

Company Registration No. 200210647W
Charity No. 01658

Arts House Ltd.

Annual Financial Statements
31 March 2016

Arts House Ltd.

General information

Chief Executive Officers

Lee Chor Lin	(Chief Executive Officer)
Desirene Ho Lei Ming	(Assistant Chief Executive Officer)

Directors

Gan Christine	(Chairman)
Chong Yuan Chien	
Deborah Joanne Ho Hyuk Choo	
Koh Choon Fah	
Lee Chor Lin	
Mok Wei Wei	
Ong Chao Choon	
Tan Kim Liang Paul	
Ang Kah Eng Kelvin	(Appointed on 31 March 2016)
Lynette Pang Hsu Lyin	(Appointed on 31 March 2016)
Maniza Jumabhoy	(Appointed on 31 March 2016)
Tan Chee Meng	(Appointed on 31 March 2016)
Madeleine Lee Suh Shin	(Appointed on 3 August 2016)
Mary Ann Wai Sheng Tsao	(Resigned on 12 July 2016)
Tham Kwan Hsueh Yvonne	(Resigned on 12 August 2015)

Company Secretary

Helen Campos

Registered Office

1 Old Parliament Lane
Singapore 179429

Auditor

Ernst & Young LLP

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Arts House Ltd.

Directors' statement

The directors are pleased to present their statement to the members together with the audited financial statements of Arts House Ltd (the "Company") for the financial year ended 31 March 2016.

Opinion of the directors

In the opinion of the directors,

- (i) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2016 and the financial performance, changes in accumulated fund and cash flows of the Company for the 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.

Directors

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

Gan Christine
Chong Yuan Chien
Ho Nyuk Choo Deborah Joanne
Koh Choon Fah
Lee Chor Lin
Mok Wei Wei
Ong Chao Choon
Tan Kim Liang Paul
Ang Kah Eng Kelvin
Lynette Pang Hsu Lyin
Maniza Jumabhoy
Tan Chee Meng
Madeleine Lee Suh Shin

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 Schedule 12.8 and 12.9 of the Singapore Companies Act, Chapter 50.

Directors' conflict of interest policy

The Company has a conflict of interest policy. The Company requires that members of the board to comply with the policy and fully disclose to the board immediately when a conflict of interest situation arises.

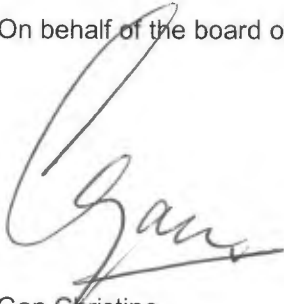
Arts House Ltd.

Directors' statement

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

A handwritten signature in black ink, appearing to read 'Gan Christine', with a stylized flourish at the end.

Gan Christine
Director

A handwritten signature in blue ink, appearing to read 'Lee Chor Lin', with a stylized flourish at the end.

Lee Chor Lin
Director

Singapore
29 August 2016

Arts House Ltd.

**Independent auditor's report
For the financial year ended 31 March 2016**

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"), which comprise the balance sheet as at 31 March 2016, the statement of comprehensive income, statement of changes in accumulated fund and cash flow statement 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 financial statements 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 financial statements 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 financial position of the Company as at 31 March 2016 and the financial performance, changes in accumulated fund and cash flows of the Company for the financial year ended on that date.

Arts House Ltd.

**Independent auditor's report
For the financial year ended 31 March 2016**

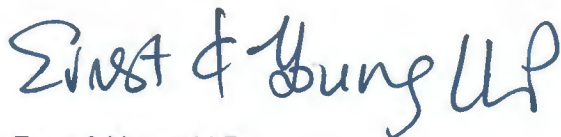
Independent auditor's report to the members of Arts House Ltd.

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 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

29 August 2016

Arts House Ltd.**Balance sheet
As at 31 March 2016**

	Note	2016 \$	2015 \$ (Restated)
Non-current assets			
Equipment	4	464,668	255,883
		<u>464,668</u>	<u>255,883</u>
Current assets			
Trade and other receivables	5	821,589	488,479
Prepaid operating expenses		92,642	316,601
Cash and cash equivalents	6	8,947,202	9,365,128
		<u>9,861,433</u>	<u>10,170,208</u>
Current liabilities			
Trade and other payables	7	2,336,935	2,614,063
Unearned revenue	8	436,520	304,167
Deferred capital grant	9	69,483	9,800
Grant received in advance	10	–	480,000
		<u>2,842,938</u>	<u>3,408,030</u>
Net current assets		<u>7,018,495</u>	<u>6,762,178</u>
Non-current liability			
Deferred capital grant	9	237,850	68,600
		<u>237,850</u>	<u>68,600</u>
Net assets		<u>7,245,313</u>	<u>6,949,461</u>
Equity			
General funds	20	7,245,313	6,949,461
Accumulated surplus		<u>7,245,313</u>	<u>6,949,461</u>

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

Arts House Ltd.

Statement of comprehensive income
For the financial year ended 31 March 2016

	Note	2016 \$	2015 \$(Restated)
Income			
Rental income		2,792,197	2,611,826
Venue hire and event services		1,133,750	1,608,804
Sales of tickets		643,590	597,896
Cultural matching fund		239,957	–
Sponsorships, contributions and donations - tax deductible receipts		81,437	169,000
Sponsorships, contributions and donations - non-tax deductible receipts		267,268	378,445
Management fee income		55,142	124,605
Other income	11	392,534	364,157
Interest income		444	2,211
Total income		5,606,319	5,856,944
Expenditure			
Depreciation of equipment	4	(170,315)	(124,179)
Art programming expenses		(8,060,370)	(6,241,298)
Venue hire cost		(64,429)	(39,783)
Marketing and publicity expenses		(1,058,527)	(1,008,591)
Rental of building		(3,279,552)	(1,134,744)
Staff and related expenses	12	(4,160,567)	(4,182,200)
Property maintenance and utilities		(2,406,564)	(1,905,113)
Write-back of accruals and payables		250,980	25,351
Other operating expenditure	13	(1,376,750)	(1,111,920)
Total expenditure		(20,326,094)	(15,722,477)
Deficit before grants		(14,719,775)	(9,865,533)
Grants	14	14,644,560	15,055,068
Amortisation of deferred capital grant	9	371,067	9,800
Surplus after grants		295,852	5,199,335
Income tax expenses	15	–	–
Net surplus for the financial year, representing total comprehensive income for the financial year		295,852	5,199,335

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

Arts House Ltd.

**Statements of changes in accumulated fund
For the financial year ended 31 March 2016**

	2016	2015
	\$	\$
General fund		
Opening balance at 1 April	6,949,461	1,547,845
Net surplus for the year, representing total comprehensive income for the year	295,852	5,199,335
Funds transferred from Arts Festival Ltd (Note 16)	–	202,281
	<hr/>	<hr/>
Closing balance at 31 March	7,245,313	6,949,461
	<hr/>	<hr/>

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

Arts House Ltd.

Cash flow statement

For the financial year ended 31 March 2016

	2016 \$	2015 \$(Restated)
Operating activities		
Deficit before grants	(14,719,775)	(9,865,533)
Adjustments:		
Depreciation of equipment	170,315	124,179
Bad debts written off	39	12,479
Allowance for doubtful debts	30,354	6,172
Reversal of allowance for doubtful debts	(522)	(20,488)
Equipment written off	20,822	12,815
Allowance for impairment of inventories	–	27,570
Allowance for loss of consignment stock	–	20,000
Gain on liquidation of a subsidiary	–	(11,725)
Interest income	(444)	(2,211)
Write-back of accruals and payables	(250,980)	(25,351)
Operating cash flows before changes in working capital	(14,750,191)	(9,722,093)
(Increase)/decrease in trade and other receivables	(247,981)	323,856
Decrease/(increase) in prepaid operating expenses	223,959	(285,570)
(Decrease)/increase in trade and other payables	(26,148)	878,635
Increase/(decrease) in unearned revenue	132,353	21,162
Cash flows used in operations, representing net cash flows used in operating activities	(14,668,008)	(8,784,010)
Investing activities		
Purchase of equipment	(399,922)	(142,456)
Cash transferred from Arts Festival Limited (Note 16)	–	362,247
Proceeds from liquidation a subsidiary	–	11,725
Interest received	444	2,211
Net cash flows (used in)/generated from investing activities	(399,478)	233,727
Financing activity		
Government grants received	14,649,560	15,535,068
Cash flows generated from financing activity	14,649,560	15,535,068
Net (decrease)/increase in cash and cash equivalents	(417,926)	6,984,785
Cash and cash equivalents at 1 April	9,365,128	2,380,343
Cash and cash equivalents at 31 March (Note 6)	8,947,202	9,365,128

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

1. Corporate information

Arts House Ltd (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 manage physical facilities for the arts, to lease as well as provide venues for hire to artists, arts companies, government and corporations and to facilitate events for the same through technical support;
- To produce and present highly accessible quality events with strong artistic value within a calendar of events; and
- To organise and market the arts, and festivals in the promotion of the arts, including the Singapore International Festival of Arts, 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.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

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

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 April 2015. The adoption of these standards did not have any effect on the financial performance or position of the Company.

Notes to the financial statements
For the financial year ended 31 March 2016

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective

The Company has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 114 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 16 and FRS 41 <i>Agriculture – Bearer Plants</i>	1 January 2016
Amendments to FRS 27 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 16 and FRS 38 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 111: <i>Accounting for Acquisitions of Interest in Joint Operations</i>	1 January 2016
Improvements to FRSs (November 2014)	1 January 2016
Amendments to FRS 1 <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to FRS 7: <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 12: <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
FRS 115: <i>Revenue from Contracts with Customers</i>	1 January 2018
Amendments to FRS 109: <i>Financial Instruments</i>	1 January 2018
Amendments to FRS 115: <i>Clarifications to FRS 115 Revenue from Contracts with Customers</i>	1 January 2018
FRS 116: <i>Leases</i>	1 January 2019
Amendments to FRS 110 and FRS 28: <i>Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture</i>	To be determined

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Company include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Company is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Company to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Company is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

2.4 Functional currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency.

Transactions and balances

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 the profit or loss.

2. Summary of significant accounting policies (continued)

2.5 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.

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

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

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.

2.6 Impairment of non-financial assets

The Company 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 Company 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.

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.

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)

2.7 Financial Instruments

(a) Financial assets

Initial recognition and measurement

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

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company 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

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.

2. Summary of significant accounting policies (continued)

2.7 Financial instruments (continued)

(b) Financial liabilities (continued)

De-recognition

A financial liability is de-recognised 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 de-recognition 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.

2.8 Impairment of financial assets

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

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company 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 Company 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 Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent 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.

2. Summary of significant accounting policies (continued)

2.9 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.

2.10 Provisions

General

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of economic resources 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.

2.11 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.

Grants received from the National Arts Council for capital expenditure are taken to the deferred capital grants account upon the utilisation of the grants for purchase of equipment, which are capitalised, or to income or expenditure for purchase of equipment which are written off in the year of purchase.

Deferred capital grants are recognised as income over the periods necessary to match the depreciation, amortisation, write-off and/or impairment loss of the equipment purchased with the related grants. Upon the amortisation or disposal of equipment, the balance of the related deferred capital grants is recognised as income to match the carrying amount of the equipment disposed of.

2. Summary of significant accounting policies (continued)

2.12 Employee benefits

(a) Defined contribution plans

The Company 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.

2.13 Leases

(a) As lessee

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 Company 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 2.14. Contingent rents are recognised as revenue in the period in which they are earned.

2. Summary of significant accounting policies (continued)

2.14 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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.

(a) Sale of tickets

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

(b) 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.

(c) Venue hire and event services

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

(d) Interest Income

Interest income is recognised using the effective interest method.

(e) Cash sponsorships, contributions and donations

Cash sponsorships, 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) Management fee income

Management fee income is recognised when the service is rendered.

2.15 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.

2.16 Unearned revenue

Revenue billed in advance to customers which does not qualify for recognition as revenue under the Company's revenue recognition policy is reflected as unearned revenue. Cultural matching fund, sponsorships, contributions and donations that have not been applied for approved use are also recognised as unearned revenue until applied.

2. Summary of significant accounting policies (continued)

2.17 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 Company; 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;
 - (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 Company.

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

3. Significant accounting judgments and estimates

The preparation of the Company's 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 Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of loans and receivables

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Company considers whether there is observable data indicating that 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, 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 Company's loans and receivables at the end of the reporting period is disclosed in Note 5 to the financial statements.

Arts House Ltd

Notes to the financial statements
For the financial year ended 31 March 2016

4. Equipment

	Furniture and fittings \$	Office equipment \$	Electrical fittings, sound and light equipment \$	Computers \$	Art works \$	Total \$
Cost						
At 1 April 2014	747,674	31,611	258,888	177,102	5,000	1,220,275
Reclassifications at 1 April 2014	–	1,440	(1,440)	–	–	–
Transferred from Arts Festival Ltd	12,715	–	–	11,388	–	24,103
Additions	73,929	7,908	31,863	28,756	–	142,456
Write off	(120,111)	(5,425)	(108,484)	(43,746)	–	(277,766)
At 31 March 2015 and at 1 April 2015	714,207	35,534	180,827	173,500	5,000	1,109,068
Additions	3,918	26,400	298,417	71,187	–	399,922
Write off	(209,092)	(4,370)	(94,847)	(930)	(5,000)	(314,239)
At 31 March 2016	509,033	57,564	384,397	243,757	–	1,194,751
Accumulated depreciation						
At 1 April 2014	561,573	23,257	253,988	155,139	–	993,957
Charge for the financial year	74,302	4,561	18,577	26,739	–	124,179
Write off	(107,315)	(5,425)	(108,485)	(43,726)	–	(264,951)
At 31 March 2015 and at 1 April 2015	528,560	22,393	164,080	138,152	–	853,185
Charge for the financial year	43,366	9,817	73,085	44,047	–	170,315
Write off	(193,270)	(4,370)	(94,847)	(930)	–	(293,417)
At 31 March 2016	378,656	27,840	142,318	181,269	–	730,083
Net carrying amount						
At 31 March 2016	130,377	29,724	242,079	62,488	–	464,668
At 31 March 2015	185,647	13,141	16,747	35,348	5,000	255,883

Notes to the financial statements
For the financial year ended 31 March 2016

5. Trade and other receivables

	2016	2015
	\$	\$
Trade receivables	494,581	374,437
Deposits	110,478	83,679
Other receivables	216,530	30,163
	<hr/>	<hr/>
Total trade and other receivables	821,589	488,479
Add: Cash and cash equivalents (Note 6)	8,947,202	9,365,128
	<hr/>	<hr/>
Total loans and receivables	9,768,791	9,853,607
	<hr/>	<hr/>

Trade receivables are non-interest bearing and are generally on 14 to 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables that are past due but not impaired

The Company has trade receivables amounting to \$ 147,176 (2015: \$177,875) 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:

	2016	2015
	\$	\$
Trade receivables past due:		
Less than 30 days	69,488	80,548
31 to 60 days	27,795	14,035
61 to 90 days	18,882	49,208
More than 91 days	31,011	34,084
	<hr/>	<hr/>
	147,176	177,875
	<hr/>	<hr/>

Notes to the financial statements
For the financial year ended 31 March 2016

5. Trade and other receivables (continued)

Trade receivables that are impaired

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:

	Individually impaired	
	2016	2015
	\$	\$
Trade receivable at nominal amounts	49,789	20,703
Less: Allowance for impairment	(30,868)	(20,362)
	<u>18,921</u>	<u>341</u>
Movement in allowance accounts		
At 1 April	20,362	136,262
Charge for the financial year (Note 13)	30,354	6,172
Reversal during the financial year	(522)	(20,488)
Written off	(19,326)	(101,584)
At 31 March	<u>30,868</u>	<u>20,362</u>

Trade and other receivables that are impaired

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

	Individually impaired	
	2016	2015
	\$	\$
Bad debts written off directly to profit or loss:		
- trade	39	2,479
- non-trade	—	10,000

Arts House Ltd**Notes to the financial statements
For the financial year ended 31 March 2016****6. Cash and cash equivalents**

	2016 \$	2015 \$
Cash at banks and on hand	8,384,267	8,797,538
Short-term deposits	562,935	567,590
Total cash and cash equivalents	8,947,202	9,365,128

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 0.15% (2015: 0.05% to 0.50%) per annum.

7. Trade and other payables

	2016 \$	2015 \$ (Restated)
Trade payables	324,832	872,639
Accruals	1,341,403	1,102,596
Other payables	66,992	76,835
GST payables	64,304	45,724
Rental deposits	434,894	381,073
Security deposits	104,510	135,196
Total trade and other payables	2,336,935	2,614,063
Less: GST payables	(64,304)	(45,724)
Total financial liabilities carried at amortised cost	2,272,631	2,568,339

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

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

8. Unearned revenue

Unearned revenue arises from events revenue received in advance as well as sponsorship monies for future events. Included in unearned revenue are tax deductible cash donations amounting to \$161,000 (2015: Nil) where tax deductible receipts have already been issued but will only be matched against sponsored events after the year-end.

Notes to the financial statements
For the financial year ended 31 March 2016

9. Deferred capital grant

	2016 \$	2015 \$
Cost:		
At 1 April	98,000	98,000
Received during the financial year	120,000	–
Transferred from grant received in advance	480,000	–
	<hr/> 698,000	<hr/> 98,000
Accumulated amortisation:		
At 1 April	19,600	9,800
Amortisation during the financial year	371,067	9,800
	<hr/> 390,667	<hr/> 19,600
Net carrying amount:		
Current	69,483	9,800
Non-current	237,850	68,600
	<hr/> 307,333	<hr/> 78,400

Deferred capital grant relates to grant received from the National Arts Council for the renovation works and replacement of theatre, lighting, audio, visual and communication systems at The Arts House building. The grants are deferred and amortised using straight line method over the useful lives of renovation and equipment which are 5 to 10 years.

10. Grant received in advance

In 2015, grant received in advance relates to grant received from the National Arts Council for the capital expenditure including replacement of theatre lighting, audio, visual and communication systems at The Arts House building. As the capital expenditure has not been incurred as of the end of the reporting period, the amounts are recognised as grant received in advance.

During the current financial year, replacement works were completed and the grant received in advance was transferred to the deferred capital grant for amortisation.

Arts House Ltd

**Notes to the financial statements
For the financial year ended 31 March 2016**

11. Other income

	2016 \$	2015 \$(Restated)
Carpark income	135,056	123,062
Consultancy income	20,000	–
Employment credit scheme from government	135,377	104,914
License Fee income	84,200	33,600
Retail income	3,424	71,480
Others	14,477	31,101
	<u>392,534</u>	<u>364,157</u>

12. Staff and related expenses

	2016 \$	2015 \$(Restated)
Short-term employee benefits:		
- Staff	3,130,183	3,114,293
- key management personnel	595,537	663,623
Central Provident Fund contributions:		
- Staff	394,400	372,001
- key management personnel	40,447	32,283
	<u>4,160,567</u>	<u>4,182,200</u>

13. Other operating expenditure

	2016 \$	2015 \$
Allowance for impairment of inventories	–	27,570
Allowance for doubtful debts	30,354	6,172
Reversal of allowance for doubtful debts	(522)	(20,488)
Bad debts written off directly (trade)	39	2,479
Bad debts written off directly (non-trade)	–	10,000
GST expense	464,688	286,711
Equipment written off	20,822	12,815
Minor assets expensed off	183,406	15,952
Rental of office	225,446	201,950
Professional fees	<u>226,823</u>	<u>270,612</u>

Arts House Ltd

Notes to the financial statements For the financial year ended 31 March 2016

14. Grants

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.

Included in grants was an amount of \$8,285,040 (2015: \$11,280,000) in relation to the Singapore International Festival of Arts ("SIFA"). The SIFA grant comprises of \$8,285,040 (2015: \$6,280,000) grant and Nil (2015: \$5,000,000) start-up funds meant for Arts Festival Limited ("AFL") which was reallocated to the Company upon the transfer of the business from AFL to the Company in the previous financial year.

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. Transfer from Arts Festival Ltd

As at 1 April 2014, the Company entered into a business sales agreement with Arts Festival Limited to transfer the following assets and liabilities to the Company:

	2016 \$	2015 \$
Accumulated surplus as at 1 April 2014, representing net funds transferred as at 1 April 2014	—	202,281
Represented by:		
Total non-current assets transferred		
Equipment (Note 4)	—	24,103
Total current assets transferred		
Cash and cash equivalents	—	362,247
	—	386,350
Total current liabilities transferred		
Trade and other payables	—	(184,069)
Net assets and liabilities (funds) transferred as at 1 April 2014	—	202,281

Notes to the financial statements
For the financial year ended 31 March 2016

17. Commitments

Operating lease commitments

As lessee

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:

	2016	2015
	\$	\$
Within one year	4,342,496	1,179,715
More than one year	1,946,429	287,378
	<u>6,288,925</u>	<u>1,467,093</u>

As lessor

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:

	2016	2015
	\$	\$
Within one year	778,577	1,012,069
More than one year	571,541	462,687
	<u>1,350,118</u>	<u>1,474,756</u>

Notes to the financial statements
For the financial year ended 31 March 2016

18. Related party transactions

In addition to related party transactions disclosed elsewhere in the financial statements, the following significant related party transactions between the Company and National Arts Council took place based on terms agreed between the parties during the financial year.

(a) Sales and purchase of goods and services

	2016	2015
	\$	\$
Rental service charges from National Arts Council	541,680	520,253
Rental service charges top-up from National Arts Council	313,585	234,963
Programming grant to The Arts House	553,065	478,174
Programming grant to Goodman Arts Centre	24,600	12,000
Programming grant to Aliwal Arts Centre	47,600	30,150
Programming grant to SIFA	1,185,040	280,000
Capital grant to The Arts House	120,000	480,000
Government grant on market rental from National Arts Council	3,279,552	1,134,744
Operating grant to SIFA	6,100,000	11,000,000
Operating grant for venue management	2,270,703	2,120,000
Rental of building	3,279,552	1,134,744

(b) Compensation of key management personnel

Amounts paid to director and other key management personnel of the Company:

- Short-term employee benefits	595,537	1,012,069
- Central Provident Fund contributions	40,447	462,687
	<u>635,984</u>	<u>1,474,756</u>

19. Financial risk management objectives and policies

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 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 Company trades only with recognised and creditworthy third parties. It is the Company'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 Company. 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 5 to the financial statements.

19. Financial risk management objectives and policies

(b) Liquidity risk

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

The Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance 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 summaries the maturity profile of the Company's financial assets and liabilities at the end of reporting period based on contractual undiscounted repayment obligations.

	One year or less	
	2016	2015
	\$	\$
Financial assets:		
Trade and other receivables	821,589	488,479
Cash and cash equivalents	8,947,202	9,365,128
Total undiscounted financial assets	9,768,791	9,853,607
Financial liabilities:		
Trade and other payables (excluding GST payable), representing total undiscounted financial liabilities	2,272,631	2,568,339
Total net undiscounted financial assets	7,496,160	7,285,268

Arts House Ltd

**Notes to the financial statements
For the financial year ended 31 March 2016**

20. General Funds

	2016 \$	2015 \$
Unrestricted Funds (Reserves):		
- General Fund	7,245,313	6,949,461
Total funds	7,245,313	6,949,461
Ratio of reserves to annual operating expenditure	0.3565: 1	0.4420: 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.

21. Comparative figures

The Company had made certain reclassification to comparatives in the statement of comprehensive income to conform to the current year presentation. The reclassification provides more relevant information about the financial position and financial performance of the Company although there is no impact on the net surplus for the financial year.

	2015		
	As previously reported \$	Reclassification \$	As restated \$
Balance sheet:			
Trade and other payables	2,711,124	(97,061)	2,614,063
Unearned revenue	207,106	97,061	304,167
Statement of comprehensive income:			
Rental income	2,602,279	9,547	2,611,826
Other income	399,056	(34,898)	364,158
Art programming expenses	(6,127,218)	(114,080)	(6,241,298)
Venue hire cost	(43,656)	3,873	(39,783)
Marketing and publicity expenses	(1,121,496)	112,905	(1,008,591)
Staff and related expenses	(4,160,166)	(22,034)	(4,182,200)
Write-back of accruals and payables	-	25,351	25,351
Other operating expenses	(1,131,257)	19,337	(1,111,920)

22. Authorisation of financial statements

The financial statements of the Company for the financial year ended 31 March 2016 were authorised for issue in accordance with a resolution of the directors on 29 August 2016.