

Company Registration No. 200210647W  
Charity No. 01658

Arts House Ltd.

Annual Financial Statements  
31 March 2023



**Arts House Ltd.**

---

**Index**

	<b>Page</b>
Directors' statement	1
Independent auditor's report	3
Balance sheet	6
Statement of comprehensive income	7
Statement of changes in accumulated funds	8
Cash flow statement	9
Notes to the financial statements	10

## **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 2023.

#### **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 2023 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  
Sarker Arijit Ranjan  
Yasmin Hannah Ramle  
Zulkifli bin Mohamed Amin  
Collin Tseng Chern Yang @ Collin Liu Chern Yang

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 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  
21 August 2023

**Arts House Ltd.**

**Independent auditor's report  
For the financial year ended 31 March 2023**

**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 2023, and 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 2023 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 annual report, 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 2023**

**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 2023**

**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  
Public Accountants and  
Chartered Accountants  
Singapore  
21 August 2023

**Arts House Ltd.****Balance sheet  
As at 31 March 2023**

	Note	FY22/23 \$	FY21/22 \$
<b>Non-current assets</b>			
Fixed assets	4	706,117	969,278
Right-of-use assets	10	29,032	43,893
		735,149	1,013,171
<b>Current assets</b>			
Trade and other receivables	5	888,500	1,174,949
Unbilled receivables		215,185	191,279
Prepaid operating expenses		143,870	133,836
Cash and bank balances	6	17,388,562	16,820,973
		18,636,117	18,321,037
<b>Total assets</b>		19,371,266	19,334,208
<b>Current liabilities</b>			
Trade and other payables	7	5,937,189	5,360,081
Contract liabilities	8	811,250	691,924
Deferred capital grant	9	142,848	136,670
Lease liabilities	10	22,399	19,049
Deferred donations		33,333	101,324
Grants received in advance	11	1,819,878	2,230,247
		8,766,897	8,539,295
<b>Net current assets</b>		9,869,220	9,781,742
<b>Non-current liabilities</b>			
Deferred capital grant	9	382,202	472,283
Lease liabilities	10	7,566	25,998
Deferred donations		25,012	58,345
		414,780	556,626
<b>Total liabilities</b>		9,181,677	9,095,921
<b>Net assets</b>		10,189,589	10,238,287
<b>Equity</b>			
General funds	20	10,189,589	10,238,287
<b>Accumulated surplus</b>		10,189,589	10,238,287

*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 2023**

	Note	FY22/23 \$	FY21/22 \$
<b>Income</b>			
Venue hire	12	5,925,702	4,721,869
Programming events income	12	382,016	382,404
Carpark	12	121,292	93,312
Service charge	12	861,282	776,551
Landlord spaces service charge	12	1,102,280	1,100,353
Rental income	12	1,523,089	851,024
Cultural matching fund		103,852	495,403
Sponsorships, contributions and donations			
- tax deductible receipts		229,024	75,431
- non-tax deductible receipts		1,507,937	1,156,956
Other income	13	1,557,918	3,397,739
Total income		13,314,392	13,051,042
<b>Expenditure</b>			
Art programming expenses		(6,217,285)	(6,242,410)
Marketing and publicity expenses		(2,838,594)	(2,814,467)
Building rental expenses		(4,646,922)	(4,303,142)
Property maintenance and utilities expenses		(7,331,606)	(7,026,645)
Depreciation of fixed assets and right-of-use assets		(296,008)	(217,911)
Venue hire and tenancy expenses		(1,270,096)	(1,001,507)
Staff and related expenses	14	(12,266,088)	(12,186,242)
Other operating expenses	15	(1,793,706)	(1,420,804)
Total expenditure		(36,660,305)	(35,213,128)
<b>Deficit before grants</b>		(23,345,913)	(22,162,086)
Grants	16	23,141,275	22,073,520
Amortisation of deferred capital grant	9	155,940	69,309
<b>Deficit after grants</b>		(48,698)	(19,257)
Income tax	17	-	-
<b>Net deficit for the financial year, representing total comprehensive income for the financial year</b>		(48,698)	(19,257)

*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 2023**

	<b>General funds \$</b>
<b>At 1 April 2021</b>	10,257,544
Net deficit for the financial year, representing total comprehensive income for the financial year	(19,257)
<b>At 31 March 2022</b>	<u>10,238,287</u>
<b>At 1 April 2022</b>	10,238,287
Net deficit for the financial year, representing total comprehensive income for the financial year	(48,698)
<b>At 31 March 2023</b>	<u><u>10,189,589</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 2023**

	<b>Note</b>	<b>FY22/23</b> \$	<b>FY21/22</b> \$
<b>Operating activities</b>			
Deficit before grants		(23,345,913)	(22,162,086)
Adjustments:			
Building rental expenses (Note (i))		4,646,240	4,303,142
Depreciation of fixed assets and right-of-use assets (Write back)/allowance for expected credit loss on trade receivables	5,13	(1,322)	1,904
Loss on disposal of fixed assets	15	30	–
Fixed assets written off	15	10,825	–
Interest income	13	(149,787)	(39,980)
Interest expense	10	766	1,104
Operating cash flows before changes in working capital		(18,543,153)	(17,678,005)
Decrease in trade and other receivables		323,478	697,756
Increase in unbilled receivables		(15,413)	(48,202)
(Increase)/decrease in prepaid operating expenses		(10,034)	19,716
Increase in trade and other payables		577,108	280,198
Increase/(decrease) in contract liabilities		119,326	(96,742)
<b>Cash flows used in operations, representing net cash flows used in operating activities</b>		(17,548,688)	(16,825,279)
<b>Investing activities</b>			
Purchase of fixed assets	4	(23,656)	(1,044,972)
Decrease in investment in long-term deposits		4,979,991	3,179,994
Interest income received		105,587	31,487
<b>Net cash flows from investing activities</b>		5,061,922	2,166,509
<b>Financing activities</b>			
Government grants received		18,055,379	16,496,420
Interest paid on lease liabilities	10	(766)	(1,104)
Payment of principal portion of lease liabilities	10	(20,267)	(18,672)
<b>Net cash flows from financing activities</b>		18,034,346	16,476,644
<b>Net increase in cash and cash equivalents</b>		5,547,580	1,817,874
Cash and cash equivalents at beginning of financial year		11,790,710	9,972,836
<b>Cash and cash equivalents at end of financial year</b>	6	<b>17,338,290</b>	<b>11,790,710</b>

*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 2023**

---

#### **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 (“\$”).

##### **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 2022. 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 2023**

---

**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:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to FRS 1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to FRS 1: <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to FRS 116: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
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 2023**

---

**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 5 years.

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

**Arts House Ltd.****Notes to the financial statements  
For the financial year ended 31 March 2023**

---

**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 to the financial statements. 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 2023**

---

**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 2023**

---

**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 measurement category for classification of debt instruments is at:

*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 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.

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 2023**

---

**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 2023**

---

**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 receipt of 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 2023**

---

**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 or event has been completed.

**(e) Cultural matching fund**

Cultural matching fund is recognised to match the specified expenditure when incurred.

**(f) 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.

**(g) Interest income**

Interest income is recognised using the effective interest method.

**(h) 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 1994. According to Section 13(1)(zm) of the Singapore Income Tax Act 1947, the income of the Company is exempted from tax.

**Arts House Ltd.**

**Notes to the financial statements  
For the financial year ended 31 March 2023**

---

**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 2023****4. Fixed assets**

	<b>Furniture and fittings \$</b>	<b>Office equipment \$</b>	<b>Electrical fittings, sound and light equipment \$</b>	<b>Computers \$</b>	<b>Total \$</b>
<b>Cost</b>					
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 and at 1 April 2022	548,590	45,770	1,231,675	626,027	2,452,062
Additions	–	–	19,656	4,000	23,656
Disposals & write off	(45,643)	(810)	(141,578)	(239,381)	(427,412)
At 31 March 2023	502,947	44,960	1,109,753	390,646	2,048,306
<b>Accumulated depreciation</b>					
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 and at 1 April 2022	438,101	45,770	547,060	451,853	1,482,784
Charge for the financial year	40,150	–	156,593	79,219	275,962
Disposals & write off	(45,613)	(810)	(141,578)	(228,556)	(416,557)
At 31 March 2023	432,638	44,960	562,075	302,516	1,342,189
<b>Net carrying amount</b>					
At 31 March 2022	110,489	–	684,615	174,174	969,278
At 31 March 2023	70,309	–	547,678	88,130	706,117

**Arts House Ltd.****Notes to the financial statements  
For the financial year ended 31 March 2023****5. Trade and other receivables**

	<b>FY22/23</b>	<b>FY21/22</b>
	\$	\$
Trade receivables	454,331	259,737
Less: Allowance for expected credit losses	(582)	(1,904)
	<hr/>	<hr/>
Deposits	453,749	257,833
Other receivables	187,638	152,104
Interest receivables	194,420	756,519
	52,693	8,493
	<hr/>	<hr/>
Total trade and other receivables	888,500	1,174,949
Add: Unbilled receivables	215,185	191,279
Add: Cash and bank balances (Note 6)	17,388,562	16,820,973
	<hr/>	<hr/>
Total financial assets carried at amortised cost	18,492,247	18,187,201
	<hr/> <hr/>	<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.

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:

	<b>FY22/23</b>	<b>FY21/22</b>
	\$	\$
At 1 April	1,904	–
(Write back)/charge for the financial year	(1,322)	1,904
	<hr/>	<hr/>
At 31 March	582	1,904
	<hr/> <hr/>	<hr/> <hr/>

**Arts House Ltd.****Notes to the financial statements  
For the financial year ended 31 March 2023****6. Cash and bank balances**

	<b>FY22/23</b>	<b>FY21/22</b>
	\$	\$
Cash at banks and on hand	6,338,290	11,790,710
Short-term deposits	11,000,000	–
Total cash and cash equivalents	17,338,290	11,790,710
Long-term deposits	50,272	5,030,263
Total cash and bank balances	17,388,562	16,820,973

Short-term deposits are placed for 3 months (FY21/22: 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 is 3.45% to 3.60% (FY21/22: Nil) per annum.

Long-term deposits are placed for 12 months (FY21/22: varying periods of between 6 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 3.35% (FY21/22: 0.05% to 0.40%) per annum.

**7. Trade and other payables**

	<b>FY22/23</b>	<b>FY21/22</b>
	\$	\$
Trade payables	804,810	1,024,198
Accrued operating expenses	4,004,638	3,393,993
Other payables	55,307	13,983
GST payables	129,378	118,090
Rental deposits	727,196	572,790
Security deposits	215,860	237,027
Total trade and other payables	5,937,189	5,360,081
Less: GST payables	(129,378)	(118,090)
Add: Lease liabilities (Note 10)		
- Current	22,399	19,049
- Non-current	7,566	25,998
Total financial liabilities carried at amortised cost	5,837,776	5,287,038

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 2023****8. Contract liabilities**

	<b>FY22/23</b>	<b>FY21/22</b>	<b>1 April 2021</b>
	\$	\$	\$
Trade receivables (Note 5)	453,749	257,833	316,722
Contract liabilities	811,250	691,924	788,666

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:

	<b>FY22/23</b>	<b>FY21/22</b>
	\$	\$
Amounts included in contract liabilities at the beginning of the year	632,998	424,511

**9. Deferred capital grant**

	<b>FY22/23</b>	<b>FY21/22</b>
	\$	\$
<b>Cost:</b>		
At 1 April	1,349,259	820,859
Additions	72,037	528,400
At 31 March	1,421,296	1,349,259
<b>Accumulated amortisation:</b>		
At 1 April	740,306	670,997
Amortisation	155,940	69,309
At 31 March	896,246	740,306
<b>Net carrying amount:</b>		
Current	142,848	136,670
Non-current	382,202	472,283
	525,050	608,953

**Arts House Ltd.****Notes to the financial statements  
For the financial year ended 31 March 2023****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.

**(a) *Right-of-use assets***

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

	<b>Office equipment</b>	
	<b>FY22/23</b>	<b>FY21/22</b>
	\$	\$
At 1 April	43,893	62,704
Additions	5,185	–
Charge for the financial year	(20,046)	(18,811)
At 31 March	29,032	43,893

**(b) *Lease liabilities***

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

	<b>FY22/23</b>	<b>FY21/22</b>
	\$	\$
At 1 April	45,047	63,719
Additions	5,185	–
Accretion of interest	766	1,104
Payments	(21,033)	(19,776)
At 31 March	29,965	45,047
Current	22,399	19,049
Non-current	7,566	25,998

**Arts House Ltd.****Notes to the financial statements  
For the financial year ended 31 March 2023****10. Right-of-use assets and lease liabilities (cont'd)**(c) *Amounts recognised in statement of comprehensive income*

	<b>FY22/23</b>	<b>FY21/22</b>
	\$	\$
Depreciation of right-of-use assets	20,046	18,811
Interest expense on lease liabilities	766	1,104
Total amount recognised in statement of comprehensive income	<u>20,812</u>	<u>19,915</u>

The Company had total cash outflow for leases of \$21,033 (FY21/22: \$19,776) during the year. The Company did not have any non-cash additions (FY21/22: \$nil) 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 2023 amounted to \$3,486,651 (FY21/22: \$2,727,928).

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

	<b>FY22/23</b>	<b>FY21/22</b>
	\$	\$
Within one year	2,370,531	2,464,765
More than one year	2,251,693	2,054,242
	<u>4,622,224</u>	<u>4,519,007</u>

**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 grants and 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.

In FY21/22, grants received in advance also included the Jobs Support Scheme ("JSS") grants which provided 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.

**Arts House Ltd.****Notes to the financial statements  
For the financial year ended 31 March 2023****11. Grants received in advance (cont'd)**

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. The JSS grant received was fully utilised by 31 March 2023.

**12. Income**

	<b>FY22/23</b>	<b>FY21/22</b>
	\$	\$
Venue hire	5,925,702	4,721,869
Programming events income	382,016	382,404
Carpark	121,292	93,312
Service charge	861,282	776,551
Landlord spaces service charge	1,102,280	1,100,353
Rental income	1,523,089	851,024
	<u>9,915,661</u>	<u>7,925,513</u>
<b>Timing of transfer of goods or services</b>		
At a point in time	503,308	475,716
Over time	9,412,353	7,449,797
	<u>9,915,661</u>	<u>7,925,513</u>

**13. Other income**

	<b>Note</b>	<b>FY22/23</b>	<b>FY21/22</b>
		\$	\$
Employment Credit Scheme from Government		679,112	345,368
Jobs Support Scheme grant		670,453	2,900,000
Interest income		149,787	39,980
Write back of impairment loss on trade receivables	5	1,322	–
Others		57,244	112,391
		<u>1,557,918</u>	<u>3,397,739</u>

**Arts House Ltd.****Notes to the financial statements  
For the financial year ended 31 March 2023****14. Staff and related expenses**

	<b>FY22/23</b>	<b>FY21/22</b>
	\$	\$
Short-term employee benefits:		
- Staff	10,831,149	10,627,838
- Key management personnel	207,278	384,272
Central Provident Fund contributions:		
- Staff	1,213,380	1,144,958
- Key management personnel	14,281	29,174
Total staff and related expenses	<u>12,266,088</u>	<u>12,186,242</u>

**15. Other operating expenses**

The following charges are included in other operating expenses:

	<b>Note</b>	<b>FY22/23</b>	<b>FY21/22</b>
		\$	\$
GST expense		821,019	803,309
Allowance for expected credit loss on trade receivables	5	–	1,904
Loss on disposal of fixed assets		30	–
Fixed assets written off		10,825	–
Minor assets expensed off		–	18,891
Professional fees		401,490	174,462
Recruitment fees		26,158	26,393
		<u>                    </u>	<u>                    </u>

**16. Grants**

	<b>FY22/23</b>	<b>FY21/22</b>
	\$	\$
Operating grants	8,986,901	8,970,000
Programming grants	9,351,006	8,518,490
IT digitalisation grants	110,178	198,200
Emplacement grants	28,230	83,688
NCSS grants	18,720	–
Market rental subvention	4,646,240	4,303,142
	<u>23,141,275</u>	<u>22,073,520</u>

Grants received are mainly from National Arts Council and National Council of Social Service (“NCSS”) 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.

**Arts House Ltd.****Notes to the financial statements  
For the financial year ended 31 March 2023****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 1947.

**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**

	<b>FY22/23</b>	<b>FY21/22</b>
	\$	\$
<b>With National Arts Council</b>		
<u>Income and Grants:</u>		
Programming grants to Stamford Arts Centre	96,531	–
Programming grants to Civic District	378,167	425,710
Programming grants to Golden Point Award	–	264,457
Programming grants to Cultural Medallion	324,284	355,133
Programming grants to Singapore Writers Festival	2,006,073	2,326,699
Programming grants to Singapore International Festival of Arts	6,545,951	5,146,491
Market rental subvention	4,646,240	4,303,142
IT digitalisation grants	110,178	198,200
Emplacement grants	28,230	83,688
Operating grants	8,986,901	8,970,000
Service charge	896,526	835,916
Venue hire	57,599	121,235
Other income	6,672	6,020
	<hr/>	<hr/>
<u>Expenses:</u>		
Rental of building	4,646,240	4,303,142
	<hr/> <hr/>	<hr/> <hr/>

**(b) Compensation of key management personnel**

	<b>FY22/23</b>	<b>FY21/22</b>
	\$	\$
Amounts paid to key management personnel of the Company:		
- Short-term employee benefits	207,278	384,272
- Central Provident Fund contributions	14,281	29,174
	<hr/>	<hr/>
	221,559	413,446
	<hr/> <hr/>	<hr/> <hr/>

**Arts House Ltd.****Notes to the financial statements  
For the financial year ended 31 March 2023****18. Related party transactions (cont'd)****(c) Other transactions with key management personnel**

	<b>FY22/23</b>	<b>FY21/22</b>
	\$	\$
Donations received from directors	18,000	–
	18,000	–

**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.

**Arts House Ltd.****Notes to the financial statements  
For the financial year ended 31 March 2023****19. Financial risk management objectives and policies (cont'd)****(a) Credit risk (cont'd)**

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.

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:

	<b>Unbilled receivables</b>	<b>Current</b>	<b>Up to 30 days past due</b>	<b>More than 30 days past due</b>	<b>More than 60 days past due</b>	<b>More than 90 days past due</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$	\$
<b>FY22/23</b>							
Gross carrying amount	215,185	123,759	146,467	104,363	15,912	63,830	669,516
Allowance for expected credit losses	-	-	-	-	-	(582)	(582)
<b>Net carrying amount</b>	<b>215,185</b>	<b>123,759</b>	<b>146,467</b>	<b>104,363</b>	<b>15,912</b>	<b>63,248</b>	<b>668,934</b>
<b>FY21/22</b>							
Gross carrying amount	191,279	155,960	69,889	6,669	4,631	22,588	451,016
Allowance for expected credit losses	-	-	-	-	-	(1,904)	(1,904)
<b>Net carrying amount</b>	<b>191,279</b>	<b>155,960</b>	<b>69,889</b>	<b>6,669</b>	<b>4,631</b>	<b>20,684</b>	<b>449,112</b>



**Arts House Ltd.****Notes to the financial statements  
For the financial year ended 31 March 2023****19. Financial risk management objectives and policies (cont'd)****(a) Credit risk (cont'd)**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.

**(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.

	Note	1 year or less \$	More than one year \$	Total \$
<b>FY22/23</b>				
<b>Financial assets:</b>				
Trade and other receivables	5	888,500	–	888,500
Unbilled receivables		215,185	–	215,185
Cash and bank balances	6	17,388,562	–	17,388,562
Total undiscounted financial assets		18,492,247	–	18,492,247
<b>Financial liabilities:</b>				
Trade and other payables (excluding GST payable)	7	5,807,811	–	5,807,811
Lease liabilities		22,793	7,598	30,391
Total undiscounted financial liabilities		5,830,604	7,598	5,838,202
Total net undiscounted financial assets / (liabilities)		12,661,643	(7,598)	12,654,045

**Arts House Ltd.****Notes to the financial statements  
For the financial year ended 31 March 2023****19. Financial risk management objectives and policies (cont'd)****(b) Liquidity risk (cont'd)**

	Note	1 year or less \$	More than one year \$	Total \$
<b>FY21/22</b>				
<b>Financial assets:</b>				
Trade and other receivables	5	1,174,949	–	1,174,949
Unbilled receivables		191,279	–	191,279
Cash and bank balances	6	16,820,973	–	16,820,973
Total undiscounted financial assets		18,187,201	–	18,187,201
<b>Financial liabilities:</b>				
Trade and other payables (excluding GST payable)	7	5,241,991	–	5,241,991
Lease liabilities		19,776	26,368	46,144
Total undiscounted financial liabilities		5,261,767	26,368	5,288,135
Total net undiscounted financial assets		12,925,434	(26,368)	12,899,066

**20. General funds**

	FY22/23 \$	FY21/22 \$
Unrestricted funds (Reserves):		
- General funds	10,189,589	10,238,287
Total funds	10,189,589	10,238,287
Ratio of reserves to annual operating expenditure	1 : 3.60	1 : 3.44

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 2023 were authorised for issue in accordance with a resolution of the directors on 21 August 2023.