

Company Registration No. 200210647W
Charity No. 01658

Arts House Ltd.

Annual Financial Statements
31 March 2022



Arts House Ltd.

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Arts House Ltd.

Directors' statement

The directors 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 2022.

Opinion of the directors

In the opinion of the directors,

- (i) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and the financial performance, changes in accumulated fund and cash flows of the Company 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.

Directors

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

Tan Wee Yan Wilson	
Lynette Pang Hsu Lyin	
Madeleine Lee Suh Shin	
Kwok Siew Loong Kenneth	
Ong Han Peng	
Phua Hwee Choo	
Lim Ying Jie Eugene	(Appointed on 1 June 2021)
Sarker Arijit Ranjan	(Appointed on 1 June 2021)
Tan Gim Hai Adrian	(Appointed on 1 June 2021)
Yasmin Hannah Ramle	(Appointed on 1 June 2021)
Zulkifli bin Mohamed Amin	(Appointed on 1 October 2021)
Collin Tseng Chern Yang @ Collin Liu Chern Yang	(Appointed on 1 July 2022)

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 Companies Act 1967.

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 re-appointment as auditor.

On behalf of the Board of Directors:

Tan Wee Yan Wilson

Tan Wee Yan Wilson
Director

Ong Han Peng

Ong Han Peng
Director

Singapore
16 November 2022

Arts House Ltd.

**Independent auditor's report
For the financial year ended 31 March 2022**

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Arts House Ltd. (the "Company"), which comprise the balance sheet as at 31 March 2022, the statement of comprehensive income, statement of changes in accumulated funds and cash flow statement of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act"), the Singapore Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2022 and of the financial performance, changes in accumulated funds and cash flows of the Company for the financial year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for other information. The other information comprises the directors' statement set out on pages 1 and 2 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Arts House Ltd.

**Independent auditor's report
For the financial year ended 31 March 2022**

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

Responsibilities of management and directors 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 Act, the Charities Act and Regulations and FRSs, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Arts House Ltd.

**Independent auditor's report
For the financial year ended 31 March 2022**

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

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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, and the Charities Act and Regulations.

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 donation moneys was not in accordance with the objectives of the Company as required under regulation 11 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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
16 November 2022

Arts House Ltd.**Balance sheet
As at 31 March 2022**

	Note	FY21/22 \$	FY20/21 \$
Non-current assets			
Fixed assets	4	969,278	123,406
Right-of-use assets	10	43,893	62,704
		1,013,171	186,110
Current assets			
Trade and other receivables	5	1,166,456	1,866,116
Unbilled receivables		199,772	143,077
Prepaid operating expenses		133,836	153,552
Cash and bank balances	6	16,820,973	18,183,093
		18,321,037	20,345,838
Total assets		19,334,208	20,531,948
Current liabilities			
Trade and other payables	7	5,360,081	5,079,883
Contract liabilities	8	691,924	788,666
Deferred capital grant	9	136,670	35,853
Lease liabilities	10	19,049	18,672
Deferred donations		101,324	–
Grants received in advance	11	2,230,247	4,192,274
		8,539,295	10,115,348
Net current assets		9,781,742	10,230,490
Non-current liabilities			
Deferred capital grant	9	472,283	114,009
Lease liabilities	10	25,998	45,047
Deferred donations		58,345	–
		556,626	159,056
Total liabilities		9,095,921	10,274,404
Net assets		10,238,287	10,257,544
Equity			
General funds	20	10,238,287	10,257,544
Accumulated surplus		10,238,287	10,257,544

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 2022**

	Note	FY21/22 \$	FY20/21 \$
Income			
Venue hire	12	4,721,869	1,686,373
Programming events income	12	382,404	134,466
Carpark	12	93,312	71,896
Service charge	12	776,551	625,251
Landlord spaces service charge	12	1,100,353	1,065,920
Rental income	12	851,024	776,742
Cultural matching fund		495,403	49,730
Sponsorships, contributions and donations			
- tax deductible receipts		75,431	37,300
- non-tax deductible receipts		1,156,956	35,844
Other income	13	3,397,739	1,088,810
Total income		13,051,042	5,572,332
Expenditure			
Art programming expenses		(6,242,410)	(1,809,303)
Marketing and publicity expenses		(2,814,467)	(954,915)
Building rental expenses		(4,303,142)	(4,300,088)
Property maintenance and utilities expenses		(7,026,645)	(5,462,334)
Depreciation of fixed assets and right-of-use assets		(217,911)	(181,998)
Venue hire and tenancy expenses		(1,001,507)	(238,721)
Staff and related expenses	14	(12,186,242)	(10,373,809)
Other operating expenses	15	(1,420,804)	(1,471,572)
Total expenditure		(35,213,128)	(24,792,740)
Deficit before grants		(22,162,086)	(19,220,408)
Grants	16	22,073,520	19,797,522
Amortisation of deferred capital grant	9	69,309	9,800
(Deficit)/surplus after grants		(19,257)	586,914
Income tax	17	-	-
Net (deficit)/surplus for the financial year, representing total comprehensive income for the financial year		(19,257)	586,914

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

Arts House Ltd.**Statement of changes in accumulated funds
For the financial year ended 31 March 2022**

	General funds \$
At 1 April 2020	9,670,630
Net surplus for the financial year, representing total comprehensive income for the financial year	<u>586,914</u>
At 31 March 2021	<u><u>10,257,544</u></u>
At 1 April 2021	10,257,544
Net deficit for the financial year, representing total comprehensive income for the financial year	<u>(19,257)</u>
At 31 March 2022	<u><u>10,238,287</u></u>

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 2022**

	Note	FY21/22 \$	FY20/21 \$
Operating activities			
Deficit before grants		(22,162,086)	(19,220,408)
Adjustments:			
Building rental expenses (Note (i))		4,303,142	4,300,088
Depreciation of fixed assets and right-of-use assets		217,911	181,998
Allowance for expected credit loss on trade receivables	5	1,904	–
Write back of allowance for expected credit loss on trade receivables	5	–	(22,595)
Interest income	13	(39,980)	(119,618)
Interest expense	10	1,104	1,482
Operating cash flows before changes in working capital		(17,678,005)	(14,879,053)
Decrease/(increase) in trade and other receivables		706,249	(548,242)
Increase in unbilled receivables		(56,695)	(69,604)
Decrease/(increase) in prepaid operating expenses		19,716	(42,134)
Increase/(decrease) in trade and other payables		280,198	(618,159)
Decrease in contract liabilities		(96,742)	(74,611)
Cash flows used in operations, representing net cash flows used in operating activities		(16,825,279)	(16,231,803)
Investing activities			
Purchase of fixed assets and right-of-use assets	4	(1,044,972)	(27,520)
Decrease/(increase) in investment in long-term deposits		3,179,994	(1,200,142)
Interest income received		31,487	112,617
Net cash flows from/(used in) investing activities		2,166,509	(1,115,045)
Financing activities			
Government grants received		16,496,420	18,411,340
Interest paid on lease liabilities	10	(1,104)	(1,482)
Payment of principal portion of lease liabilities	10	(18,672)	(18,398)
Net cash flows from financing activities		16,476,644	18,391,460
Net increase in cash and cash equivalents		1,817,874	1,044,612
Cash and cash equivalents at 1 April		9,972,836	8,928,224
Cash and cash equivalents at 31 March	6	11,790,710	9,972,836

Note (i): Building rental expenses for buildings under management by the Company are fully funded by National Arts Council via market rental subvention grants. These expenses are non-cash in nature.

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

Arts House Ltd.

Notes to the financial statements For the financial year ended 31 March 2022

1. Corporate information

Arts House Ltd. (the "Company") is incorporated and domiciled in Singapore, limited by guarantee and does not have share capital.

The Company has been registered as a Charity, Registration No. 01658 under the Singapore Charities Act 1994 of Singapore with effect from 24 February 2003. The registered office and principal place of business of the Company is located at 28 Aliwal Street #03-07 Singapore 199918.

The principal activities of the Company are:

- To manage national arts venues, which serve as venues for hire, as well as workspaces for artistic creation and arts housing;
- To produce and present year-round arts programming, including national pinnacle events Singapore International Festival of Arts and Singapore Writers Festival;
- To act as cultural place-maker for the historic Civic District; and
- To deliver national platforms such as the showcase of Cultural Medallion recipients.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

2.2 Adoption of new and amended standards

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

Arts House Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022****2. Summary of significant accounting policies (cont'd)****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
Amendments to FRS 103: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to FRS 16: <i>Property, Plant and Equipment – Proceeds before intended use</i>	1 January 2022
Amendments to FRS 37: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual improvements to FRSs 2018-2021	1 January 2022
Amendments to FRS 1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to FRS 1 and FRS Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to FRS 8: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to FRS 12: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to FRS 110 and FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

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

2.4 Foreign 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 of the Company 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.

Arts House Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022**

2. Summary of significant accounting policies (cont'd)**2.5 Fixed assets**

All items of fixed assets are initially recorded at cost. Subsequent to recognition, fixed assets are 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 fixed assets 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 fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.6 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

(i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets is 5 years.

The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.7.

Arts House Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022**

2. Summary of significant accounting policies (cont'd)**2.6 Leases (cont'd)****(a) As lessee (cont'd)****(ii) Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivables, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the leases commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(b) As lessor

The Company leases buildings under operating leases to non-related parties.

Leases where the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in statement of comprehensive income on a straight-line basis over the lease term.

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 basis 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.

Arts House Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022**

2. Summary of significant accounting policies (cont'd)**2.7 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 are recognised in profit or loss.

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.

2.8 Financial instruments**(a) Financial assets****Initial recognition and measurement**

Financial assets are recognised when, and only when, the entity becomes a party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Arts House Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022**

2. Summary of significant accounting policies (cont'd)**2.8 Financial instruments (cont'd)****(a) Financial assets (cont'd)**Subsequent measurement

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

De-recognition

A financial asset is derecognised 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 liabilitiesInitial 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.

De-recognition

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 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.

Arts House Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022**

2. Summary of significant accounting policies (cont'd)**2.9 Impairment of financial assets**

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit and loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flow will include cash flows from the sale of collateral held or other credit enhancement that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of the timing of a default (a "lifetime ECL").

For trade receivables and unbilled receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on a lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.10 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.

2.11 Provisions

Provisions are recognised when the Company 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.

Arts House Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022**

2. Summary of significant accounting policies (cont'd)**2.12 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 grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants meant for specific recurrent and programme expenditure are recognised in profit or loss on an accrual basis to match the related expenses when incurred. Operating grants are recognised in profit or loss when received or when recognition criteria are fulfilled.

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 fixed assets, which are capitalised, or to income or expenditure for purchase of fixed assets 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 fixed assets purchased with the related grants. Upon the amortisation or disposal of fixed assets, the balance of the related deferred capital grants is recognised as income to match the carrying amount of the fixed assets disposed of.

2.13 Employee benefits**(a) Defined contribution plans**

The Company makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Short-term employee benefits

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

(c) 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.

Arts House Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022**

2. Summary of significant accounting policies (cont'd)**2.14 Revenue**

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Rental income and service charge

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

(b) Landlord spaces service charge

Landlord spaces service charge is recognised on a straight-line basis over the period where spaces are occupied by the landlords.

(c) Venue hire

Venue hire is recognised over time, over the period of hire.

(d) Programming events income

Programming events income are recognised at a point in time, after the show/event has been completed.

(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) Interest income

Interest income is recognised using the effective interest method.

(g) Carpark income

Carpark income is recognised at a point in time, when the carpark facilities is utilised.

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.

Arts House Ltd.

**Notes to the financial statements
For the financial year ended 31 March 2022**

2. Summary of significant accounting policies (cont'd)

2.16 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 judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. Management is of the opinion that there is no significant judgement made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Arts House Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022****4. Fixed assets**

	Furniture and fittings \$	Office equipment \$	Electrical fittings, sound and light equipment \$	Computers \$	Total \$
Cost					
At 1 April 2020	465,092	49,110	494,656	386,294	1,395,152
Additions	5,070	–	–	22,450	27,520
Write off	(10,662)	(3,340)	(1,580)	–	(15,582)
At 31 March 2021 and at 1 April 2021	459,500	45,770	493,076	408,744	1,407,090
Additions	89,090	–	738,599	217,283	1,044,972
At 31 March 2022	548,590	45,770	1,231,675	626,027	2,452,062
Accumulated depreciation					
At 1 April 2020	328,039	46,277	437,212	324,651	1,136,179
Charge for the financial year	76,581	1,416	32,566	52,524	163,087
Write off	(10,662)	(3,340)	(1,580)	–	(15,582)
At 31 March 2021 and at 1 April 2021	393,958	44,353	468,198	377,175	1,283,684
Charge for the financial year	44,143	1,417	78,862	74,678	199,100
At 31 March 2022	438,101	45,770	547,060	451,853	1,482,784
Net carrying amount					
At 31 March 2021	65,542	1,417	24,878	31,569	123,406
At 31 March 2022	110,489	–	684,615	174,174	969,278

Arts House Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022****5. Trade and other receivables**

	FY21/22	FY20/21
	\$	\$
Trade receivables	259,737	316,722
Less: Allowance for expected credit losses	(1,904)	–
	<hr/>	<hr/>
	257,833	316,722
Deposits	152,104	139,434
Other receivables	756,519	1,409,960
	<hr/>	<hr/>
Total trade and other receivables	1,166,456	1,866,116
Add: Unbilled receivables	199,772	143,077
Add: Cash and bank balances (Note 6)	16,820,973	18,183,093
	<hr/>	<hr/>
Total financial assets carried at amortised cost	18,187,201	20,192,286

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.

Unbilled receivables arose from venue hire income earned but has yet to be billed to customers. These are unconditional right to consideration for service completed but not yet billed at reporting date. It is transferred to trade receivable when invoice is issued.

Allowance for expected credit losses

The movement in allowance for expected credit losses of trade receivables and other receivables and unbilled receivables computed based on lifetime ECL are as follows:

Movement in allowance accounts:

	FY21/22	FY20/21
	\$	\$
At 1 April	–	24,062
Charge for the financial year	1,904	–
Write back during the financial year	–	(22,595)
Write off	–	(1,467)
	<hr/>	<hr/>
At 31 March	1,904	–

Arts House Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022****6. Cash and bank balances**

	FY21/22	FY20/21
	\$	\$
Cash at banks and on hand	11,790,710	5,972,836
Short-term deposits	–	4,000,000
Total cash and cash equivalents	11,790,710	9,972,836
Long-term deposits	5,030,263	8,210,257
Total cash and bank balances	16,820,973	18,183,093

Short-term deposits are placed for varying periods of between 1 month and 3 months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate of short-term deposits in FY20/21 was 0.40% per annum.

Long-term deposits are placed for varying periods of between 6 months and 12 months (FY20/21: between 4 months and 12 months) depending on the immediate cash requirements of the Company, and earn interest at the respective long-term deposit rates. The weighted average effective interest rate of long-term deposits is 0.05% to 0.40% (FY20/21: 0.05% to 0.40%) per annum.

7. Trade and other payables

	FY21/22	FY20/21
	\$	\$
Trade payables	1,024,198	1,417,771
Accrued operating expenses	3,393,993	2,924,568
Other payables	13,983	11,248
GST payables	118,090	61,583
Rental deposits	572,790	507,952
Security deposits	237,027	156,761
Total trade and other payables	5,360,081	5,079,883
Less: GST payables	(118,090)	(61,583)
Add: Lease liabilities (Note 10)		
- Current	19,049	18,672
- Non-current	25,998	45,047
Total financial liabilities carried at amortised cost	5,287,038	5,082,019

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 30 days.

Arts House Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022****8. Contract liabilities**

Contract liabilities primarily relate to the Company's obligation to transfer services to customers for which the Company has received advances from customer for venue hire services that have yet to be provided.

Set out below is the amount or revenue recognised from:

	FY21/22	FY20/21
	\$	\$
Amounts included in contract liabilities at the beginning of the year	424,511	735,274

9. Deferred capital grant

	FY21/22	FY20/21
	\$	\$
Cost:		
At 1 April	820,859	690,597
Additions	528,400	130,262
At 31 March	1,349,259	820,859
Accumulated amortisation:		
At 1 April	670,997	661,197
Amortisation	69,309	9,800
At 31 March	740,306	670,997
Net carrying amount:		
Current	136,670	35,853
Non-current	472,283	114,009
	608,953	149,862

Arts House Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022****9. Deferred capital grant (cont'd)**

Deferred capital grant relates to grants 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, for the procurement of a sound console system at Drama Centre and for the Cultural Medallion showcase. The grants are deferred and amortised using straight line method over the useful lives of furniture and fittings, electrical fittings, light and sound equipment of 5 to 10 years.

10. Right-of-use assets and lease liabilities***Company as a lessee***

The Company has lease contracts for its photocopiers, which has a lease term of 5 years. The lease contract does not include an extension option, termination option and variable payments.

The Company also had lease of photocopiers with lease terms of less than 12 months. The Company applies the "short-term lease" recognition exemption for these leases.

(a) *Right-of-use assets*

The carrying amounts of right-of-use assets and the movements during the year are as follows:

	Office equipment	
	FY21/22	FY20/21
	\$	\$
At 1 April	62,704	76,344
Additions	–	5,271
Charge for the financial year	(18,811)	(18,911)
At 31 March	43,893	62,704

(b) *Lease liabilities*

The carrying amounts of lease liabilities and the movements during the year are disclosed as follows:

	FY21/22	FY20/21
	\$	\$
At 1 April	63,719	76,846
Additions	–	5,271
Accretion of interest	1,104	1,482
Payments	(19,776)	(19,880)
At 31 March	45,047	63,719
Current	19,049	18,672
Non-current	25,998	45,047

Arts House Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022****10. Right-of-use assets and lease liabilities (cont'd)**(c) *Amounts recognised in statement of comprehensive income*

	FY21/22	FY20/21
	\$	\$
Depreciation of right-of-use assets	18,811	18,911
Interest expense on lease liabilities	1,104	1,482
Lease expense not included in lease liabilities:		
- Expenses relating to short-term leases (included in other operating expenditure)	-	234
Total amount recognised in statement of comprehensive income	<u>19,915</u>	<u>20,627</u>

The Company had total cash outflow for leases of \$19,776 (FY20/21: \$20,114) during the year. The Company did not have any non-cash additions (FY20/21: \$5,271) to right-of-use assets and lease liabilities during the year.

Company as a lessor

The Company have entered into commercial leases to sublet its leased buildings. These non-cancellable leases have remaining non-cancellable lease terms of between 1 month and 3 years.

Minimum lease receipts recognised as an income in profit or loss for the financial year ended 31 March 2022 amounted to \$2,727,928 (FY20/21: \$2,467,913).

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

	FY21/22	FY20/21
	\$	\$
Within one year	2,464,765	1,922,654
More than one year	2,054,242	2,136,000
	<u>4,519,007</u>	<u>4,058,654</u>

Arts House Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022****11. Grants received in advance**

Grants received in advance relate to grants received from Ministry of Culture, Community and Youth (“MCCY”) under the “Cultural Matching Fund” (“CMF”), programming grant, IT digitalisation grant from the National Arts Council. As the expenditure has not been fully incurred as of the end of the reporting period, the grants are not utilised and therefore are recognised as grants received in advance.

Grants received in advance also includes the Jobs Support Scheme (“JSS”) grants which provide wage support to employers to help the Company to retain their local employees during the period of economic uncertainty. Under this scheme, the Company will receive 25% to 75% cash grant on the gross monthly wages of each local employee for 10 months computed based on October 2019 to August 2020 (exclude January 2020) monthly wages, 10% to 50% of the same in the subsequent 7-month period from September 2020 to March 2021 and 10% to 30% of the same between April to September 2021, subject to a monthly wage cap of \$4,600 per employee.

The JSS grants are recognised in the statement of comprehensive income over the periods in which the Company recognises as expenses the salary costs during the period of economic uncertainty for which the grant is intended to compensate. As at 31 March 2022, \$670,453 of grants received in advance relates to JSS (FY20/21: \$3,012,706).

12. Income

	FY21/22	FY20/21
	\$	\$
Venue hire	4,721,869	1,686,373
Programming events income	382,404	134,466
Carpark	93,312	71,896
Service charge	776,551	625,251
Landlord spaces service charge	1,100,353	1,065,920
Rental income	851,024	776,742
	7,925,513	4,360,648
Timing of transfer of goods or services		
At a point in time	475,716	206,362
Over time	7,449,797	4,154,286
	7,925,513	4,360,648

Arts House Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022****13. Other income**

	FY21/22	FY20/21
	\$	\$
Waiver of CMF grant clawback	–	347,089
Employment Credit Scheme from Government	345,368	215,372
Jobs Support Scheme grant	2,900,000	100,000
Waiver of penalty fee	–	240,206
Interest income	39,980	119,618
License fee income	–	4,800
Write back of impairment loss on trade receivables	–	22,595
Others	112,391	39,130
	<u>3,397,739</u>	<u>1,088,810</u>

Included in other income for FY20/21 is a full waiver of clawback pertaining to Cultural Matching Fund (“CMF”) grants amounting to \$347,089 subsequent to the review and finalisation by CMF Trustee.

Included in other income for FY20/21 is a write-back of provision for penalty to IRAS of \$240,206 made by the Company in FY19/20. IRAS has completed their review of tax-deductible receipts and offered tax remissions with no penalty to the Company.

14. Staff and related expenses

	FY21/22	FY20/21
	\$	\$
Short-term employee benefits:		
- Staff	10,627,838	8,867,674
- Key management personnel	384,272	560,736
Central Provident Fund contributions:		
- Staff	1,144,958	908,712
- Key management personnel	29,174	36,687
Total staff and related expenses	<u>12,186,242</u>	<u>10,373,809</u>

Arts House Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022****15. Other operating expenditure**

The following charges are included in other operating expenditure:

	Note	FY21/22 \$	FY20/21 \$
GST expense		803,309	622,888
Allowance for expected credit loss on trade receivables	5	1,904	–
Minor assets expensed off		18,891	37,889
Professional fees		174,462	246,388
Recruitment fees		26,393	111,094
		803,309	622,888

16. Grants

	FY21/22 \$	FY20/21 \$
Operating grants	16,116,491	14,495,150
Programming grants	1,371,999	714,064
IT digitalisation grants	198,200	248,016
Emplacement grants	83,688	40,204
Market rental subvention	4,303,142	4,300,088
	22,073,520	19,797,522

Grants received are mainly from National Arts Council and are on voluntary basis. Contributions received are to be utilised for the operating needs of the Company. The grants received were subjected to terms and conditions. Management is not aware of any non-fulfilment of terms and conditions that will affect the amounts as disclosed.

Market rental subvention represents government grants for market rental of buildings under management by the Company.

17. 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.

Arts House Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022****18. Related party transactions**

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

(a) Services rendered and grants received

	FY21/22	FY20/21
	\$	\$
With National Arts Council		
Income and Grants:		
Programming grants to The Arts House	–	362,739
Programming grants to Civic District	425,710	219,325
Programming grants to Golden Point Award	264,457	132,000
Programming grants to Cultural Medallion	355,133	–
Programming grants to Singapore Writers Festival	326,699	–
Market rental subvention	4,303,142	4,300,088
IT digitalisation grants	198,200	248,016
Emplacement grants	83,688	40,204
Operating grants	16,116,491	14,495,150
Service charge	835,916	803,761
Venue hire	121,235	45,606
Other income	6,020	3,416
	<hr/>	<hr/>
Expenses:		
Rental of building	4,303,142	4,300,088
	<hr/>	<hr/>

(b) Compensation of key management personnel

	FY21/22	FY20/21
	\$	\$
Amounts paid to key management personnel of the Company:		
- Short-term employee benefits	384,272	560,736
- Central Provident Fund contributions	29,174	36,687
	<hr/>	<hr/>
	413,446	597,423
	<hr/>	<hr/>

(c) Other transactions with key management personnel

	FY21/22	FY20/21
	\$	\$
Donations received from directors	–	4,500
	<hr/>	<hr/>
	–	4,500
	<hr/>	<hr/>

Arts House Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022**

19. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The Company does not use derivatives and other instruments in its risk management activities. The Company does not hold or issue derivative financial instruments for trading purposes.

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.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(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 its trade receivables and unbilled receivables. For other financial assets (including cash at banks), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Company has determined the default event on a financial asset to be when the external or internal information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Company considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating; and
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payout. The Company determined that its financial assets are credit-impaired when there is significant difficulty of the debtor. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

Arts House Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022****19. Financial risk management objectives and policies (cont'd)****(a) Credit risk (cont'd)**

The Company provides for lifetime ECLs for all trade receivables and unbilled receivables using a provision matrix. The provision rates are determined based on the Company's historical observed default rates analysed in accordance to 90 days' past due. The ECLs also incorporate forward looking information such as forecast of economic conditions which show the probability of defaults in the relevant industry of debtors.

Summarised below is the information about the credit risk exposure on the Company's trade receivables and unbilled receivables using provision matrix:

	Unbilled receivables \$	Current \$	Up to 30 days past due \$	More than 30 days past due \$	More than 60 days past due \$	More than 90 days past due \$	Total \$
FY21/22							
Gross carrying amount	199,772	155,960	69,889	6,669	4,631	22,588	459,509
Loss allowance provision	-	-	-	-	-	(1,904)	(1,904)
Net carrying amount	199,772	155,960	69,889	6,669	4,631	20,684	457,605
FY20/21							
Gross carrying amount	143,077	238,491	42,726	3,709	339	31,457	459,799
Loss allowance provision	-	-	-	-	-	-	-
Net carrying amount	143,077	238,491	42,726	3,709	339	31,457	459,799

Exposure to credit risk

As at the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the balance sheet.

Credit risk concentration profile

The Company has no significant concentration of credit risk.

Arts House Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022****19. Financial risk management objectives and policies (cont'd)****(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 with staggered maturities.

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.

	1 year or less	More than one year	Total
	\$	\$	\$
FY21/22			
Financial assets:			
Trade and other receivables	1,166,456	–	1,166,456
Unbilled receivables	199,772	–	199,772
Cash and bank balances	16,820,973	–	16,820,973
Total undiscounted financial assets	18,187,201	–	18,187,201
Financial liabilities:			
Trade and other payables (excluding GST payable)	5,232,319	–	5,232,319
Lease liabilities	19,776	26,368	46,144
Total undiscounted financial liabilities	5,251,368	25,998	5,277,366
Total net undiscounted financial assets	12,926,161	(25,998)	12,900,163

Arts House Ltd.**Notes to the financial statements
For the financial year ended 31 March 2022****19. Financial risk management objectives and policies (cont'd)****(b) Liquidity risk (cont'd)**

	1 year or less \$	More than one year \$	Total \$
FY20/21			
Financial assets:			
Trade and other receivables	1,866,116	–	1,866,116
Unbilled receivables	143,077	–	143,077
Cash and bank balances	18,183,093	–	18,183,093
Total undiscounted financial assets	20,192,286	–	20,192,286
Financial liabilities:			
Trade and other payables (excluding GST payable)	5,241,991	–	5,241,991
Lease liabilities	19,776	46,144	65,920
Total undiscounted financial liabilities	5,261,767	46,144	5,307,911
Total net undiscounted financial assets	14,930,519	(46,144)	14,884,375

20. General funds

	FY21/22 \$	FY20/21 \$
Unrestricted funds (Reserves):		
- General fund	10,238,287	10,257,544
Total funds	10,238,287	10,257,544
Ratio of reserves to annual operating expenditure	1 : 3.44	1 : 2.47

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. Authorisation of financial statements

The financial statements of the Company for the financial year ended 31 March 2022 were authorised for issue in accordance with a resolution of the directors on 16 November 2022.