</u>	<u>3,266,095</u>
Net assets		<u>1,557,277</u>	<u>3,413,511</u>	<u>1,547,845</u>	<u>3,403,731</u>
General Fund		1,557,277	1,549,680	1,547,845	1,539,900
Budding Artists Fund		–	1,863,831	–	1,863,831
Accumulated surplus		<u>1,557,277</u>	<u>3,413,511</u>	<u>1,547,845</u>	<u>3,403,731</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Arts House Ltd and its subsidiary
(Formerly known as The Old Parliament House Limited)

Statements of Comprehensive Income
For the financial year ended 31 March 2014

	Note	General Fund		Budding Artists Fund		Total	
		2014	2013	2014	2013	2014	2013
		\$	\$	\$	\$	\$	\$
Group Income							
International programming income		19,134	226,511	–	–	19,134	226,511
Venue hire and event services		1,230,931	1,154,964	–	–	1,230,931	1,154,964
Sales of tickets		34,457	20,504	–	–	34,457	20,504
Sponsorships, contributions and donations - tax - exempt receipts		2,238	2,249	172,053	104,299	174,291	106,548
Sponsorships, contributions and donations - non-tax-exempt receipts		24,934	1,400	170,476	399,940	195,410	401,340
Income from fund raising event		25,600	–	1,139,137	966,801	1,164,737	966,801
Rental income		531,363	407,428	–	–	531,363	407,428
Other income	10	216,346	192,969	172,672	221,320	389,018	414,289
Interest income		4,421	1,319	5,556	366	9,977	1,685
Management fee income		219,528	209,080	–	–	219,528	209,080
Goodman Art Centre income	11	2,982,980	1,734,785	–	–	2,982,980	1,734,785
Total income		5,291,932	3,951,209	1,659,894	1,692,726	6,951,826	5,643,935
Expenditure							
Depreciation of equipment	4	(79,574)	(89,486)	(6,083)	(79,432)	(85,657)	(168,918)
International programming expenses		–	(519,697)	–	–	–	(519,697)
Art programming expenses		(738,444)	(548,366)	–	–	(738,444)	(548,366)
Venue hire cost		(64,934)	(53,184)	–	–	(64,934)	(53,184)
Rental of building		(1,134,744)	(1,065,840)	–	–	(1,134,744)	(1,065,840)
Staff and related expenses	12	(3,514,000)	(2,974,274)	(530,510)	(429,133)	(4,044,510)	(3,403,407)
Property maintenance and utilities		(777,052)	(644,257)	–	–	(777,052)	(644,257)
Fund raising event expenses		–	–	(201,677)	(267,986)	(201,677)	(267,986)
Goodman Art Centre expenses		(1,563,095)	(1,017,595)	–	–	(1,563,095)	(1,017,595)
Other operating expenditure	13	(702,344)	(675,426)	(567,444)	(461,445)	(1,269,788)	(1,136,871)
Total expenditure		(8,574,187)	(7,588,125)	(1,305,714)	(1,237,996)	(9,879,901)	(8,826,121)
(Deficit)/surplus before operating grants		(3,282,255)	(3,636,916)	354,180	454,730	(2,928,075)	(3,182,186)
Operating grants	14	3,308,877	3,412,940	–	–	3,308,877	3,412,940
Surplus/(deficit) after operating grants		26,622	(223,976)	354,180	454,730	380,802	230,754
Income tax	15	–	–	–	–	–	–
Net surplus/(deficit) net of tax, representing total comprehensive income for the year		26,622	(223,976)	354,180	454,730	380,802	230,754

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Arts House Ltd and its subsidiary
(Formerly known as The Old Parliament House Limited)

Statements of Comprehensive Income
For the financial year ended 31 March 2014

	Note	General Fund		Budding Artists Fund		Total	
		2014	2013	2014	2013	2014	2013
		\$	\$	\$	\$	\$	\$
Company Income							
International programming income		19,134	226,511	—	—	19,134	226,511
Venue hire and event services		1,230,931	1,154,964	—	—	1,230,931	1,154,964
Sales of tickets		34,457	20,504	—	—	34,457	20,504
Sponsorships, contributions and donations - tax - exempt receipts		2,238	2,249	172,053	104,299	174,291	106,548
Sponsorships, contributions and donations - non-tax-exempt receipts		24,934	—	170,476	399,940	195,410	399,940
Income from fund raising event		25,600	—	1,139,137	966,801	1,164,737	966,801
Rental income		531,363	407,428	—	—	531,363	407,428
Other income	10	228,464	193,048	172,672	221,320	401,136	414,368
Interest income		4,421	1,319	5,556	366	9,977	1,685
Management fee income		219,528	209,080	—	—	219,528	209,080
Goodman Art Centre income	11	2,982,980	1,734,785	—	—	2,982,980	1,734,785
Total income		5,304,050	3,949,888	1,659,894	1,692,726	6,963,944	5,642,614
Expenditure							
Depreciation of equipment	4	(79,574)	(88,371)	(6,083)	(79,432)	(85,657)	(167,803)
International programming expenses		—	(519,697)	—	—	—	(519,697)
Art programming expenses		(738,444)	(492,380)	—	—	(738,444)	(492,380)
Venue hire cost		(64,934)	(53,184)	—	—	(64,934)	(53,184)
Rental of building		(1,134,744)	(1,065,840)	—	—	(1,134,744)	(1,065,840)
Staff and related expenses	12	(3,514,000)	(2,973,826)	(530,510)	(429,133)	(4,044,510)	(3,402,959)
Property maintenance and utilities		(777,052)	(644,257)	—	—	(777,052)	(644,257)
Fund raising event expenses		—	—	(201,677)	(267,986)	(201,677)	(267,986)
Goodman Art Centre expenses		(1,563,095)	(1,017,595)	—	—	(1,563,095)	(1,017,595)
Other operating expenditure	13	(714,114)	(659,771)	(567,444)	(461,445)	(1,281,558)	(1,121,216)
Total expenditure		(8,585,957)	(7,514,921)	(1,305,714)	(1,237,996)	(9,891,671)	(8,752,917)
(Deficit)/surplus before operating grants		(3,281,907)	(3,565,033)	354,180	454,730	(2,927,727)	(3,110,303)
Operating grants	14	3,308,877	3,412,940	—	—	3,308,877	3,412,940
Surplus/(deficit) after operating grants		26,970	(152,093)	354,180	454,730	381,150	302,637
Income tax	15	—	—	—	—	—	—
Net surplus/(deficit) net of tax, representing total comprehensive income for the year		26,970	(152,093)	354,180	454,730	381,150	302,637

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**Arts House Ltd and its subsidiary
(Formerly known as The Old Parliament House Limited)**

**Statements of Changes in Accumulated Funds
For the financial year ended 31 March 2014**

	2014 \$	2013 \$
Group		
General fund		
Balance at beginning of year	1,549,680	1,773,656
Net surplus/(deficit) for the financial year, representing total comprehensive income for the financial year	26,622	(223,976)
International Youth Artists Exchange fund to be transferred to The Rice Company Limited (Note 16)	(19,025)	–
Balance at end of year	1,557,277	1,549,680
Budding Artists fund		
Balance at beginning of year	1,863,831	1,409,101
Net surplus for the financial year, representing total comprehensive income for the financial year	354,180	454,730
To be transferred to The Rice Company Limited (Note 16)	(2,218,011)	–
Balance at end of year	–	1,863,831
Accumulated surplus	1,557,277	3,413,511
	2014 \$	2013 \$
Company		
General fund		
Balance at beginning of year	1,539,900	1,691,993
Net surplus/(deficit) for the financial year, representing total comprehensive income for the financial year	26,970	(152,093)
International Youth Artists Exchange fund to be transferred to The Rice Company Limited (Note 16)	(19,025)	–
Balance at end of year	1,547,845	1,539,900
Budding Artists fund		
Balance at beginning of year	1,863,831	1,409,101
Net surplus for the financial year, representing total comprehensive income for the financial year	354,180	454,730
To be transferred to The Rice Company Limited (Note 16)	(2,218,011)	–
Balance at end of year	–	1,863,831
Accumulated surplus	1,547,845	3,403,731

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**Arts House Ltd and its subsidiary
(Formerly known as The Old Parliament House Limited)**

**Consolidated Cash Flow Statement
For the financial year ended 31 March 2014**

Group	2014 \$	2013 \$
Cash flows from operating activities		
Deficit before operating grants	(2,928,075)	(3,182,186)
Adjustments:		
Depreciation of equipment	85,657	167,803
Bad debts written off, net	3,097	53,751
Other asset written off	–	58,424
Equipment written off	–	3,344
(Reversal of allowance)/allowance for doubtful debts, net	(5,774)	71,571
Loss on equipment to be transferred to The Rice Company Limited	13,255	–
Deficit before working capital changes	(2,831,840)	(2,827,293)
(Increase)/decrease in inventories	(19,046)	228
Decrease/(increase) in trade and other receivables	690,821	(560,845)
Decrease/(increase) in prepayments	180,179	(14,372)
(Decrease)/increase in trade and other payables	(680,554)	704,647
Increase/(decrease) in unearned revenue	40,570	(146,942)
Net cash flows used in operating activities	(2,619,870)	(2,844,577)
Cash flows from investing activity		
Purchase of equipment, representing cash flows used in investing activity	(187,594)	(55,341)
Net assets to be transferred to The Rice Company Limited (Note 16)	(2,237,036)	–
	(2,424,630)	(55,341)
Cash flows from financing activity		
Government grants received, representing cash flows from financing activity	3,543,877	3,412,940
Net increase in cash and cash equivalents	(1,500,623)	513,022
Cash and cash equivalents at beginning of the financial year	3,891,527	3,378,505
Cash and cash equivalents at end of the financial year (Note 7)	2,390,904	3,891,527

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**Arts House Ltd and its subsidiary
(Formerly known as The Old Parliament House Limited)**

Notes to the Financial Statements - 31 March 2014

1. Corporate information

On 19 March 2014, The Old Parliament House Limited changed its name to Arts House Ltd (the "Company"). On 1 April 2014, the Company acquired the business and all assets, and assumed all the liabilities of Arts Festival Ltd as at 31 March 2014.

The Company is incorporated and domiciled in Singapore, limited by guarantee and does not have a share capital.

The Company has been registered as a Charity, Registration No. 01658 under the Charities Act, Chapter 37 of Singapore with effect from 24 February 2003. The registered office and principal place of business of the Company is located at 1 Old Parliament Lane Singapore 179429.

The principal activities of the Company are:

- To provide a venue for hire to artists, arts companies, government and corporations and to facilitate events for the same through technical support, marketing and publicity services;
- To identify, develop and present emerging artists;
- To produce and present highly accessible quality events with strong artistic value within a calendar of events which meets a variety of tastes; and
- To organise arts, film, culture or any other festivals promotion of the arts, including the Singapore International Arts Festival, and to manage and develop lively arts precincts, venues, facilities and other arts platforms that support and benefit arts practitioners, organisations and the surrounding communities.

On 29 April 2014, the Company entered into Business Sales Agreement with The Rice Company Limited to transfer the business under the Budding Artist Fund and International Youth Artists Exchange ("IYAE") fund (under General Fund) to The Rice Company Limited, which took effect on 31 March 2014. The balance sheets of the Company and the Group as at 31 March 2014 exclude the assets and liabilities relating to Budding Artist Fund and IYAE Fund. The impacts of the transfers are disclosed in Note 16 to the financial statements.

The principal activities of the subsidiary are disclosed in Note 5 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet, statement of comprehensive income and statement of changes in accumulated funds of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "\$").

**Arts House Ltd and its subsidiary
(Formerly known as The Old Parliament House Limited)**

Notes to the Financial Statements - 31 March 2014

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 April 2013. The adoption of these standards and interpretations did not have any material effect on the financial performance or position of the Group.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretation that have been issued but not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Revised FRS 27 <i>Separate Financial Statements</i>	1 January 2014
Revised FRS 28 <i>Investments in Associates and Joint Ventures</i>	1 January 2014
FRS 110 <i>Consolidated Financial Statements</i>	1 January 2014
FRS 111 <i>Joint Arrangements</i>	1 January 2014
FRS 112 <i>Disclosure of Interests in Other Entities</i>	1 January 2014
Amendments to FRS 32 <i>Offsetting of Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to FRS 110 <i>Consolidated Financial Statements</i>	1 January 2014
Amendments to FRS 111 <i>Joint Arrangements</i>	1 January 2014
Amendments to FRS 112 <i>Disclosure of Interests in Other Entities</i>	1 January 2014
Amendments to FRS 27 <i>Separate Financial Statements</i>	1 January 2014
Amendments to FRS 28 <i>Investments in Associates and Joint Ventures</i>	1 January 2014
Amendments to FRS 110 <i>Consolidated Financial Statements</i> , FRS 111 <i>Joint Arrangements</i> and FRS 112 <i>Disclosure of Interests in Other Entities – Transition Guidance</i>	1 January 2014
Amendments to FRS 110 <i>Consolidated Financial Statements</i> , FRS 112 <i>Disclosure of Interests in Other Entities</i> and FRS 27 <i>Separate Financial Statements – Investment Entities</i>	1 January 2014
Amendments to FRS 36 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to FRS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
INT FRS 121 <i>Levies</i>	1 January 2014
Amendments to FRS 19 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Improvements to FRSs 2014	
- Amendment to FRS 102 <i>Share-based Payment</i>	1 July 2014
- Amendment to FRS 103 <i>Business Combinations</i>	1 July 2014
- Amendment to FRS 108 <i>Operating Segments</i>	1 July 2014
- Amendment to FRS 16 <i>Property, Plant and Equipment</i>	1 July 2014
- Amendment to FRS 24 <i>Related Party Disclosures</i>	1 July 2014
- Amendment to FRS 38 <i>Intangible Assets</i>	1 July 2014
- Amendment to FRS 113 <i>Fair Value Measurement</i>	1 July 2014
- Amendment to FRS 40 <i>Investment Property</i>	1 July 2014

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

The directors expect that the adoption of the standards and interpretation above will have no material impact on the financial statements in the period of initial application.

2.4 Basis of consolidation and business combinations

(A) Basis of consolidation

Basis of consolidation from 1 January 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation and business combinations (continued)

(A) Basis of consolidation (continued)

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investment as at 1 January 2010 had not been restated.

(B) Business combinations

Business combinations from 1 January 2010

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation and business combinations (continued)

(B) Business combinations (continued)

Business combinations from 1 January 2010 (continued)

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations prior to 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

2. Summary of significant accounting policies (continued)

2.5 Functional and foreign currency

(a) Functional currency

The management has determined the currency of the primary economic environment in which the Group operates i.e., functional currency, to be Singapore Dollars ("SGD" or "\$"). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2.6 Equipment

All items of equipment are initially recorded at cost. Subsequent to recognition, equipment is measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying equipment. The cost of an item of equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Furniture and fittings	- 5 - 10 years
Office equipment	- 5 years
Electrical fittings, sound and light equipment	- 5 years
Computers	- 3 years

2. Summary of significant accounting policies (continued)

2.6 Equipment (continued)

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

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

2.7 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. Summary of significant accounting policies (continued)

2.8 Subsidiary

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.9 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Loans and receivables

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

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

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

2. Summary of significant accounting policies (continued)

2.9 Financial instruments (continued)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

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

(c) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2. Summary of significant accounting policies (continued)

2.10 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

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

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

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

(b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2. Summary of significant accounting policies (continued)

2.11 Cash and cash equivalents

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

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories shall comprise all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. These costs are assigned on a first-in first out basis. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

2.14 Grants

Grants received are from the government and its related agencies.

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grants to meet the current period's operating expenses are recognised as income in the financial period in which the operating expenses are incurred.

**Arts House Ltd and its subsidiary
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Notes to the Financial Statements - 31 March 2014

2. Summary of significant accounting policies (continued)

2.15 Funds

Funds are accounted on an accrual basis.

Budding Artists Fund

The Budding Artists Fund is created to help reach out and provide a platform for children and youth distanced by social economic status to develop their innate artistic gifts.

Separate disclosure of the income and expenditure of this fund is included in the statement of comprehensive income, while the assets and liabilities of the funds are pooled with those of the general fund.

2.16 Employee benefits

(a) Defined contribution plans

The Group makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.17 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

2. Summary of significant accounting policies (continued)

2.17 Leases (continued)

(a) As lessee (continued)

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.18(c) to the financial statements.

2.18 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of tickets

Revenue from ticket sales are recognised as earned when the show/event has been completed.

(b) Venue hire and event services

Venue hire and event services are recognised when the event has been completed.

(c) Rental income

Rental income arising from sub-letting of lease buildings is accounted for on a straight-line basis over the lease terms on ongoing leases.

(d) Interest income

Interest income is recognised as interest accrues (using the effective interest method) unless collectability is in doubt.

2. Summary of significant accounting policies (continued)

2.18 Revenue (continued)

(e) Sponsorships, contributions and donations

Contributions and donations are recognised on a receipt basis, except for those made for specified purposes, which are recognised to match the specified expenditure when incurred.

(f) Membership income

Membership income is recognised over the period of services to be provided to members.

(g) International programming income

International programming income is recognised when the programme hosted has been completed.

(h) Income from fund raising

Income from fund raising is recognised when the fund raising event is completed.

(i) Management fee income

Management fee income is recognised when the service is rendered.

2.19 Taxes

The Company has been registered as a charity under the Charities Act. According to Section 13(1)(zm) of the Singapore Income Tax Act, the income of the Company will be exempted from tax.

2.20 Unearned revenue

Revenue billed in advance to customers and members which does not qualify for recognition as revenue under the Group's revenue recognition policy is reflected as unearned revenue.

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Notes to the Financial Statements - 31 March 2014

2. Summary of significant accounting policies (continued)

2.21 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.22 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

2. Summary of significant accounting policies (continued)

2.22 Related parties (continued)

- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Key source of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 6 to the financial statements.

Arts House Ltd and its subsidiary
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Notes to the Financial Statements - 31 March 2014

4. Equipment

Group and Company

Cost

At 1.4.2012

Reclassifications

Additions

Write off

At 31.3.2013 and at 1.4.2013

Additions

Write off

To be transferred to The Rice Company Limited

At 31.3.2014

Accumulated depreciation

At 1.4.2012

Reclassifications

Charge for the financial year

Write off

At 31.3.2013 and at 1.4.2013

Charge for the financial year

Write off

To be transferred to The Rice Company Limited

At 31.3.2014

Net carrying amount

At 31.3.2014

At 31.3.2013

	Furniture and fittings \$	Office equipment \$	Electrical fittings, sound and light equipment \$	Computers \$	Art works \$	Total \$
	915,689	28,589	337,262	182,557	5,000	1,469,097
	—	3,676	(3,676)	—	—	—
	26,429	—	10,513	18,399	—	55,341
	(36,360)	—	(3,826)	—	—	(40,186)
	905,758	32,265	340,273	200,956	5,000	1,484,252
	144,081	12,930	—	30,583	—	187,594
	—	—	—	(23,734)	—	(23,734)
	(302,165)	(13,584)	(81,385)	(30,703)	—	(427,837)
	747,674	31,611	258,888	177,102	5,000	1,220,275
	725,717	26,142	304,050	163,090	—	1,218,999
	—	(94)	94	—	—	—
	118,094	2,803	27,858	19,048	—	167,803
	(36,360)	—	(3,826)	—	—	(40,186)
	807,451	28,851	328,176	182,138	—	1,346,616
	52,123	3,950	6,704	22,880	—	85,657
	—	—	—	(23,734)	—	(23,734)
	(298,001)	(9,544)	(80,892)	(26,145)	—	(414,582)
	561,573	23,257	253,988	155,139	—	993,957

Arts House Ltd and its subsidiary
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Notes to the Financial Statements - 31 March 2014

5. Investment in subsidiary

	Company	
	2014	2013
	\$	\$
Unquoted equity shares, at cost	—	—

On 1 June 2009, the Company incorporated a subsidiary, Asian Culture Enterprise Singapore Ltd ("ACES"), a Singapore company limited by guarantee. The principal activity of the subsidiary is that of facilitation of cross cultural exchanges with Asian countries.

ACES is a subsidiary of the Company as the Company is the sole subscriber of ACES and the board of directors in ACES and its operations are controlled by the Company.

The Company has commenced liquidation process for ACES during the year.

6. Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Trade receivables	442,921	967,036	442,921	965,313
Other receivables	367,577	766,606	367,577	772,693
Total trade and other receivables	810,498	1,733,642	810,498	1,738,006
Add: Cash and cash equivalents (Note 7)	2,390,904	3,891,527	2,380,343	3,885,696
Total loans and receivables	3,201,402	5,625,169	3,190,841	5,623,702

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

**Arts House Ltd and its subsidiary
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Notes to the Financial Statements - 31 March 2014

6. Trade and other receivables (continued)

Trade receivables that are past due but not impaired

The Group and the Company has trade receivables amounting to \$131,883 (2013: \$609,943) and \$131,883 (2013: \$608,220) respectively that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Trade receivables past due:				
Less than 30 days	62,461	164,298	62,461	164,298
31 to 60 days	18,752	72,393	18,752	72,393
61 to 90 days	10,320	55,769	10,320	55,769
More than 91 days	40,350	317,483	40,350	315,760
	<u>131,883</u>	<u>609,943</u>	<u>131,883</u>	<u>608,220</u>

Trade receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Trade receivable at nominal amounts	239,112	273,666	239,112	273,666
Less: Allowance for impairment	(136,262)	(142,036)	(136,262)	(142,036)
	<u>102,850</u>	<u>131,630</u>	<u>102,850</u>	<u>131,630</u>
Movement in allowance accounts				
At 1 April	142,036	70,465	142,036	70,465
Charge for the financial year (Note 13)	54,226	88,148	54,226	88,148
Reversal during the financial year	(60,000)	(16,577)	(60,000)	(16,577)
At 31 March	<u>136,262</u>	<u>142,036</u>	<u>136,262</u>	<u>142,036</u>

**Arts House Ltd and its subsidiary
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Notes to the Financial Statements - 31 March 2014

6. Trade and other receivables (continued)

Other receivables

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Deposits	73,838	104,281	73,838	104,281
Receivable from National Arts Council *	265,000	500,000	265,000	500,000
Other receivables				
- external parties	28,739	162,325	28,739	162,325
- subsidiary	—	—	—	6,087
	<u>367,577</u>	<u>766,606</u>	<u>367,577</u>	<u>772,693</u>

* Receivable from National Arts Council pertains to operating grant for the last quarter of the financial year.

Trade and other receivables that are impaired

The bad debts written off directly to profit or loss for the Group's trade and other receivables are as follows:

	<i>Individually impaired</i> Group		<i>Individually impaired</i> Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Bad debts written off directly to profit or loss:				
- trade	3,097	6,108	2,024	6,108
- non-trade	—	53,105	—	53,105
	<u>3,097</u>	<u>59,213</u>	<u>2,024</u>	<u>59,213</u>

7. Cash and cash equivalents

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Cash at banks and on hand	1,264,476	1,663,109	1,253,915	1,657,278
Short-term deposits	1,126,428	2,228,418	1,126,428	2,228,418
	<u>2,390,904</u>	<u>3,891,527</u>	<u>2,380,343</u>	<u>3,885,696</u>

Short-term deposits are placed for approximately one month and earn interests at the respective short-term deposit rates. The weighted average effective interest rate of short-term deposits is 0.05% to 0.50% (2013: 0.05% to 0.50%) per annum.

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Notes to the Financial Statements - 31 March 2014

8. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Trade payables	487,115	737,553	487,115	755,986
Other payables and accruals	831,759	1,249,875	830,630	1,239,080
Rental deposits	327,165	339,165	327,165	339,165
Total financial liabilities carried at amortised cost	1,646,039	2,326,593	1,644,910	2,334,231

Trade payables are non-interest bearing and are normally settled on 30 days' term.

Other payables and accrued operating expenses are non-interest bearing and have an average term of between three to six months.

9. Unearned revenue

Unearned revenue arises from membership income and events revenue received in advance.

10. Other income

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Little Arts Academy income	161,774	212,725	161,774	212,725
Retail income	48,538	39,913	48,538	39,913
Food and beverage income	—	62,523	—	62,523
Membership income	560	2,960	560	2,960
Consultancy income	98,280	64,900	98,280	64,900
Others	79,866	31,268	91,984	31,347
	389,018	414,289	401,136	414,368

11. Goodman Art Centre income

Goodman Art Centre income arises from service charges and rental income generated from managing the Art Centres at Goodman Road.

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12. Staff and related expenses

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Salaries, bonuses and other costs:				
- Staff	2,881,757	2,305,326	2,881,757	2,304,878
- Directors' and key management	782,957	714,843	782,957	714,843
CPF contributions:				
- Staff	338,682	332,548	338,682	332,548
- Directors' and key management	41,114	50,690	41,114	50,690
	<u>4,044,510</u>	<u>3,403,407</u>	<u>4,044,510</u>	<u>3,402,959</u>

Number of key management in remuneration bands are as follows:

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
\$100,000 to \$200,000	—	3	—	3
\$200,001 to \$300,000	2	1	2	1
\$300,001 to \$400,000	1	—	1	—
	<u>3</u>	<u>4</u>	<u>3</u>	<u>4</u>

13. Other operating expenditure

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
(Reversal of allowance)/allowance for doubtful debts, net (trade)	(5,774)	71,571	(5,774)	71,571
Allowance for doubtful debts, for Budding Artist Funds	4,796	—	4,796	—
Bad debts written off (non-trade)	—	53,105	—	53,105
Bad debts written off (trade)	3,097	6,108	2,024	6,108
Write back of bad debt (trade)	—	(5,462)	—	(5,462)
Cost of sales of books and compact discs	26,237	3,469	26,237	3,469
Cost of sales of food and beverage	—	18,901	—	18,901
Communication expenses	44,261	22,541	43,248	21,749
GST expense	153,392	132,706	153,392	132,706
Other asset written off	—	58,424	—	58,424
Publicity expenses	267,255	163,101	272,255	162,800
Supplies expenses	170,588	87,869	170,588	87,414

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Notes to the Financial Statements - 31 March 2014

14. Operating grants

Operating grants received from National Arts Council are on voluntary basis. Contributions received are to be utilised for the operating needs of the Company. In the opinion of the directors, there are no unfulfilled conditions or contingencies attached to these grants.

15. Income tax

No provision has been made for tax as the Company is exempted from tax in accordance with Section 13(1)(zm) of the Singapore Income Tax Act.

16. Funds to be transferred to The Rice Company Limited

As at 31 March 2014, the following funds to be transferred to The Rice Company Limited were:

	Budding Artists Fund	IYAE Fund	Total
	\$	\$	\$
Accumulated surplus as at 1 April 2013	1,863,831	25,511	1,889,342
Surplus/(deficit) for the financial year, representing total comprehensive income for the financial year	354,180	(6,486)	347,694
Net funds to be transferred as at 31 March 2014	2,218,011	19,025	2,237,036
Represented by:			\$
Total non-current assets to be transferred			
Equipment (Note 4)			13,255
Total current assets to be transferred			
Trade and other receivables			145,289
Prepayments			771,604
Cash and cash equivalents *			4,097,572
			5,014,465
Total current liabilities to be transferred			
Trade and other payables			(2,784,472)
Unearned revenue			(6,212)
			(2,790,684)
Net assets and liabilities (funds) to be transferred as at 31 March 2014			2,237,036

* Subsequent to year end, cash amounting to \$2,500,000 has been transferred to The Rice Company Limited.

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Notes to the Financial Statements - 31 March 2014

17. Commitments

Operating lease commitments

As lessee

The Group and the Company have an operating lease agreement for rental of building. Future minimum lease payments payable under non-cancellable operating leases as at 31 March are as follows:

	Group and Company	
	2014	2013
	\$	\$
Within one year	1,321,658	1,285,658
More than one year	1,350,187	2,647,548
	<u>2,671,845</u>	<u>3,933,206</u>

As lessor

The Group and the Company have entered into commercial leases to sublet its leased building. These non-cancellable leases have remaining non-cancellable lease terms of between 1 year and 4 years.

The future minimum lease payments receivable under non-cancellable operating leases as at 31 March are as follows:

	Group and Company	
	2014	2013
	\$	\$
Within one year	1,635,266	1,397,138
More than one year	987,233	2,141,081
	<u>2,622,499</u>	<u>3,538,219</u>

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18. Related party transactions

An entity or individual is considered a related party of the Company for the purpose of the financial statements if (i) it possesses the ability (directly or indirectly to control or exercise significant influence over the operating and financial decisions of the Company or vice versa); or (ii) it is subject to common control or common significant influence.

In addition to related party transactions disclosed elsewhere in the financial statements, the following significant related party transactions took place between the Company and related parties based on terms agreed between the parties:

(a) Compensation of key management personnel

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Short-term employee benefits, representing total amounts paid to key management personnel of the Company	824,071	765,533	824,071	765,533

(b) Sale and purchase of goods and services

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Fees paid to subsidiary company for its role as event coordinator for Regenerating Communities project	—	—	—	24,000

(c) Management fees income

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Management fees from Sculpture Square Limited	72,000	68,000	72,000	68,000

19. Fair values of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Management has determined that the carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature.

20. Financial risk management objectives and policies

The Group's and the Company's activities expose it to a variety of financial risks including credit risk and liquidity risk.

Risk management is carried out under policies approved by the board of directors. The board provides guidelines for overall risk management, as well as policies for managing each of the risks as summarised below:

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, mainly cash and cash equivalents, the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Credit risk concentration profile

The Company has no significant concentration of credit risk.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 6 to the financial statements.

20. Financial risk management objectives and policies (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting its financial obligations due to shortage of funds. The Group's or the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group or the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows.

Surplus funds are placed with reputable banks as funding is obtained from government grants.

Analysis of financial instruments by remaining contractual maturities

The table below summarizes the maturity profile of the Group's and the Company's financial assets and liabilities at the end of reporting period based on contractual undiscounted repayment obligations.

	2014 One year or less	2013 One year or less
Group		
Financial assets:		
Trade and other receivables	810,498	1,733,642
Cash and cash equivalents	2,390,904	3,891,527
Total undiscounted financial assets	3,201,402	5,625,169
Financial liabilities:		
Trade and other payables	1,646,039	2,326,593
Total undiscounted financial liabilities	1,646,039	2,326,593
Total net undiscounted financial assets	1,555,363	3,298,576
Company		
Financial assets:		
Trade and other receivables	810,498	1,738,006
Cash and cash equivalents	2,380,343	3,885,696
Total undiscounted financial assets	3,190,841	5,623,702
Financial liabilities:		
Trade and other payables	1,644,910	2,334,231
Total undiscounted financial liabilities	1,644,910	2,334,231
Total net undiscounted financial assets	1,545,931	3,289,471

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21. Reserves policy

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Unrestricted Funds (Reserves):				
- General Fund	1,557,277	1,549,680	1,547,845	1,539,900
- Budding Artists Fund	—	1,863,831	—	1,863,831
Total funds	1,557,277	3,413,511	1,547,845	3,403,731
Ratio of reserves to annual operating expenditure	0.1576 : 1	0.3868 : 1	0.1565 : 1	0.3889 : 1

The reserves that the Company have set aside provide financial stability and the means for the development of its principal activities.

The board of directors regularly reviews the amount of reserves that are required to ensure that they are adequate to fulfil the Company's continuing obligations.

22. Event occurring after the reporting period

On 30 June 2014, the Company has offered retention bonus amounting to approximately \$36,000 to certain employees, to be payable on 31 May 2015 if they meet the conditions as at 1 April 2015, as stated in the retention bonus letter to the employees.

23. Authorisation of financial statements

The financial statements of the Group for the financial year ended 31 March 2014 were authorised for issue in accordance with a resolution of the directors on

27 OCT 2014