

Directors' Report

For the financial year ended 31 March 2008

The Directors present their report to the members together with the audited financial statements of the Company for the financial year ended 31 March 2008.

DIRECTORS

The Directors in office at the date of this report are:

Theresa Foo-Yo Mie Yoen (Chairman)
Benson Puah Tuan Soon (Chief Executive Officer)
Peter Chay Fook Yuen
Steven Chong Horng Siong (appointed on 24 Nov 2007)
Patrick Daniel (appointed on 24 Nov 2007)
Haslinda bte Zamani (appointed on 24 Nov 2007)
Rupert Graham Keeley (appointed on 24 Nov 2007)
John Ruffin Knight (appointed on 24 Nov 2007)
Lee Suan Hiang
Lee Tzu Yang
Lim Neo Chian
Lock Wai Han (appointed on 15 May 2008)
Irene Ng Phek Hoong
Saw Phaik Hwa (appointed on 24 Nov 2007)
Mildred Tan-Sim Beng Mei (appointed on 24 Nov 2007)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN DEBENTURES

According to the register of Directors' shareholdings, none of the Directors at the end of the financial year had any interest in the debentures of the Company either at the beginning or end of the financial year.

DIVIDENDS

In accordance with Clause 4 of the Memorandum of Association of the Company, no dividends shall be paid to its members.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except that Mr Benson Puah Tuan Soon has an employment relationship with the Company and received remuneration in his capacity as chief executive officer of the Company.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers, has expressed its willingness to accept re-appointment.

On behalf of the Directors



THERESA FOO-YO MIE YOEN
Chairman



BENSON PUAH TUAN SOON
Director

17 July 2008

Statement by Directors

In the opinion of the Directors,

- (a) the financial statements as set out on pages 63 to 82 are drawn up so as to give a true and fair view of the state of affairs of the Company at 31 March 2008 and of the results of the business, changes in accumulated funds and cash flows of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors



THERESA FOO-YO MIE YOEN
Chairman



BENSON PUAH TUAN SOON
Director

17 July 2008

Independent Auditor's Report

To the Members of The Esplanade Co Ltd

We have audited the financial statements of The Esplanade Co Ltd set out on pages 63 to 82, which comprise the balance sheet as at 31 March 2008, the income and expenditure statement, statement of changes in accumulated funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act (Cap. 50) (the "Act") and Singapore's Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts, and balance sheets, and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion,

- (a) the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore's Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2008, and the results, changes in accumulated funds and cash flows of the Company for the financial year ended on that date; and
- (b) 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.


PricewaterhouseCoopers

Public Accountants and Certified Public Accountants

Singapore, 17 July 2008

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Income and Expenditure Statement

For the financial year ended 31 March 2008

	<i>Note</i>	<i>2008</i> \$	<i>2007</i> \$
Income	3	27,248,491	22,895,093
Expenditure	5	61,706,363	55,927,724
Deficit before grants		(34,457,872)	(33,032,631)
Share of profit of associated company	17	421,050	240,450
Results after share of profit of associated company		(34,036,822)	(32,792,181)
Release of grants			
– Operating grant	14	24,087,434	24,523,614
– Deferred capital grant	23	2,977,932	2,623,100
		27,065,366	27,146,714
Government subvention – rental of property	8	10,735,200	10,584,000
Results for the year transferred to Accumulated Funds		3,763,744	4,938,533
Retained in:			
The Company		3,342,694	4,698,083
The Associated Company		421,050	240,450
		3,763,744	4,938,533

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

Balance Sheet

As at 31 March 2008

	<i>Note</i>	<i>2008</i> \$	<i>2007</i> \$
ASSETS			
Current assets			
Cash and cash equivalents	12	25,580,920	13,914,660
Trade receivables	13	1,206,754	1,347,272
Grants receivable	14	7,897,133	17,895,093
Merchandise	15	39,113	76,798
Other current assets	16	4,381,759	1,240,843
		39,105,679	34,474,666
Non-current assets			
Investment in associated company	17	3,716,890	3,295,840
Property, plant and equipment	18	12,484,975	11,721,169
Computer software	19	441,568	162,586
		16,643,433	15,179,595
Total assets		55,749,112	49,654,261
LIABILITIES			
Current liabilities			
Payables	20	12,100,319	10,671,524
Specific funds – programmes	21	325,580	357,902
		12,425,899	11,029,426
Net assets		43,323,213	38,624,835
Accumulated funds			
		27,999,819	24,236,075
Deferred Grants			
Investment grant	22	2,505,007	2,505,007
Deferred capital grants	23	12,818,387	11,883,753
		15,323,394	14,388,760
		43,323,213	38,624,835

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

Statement of Changes in Accumulated Funds

For the financial year ended 31 March 2008

Balance at 1 April 2007	\$ 24,236,075
Results for the year	3,763,744
Balance at 31 March 2008	27,999,819
 Balance at 1 April 2006	 19,297,542
Results for the year	4,938,533
Balance at 31 March 2007	24,236,075

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

Cash Flow Statement

For the financial year ended 31 March 2008

	<i>Note</i>	<i>2008</i> \$	<i>2007</i> \$
Cash flows from operating activities			
Cash receipts from customers		27,330,368	22,117,114
Cash paid to suppliers and employees		(50,508,983)	(42,224,847)
Net cash used for operating activities		(23,178,615)	(20,107,733)
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,443,982)	(4,137,223)
Proceeds from sale of property, plant and equipment		7,974	25,755
Interest received		282,923	477,653
Net cash used for investing activities		(3,153,085)	(3,633,815)
Cash flows from financing activities			
Grants received from Government	14	37,997,960	19,668,053
Deposits pledged		-	(646,000)
Cash held in trust		6,037	(20,287)
Net cash from financing activities		38,003,997	19,001,766
Net increase/(decrease) in cash and cash equivalents held		11,672,297	(4,739,782)
Cash and cash equivalents at the beginning of the financial year		13,164,111	17,903,893
Cash and cash equivalents at the end of the financial year	12	24,836,408	13,164,111

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

Notes to the Financial Statements

For the financial year ended 31 March 2008

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

1. GENERAL

The Esplanade Co Ltd (the "Company") is incorporated and domiciled in Singapore and is limited by guarantee. The address of the Company's registered office is as follows:

1 Esplanade Drive
Singapore 038981

The principal activities of the Company are:

- to manage and operate Esplanade – Theatres on the Bay, and ancillary facilities for the benefit of the arts;
- to support the presentation and development of artistic productions and activities reflecting Singapore's diverse cultural and international backgrounds; and
- to raise and maintain the standards of arts productions, talent and skills in Singapore.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Management has not identified any areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant and critical.

There are no new or amended Standards and Interpretations effective in 2007 which are relevant to the Company.

(b) Income recognition

Income for the Company comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services, net of goods and services tax, rebates and discounts. Revenue is recognised as follows:

(1) Venue hire and event services

Income from venue hire and event services is recognised on an accrual basis over the period of hire.

(2) Malls and other rentals

Rental income is recognised on a straight-line basis over the lease term.

(3) Ticketing

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

Notes to the Financial Statements

For the financial year ended 31 March 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) *Income recognition (continued)*

(4) *Sponsorship and donations*

Donations are recognised on a receipt basis. Sponsorships are recognised on an accrual basis over the term of sponsorship agreement, except for those made for specified purposes, which are recognised as the specified expenditure is incurred.

(5) *Carparking*

Carparking income is recognised on a receipt basis.

(6) *Merchandise sales*

Revenue from the sale of merchandise is recognised when the goods are delivered to the customer, the customer has accepted the products and collectibility of the related receivable is reasonably assured.

(7) *Interest Income*

Interest income is recognised using the effective interest method.

(c) *Grants*

Grants are received from the Government of Singapore (administered through the Ministry of Information, Communications and the Arts (MICA)) and its related agencies. Development grants received are to meet major capital improvement works, and operating grants are for the purpose of meeting recurrent operating and capital expenditure, and the presentation of arts and related events.

Grants for depreciable assets recorded in the company's financial statements are taken to the deferred capital grant account, and credited to the statement of income and expenditure over the periods necessary to match the depreciation of the corresponding depreciable assets.

Grants received for cyclical improvement works and replacement of assets owned by MICA are taken to offset receivables recorded by the Company when the expenditures are incurred in advance of grant receipts.

Grants for investments are taken to the investment grant account, and will be credited to the statement of income and expenditure upon disposal of the investment.

Grants for recurrent and programme expenditure are credited to the statement of income and expenditure on an accrual basis to match the related expenses when incurred.

(d) *Property, plant and equipment*

(1) *Measurement*

(i) Property, plant and equipment

Plant and machinery, production equipment, artwork and furniture, fittings and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (note 2(g)).

Equipment which costs less than \$1,000 individually are treated as minor assets and are charged to the income and expenditure statement in the period when these are acquired.

Notes to the Financial Statements

For the financial year ended 31 March 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(1) *Measurement (continued)*

(ii) Components of costs

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

(2) *Depreciation*

Depreciation is calculated on the straight line method to allocate the depreciable amounts of property, plant and equipment over their estimated useful lives. Useful lives are estimated as follows:

	<i>Useful lives</i>
Leasehold improvements	5 to 15 years
Plant and machinery	5 to 25 years
Production equipment	5 to 10 years
Artwork	5 years
Furniture, fittings and equipment	3 to 10 years

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date.

(3) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense in the financial year in which it is incurred.

(4) *Disposal*

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

(e) *Computer software*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Direct expenditure, which enhances or extends the performance of computer software beyond its original specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Computer software development costs and acquired computer software licenses are stated at cost less accumulated amortisation and accumulated impairment losses (note 2(g)). These costs are amortised using the straight-line method over their useful lives of 3 years.

Notes to the Financial Statements

For the financial year ended 31 March 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) *Investment in associated company*

Associated companies are entities in which the Company has significant influence, but not control, generally accompanying a shareholding of between and including 20% to 50% of the voting rights. Investment in associated company is accounted for in the financial statements using the equity method of accounting. The investments in associated company in the balance sheet include goodwill.

Equity accounting involves recording investments in associated companies initially at cost, and recognising the Company's share of its associated company's post-acquisition results and its share of post-acquisition movements in reserves against the carrying amount of the investments. When the Company's share of losses in an associated company equals or exceeds its interests in the associated company, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

(g) *Impairment of non-financial assets*

Property, plant and equipment, computer software and investments in associated companies are reviewed for impairment whenever there is any objective evidence or indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. higher of the fair value less costs to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income and expenditure statement, unless the asset is carried at its revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the income and expenditure statement, a reversal of that impairment is also recognised in the income and expenditure statement.

(h) *Trade receivables*

Trade receivables are recognised initially at fair value and subsequently measured at amortised costs using the effective interest method, less allowance for impairment. An allowance for impairment of trade receivable is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cashflows, discounted at the original effective interest rate. The amount of the allowance is recognised in the income and expenditure statement.

(i) *Leases*

(1) *When the company is the lessee:*

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the income and expenditure statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Notes to the Financial Statements

For the financial year ended 31 March 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Leases (continued)

(2) When the company is the lessor:

Operating leases

Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(j) Merchandise

Merchandise is stated at the lower of cost and net realisable value. Cost is determined on weighted average method. Cost includes all costs of purchase and other costs incurred in bringing the goods to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

(k) Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(l) Trade payables

Trade payables are initially measured at fair value, and subsequently measured at amortised costs, using the effective interest method.

(m) Employee benefits

(1) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The Company's contributions are recognised as employee compensation expense when they are due, unless they can be capitalised as an asset.

(2) Employee leave entitlement

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

(n) Foreign currency translation

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

Transactions in a currency other than Singapore Dollars ("foreign currency") are translated into Singapore Dollars using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the income and expenditure statement.

(o) Cash and cash equivalents

For the purpose of presentation in the cash flow statement, cash and cash equivalents include cash on hand and deposits with financial institutions.

Notes to the Financial Statements

For the financial year ended 31 March 2008

3. INCOME

	<i>Note</i>	<i>2008</i> \$	<i>2007</i> \$
Venue hire and event services		7,734,140	6,531,514
Mall and other rentals		5,956,462	5,697,165
Ticketing		5,650,314	4,524,795
Sponsorships and donations	4	4,879,650	3,346,972
Car parking		1,647,645	1,299,271
Specific funds – programmes	21	32,322	42,212
Other income:			
Merchandise sales		558,635	484,745
Interest income on fixed deposits		310,833	378,281
Income from guided tours		24,572	35,966
Tenant services		109,265	112,628
Miscellaneous		344,653	441,544
		1,347,958	1,453,164
		27,248,491	22,895,093

4. SPONSORSHIPS AND DONATIONS

The total tax-deductible sponsorships and donations, including any donations classified under grants received for the year ended 31 March 2008, amounted to \$2,463,653 (2007: \$2,068,640). These donations are unrestricted, and are given to support the presentation and development of artistic productions and activities. The use of donations is in accordance with the objectives of the Company.

The value of ex-gratia services and donations in kind received in the same year amounted to **\$72,588** (2007: \$106,922).

5. EXPENDITURE

	<i>Note</i>	<i>2008</i> \$	<i>2007</i> \$
Employee benefits	6	14,763,345	12,500,720
Property maintenance and utilities	7	11,201,447	11,124,074
Rental of property	8	10,735,200	10,584,000
Programming		12,000,573	9,760,484
Marketing and communications	9	4,165,061	3,899,670
Presentation services and relations	10	2,775,928	2,838,480
Other expenditure	11	6,064,809	5,220,296
		61,706,363	55,927,724

Notes to the Financial Statements

For the financial year ended 31 March 2008

6. EMPLOYEE BENEFITS

	2008	2007
	\$	\$
Wages and salaries	12,381,327	10,564,346
Employer's contribution to Central Provident Fund	1,357,810	1,127,685
Other benefits	1,024,208	808,689
	14,763,345	12,500,720

Average number of persons employed during the financial year:

	2008	2007
Permanent staff	188	177
Contract staff	24	23
Full-time employees	212	200

7. PROPERTY MAINTENANCE AND UTILITIES

	2008	2007
	\$	\$
Building and facilities maintenance	7,932,075	7,677,898
Utilities	3,181,933	3,362,985
Insurance	87,439	83,191
	11,201,447	11,124,074

8. RENTAL OF PROPERTY

The Government of Singapore has charged the Company rental of \$10,735,200 (2007: \$10,584,000) for use of Esplanade – Theatres on the Bay. The rental is funded by way of a Government's subvention.

9. MARKETING AND COMMUNICATIONS

	2008	2007
	\$	\$
Advertising and promotion	3,050,045	3,018,413
Public relations	651,243	557,379
Sponsor services and development	267,998	233,208
Publications costs	195,775	90,670
	4,165,061	3,899,670

10. PRESENTATION SERVICES AND RELATIONS

	2008	2007
	\$	\$
Production services	2,015,370	1,859,666
Ticketing and event services	760,558	978,814
	2,775,928	2,838,480

Notes to the Financial Statements

For the financial year ended 31 March 2008

11. OTHER EXPENDITURE

	2008 \$	2007 \$
Depreciation of property, plant and equipment	2,768,119	2,509,911
GST expense	847,297	673,773
Professional and IT support charges	600,307	500,218
Office supplies, postage and communication	313,632	339,858
Minor assets expensed	291,369	257,943
Merchandise		
– Cost of merchandise sold	247,434	275,610
– Allowance for diminution in value	17,567	39,225
Travelling and transport	326,748	182,347
Amortisation of computer software	110,624	53,178
Bank charges	145,851	113,519
Miscellaneous expenses	166,971	170,851
Governance costs		
– Legal and secretarial fees	98,881	41,496
– External auditors' remuneration	44,352	45,406
– Internal auditors' remuneration		
– current year	37,973	35,000
– prior year overprovision	(4,855)	(35,000)
	33,118	-
Allowance for doubtful debts from trade receivables	11,326	520
Loss on disposal of property, plant and equipment	42,848	34,256
Foreign exchange (gain)	(1,635)	(17,815)
	6,064,809	5,220,296

12. CASH AND CASH EQUIVALENTS

	2008 \$	2007 \$
Cash at bank and on hand	134,920	718,660
Fixed deposits	25,446,000	13,196,000
	25,580,920	13,914,660
Deposits pledged	(646,000)	(646,000)
Cash held in trust	(98,512)	(104,549)
Cash and cash equivalents in the cash flow statement	24,836,408	13,164,111

The fixed deposits with financial institutions mature on varying dates within 4 months (2007: varying dates within 2 months) from the financial year end. Interest rates on these deposits are variable, and the weighted average effective interest rate as at 31 March 2008 was 1.08% (2007: 2.80%) per annum.

Notes to the Financial Statements

For the financial year ended 31 March 2008

12. CASH AND CASH EQUIVALENTS (CONTINUED)

Deposits of \$646,000 (2007: \$646,000) have been pledged to a bank for a Bankers' Guarantee issued to a supplier.

Cash and cash equivalents are denominated in the following currencies:

	2008 \$	2007 \$
Singapore Dollars	25,482,408	13,810,111
United States Dollars	98,512	104,549
	25,580,920	13,914,660

The Company is the secretariat for the Association of Asia Pacific Performing Arts Centres. The cash denominated in United States Dollars amounted to US\$71,334 (2007: US\$62,691) is held in trust by the Company for that association.

13. TRADE RECEIVABLES

	2008 \$	2007 \$
(a) Associated company – trade	16,257	6,744
Non-related parties – trade	1,190,497	1,340,528
	1,206,754	1,347,272
(b) Non-related party trade receivables are stated after deducting allowance for doubtful debts	11,284	25,734

The amounts due from the associated company are unsecured, interest free and repayable within the next twelve months. Receivables are denominated in Singapore Dollars.

14. GRANTS IN ADVANCE/(RECEIVABLE)

	<i>Development grant</i> \$	<i>Operating grant</i> \$	<i>Total grant</i> \$
Balance as at 1 April 2007	-	(17,895,093)	(17,895,093)
Grants received	-	37,997,960	37,997,960
Transfer to deferred capital grants	-	(3,912,566)	(3,912,566)
Amount released to income and expenditure statement	-	(24,087,434)	(24,087,434)
Balance as at 31 March 2008	-	(7,897,133)	(7,897,133)
Balance as at 1 April 2006	661,575	(9,668,053)	(9,006,478)
Grants received	-	19,668,053	19,668,053
Transfer to deferred capital grants	(661,575)	(3,371,479)	(4,033,054)
Amount released to income and expenditure statement	-	(24,523,614)	(24,523,614)
Balance as at 31 March 2007	-	(17,895,093)	(17,895,093)

Notes to the Financial Statements

For the financial year ended 31 March 2008

14. GRANTS IN ADVANCE/(RECEIVABLE) (CONTINUED)

Grants in advance/(receivable) are denominated in Singapore Dollars. These funds are non-restricted in nature.

Development grants received are to meet major capital improvement works, and operating grants are for the purpose of meeting recurrent operating and capital expenditure, and the presentation of arts and related events.

Grants for cyclical improvement works and replacement of assets owned by MICA received and receivable in the year ended 31 March 2008 amounted to \$310,800 (2007: Nil) and \$3,309,674 (2007: \$310,800) respectively.

15. MERCHANDISE

	2008	2007
	\$	\$
At cost	75,013	143,250
Less: Allowance for impairment	(35,900)	(66,452)
At net realisable value	39,113	76,798

16. OTHER CURRENT ASSETS

	2008	2007
	\$	\$
Recoverable expenditure and receivables	3,497,791	404,862
Recoverable from the associated company	152,328	262,003
Prepayments	616,230	455,488
Deposits	115,410	118,490
	4,381,759	1,240,843

Prepayments, deposits, recoverable expenditure and receivables are denominated in Singapore Dollars.

17. INVESTMENT IN ASSOCIATED COMPANY

	2008	2007
	\$	\$
Balance at beginning of year	3,295,840	3,055,390
Share of results for the year	421,050	240,450
Balance at end of year	3,716,890	3,295,840

The summarised financial information of the associated company is as follows:

	2008	2007
	\$	\$
Assets	16,960,000	19,711,000
Liabilities	9,623,000	14,049,000
Revenues	9,920,000	7,694,000
Net profits	1,203,000	687,000

Investment in the associated company includes goodwill of \$1,358,735 (2007: \$1,358,735).

Notes to the Financial Statements

For the financial year ended 31 March 2008

17. INVESTMENT IN ASSOCIATED COMPANY (CONTINUED)

Details of the investment in associated company are as follows:

Associated company	Principal activities	Country of business	Equity holding		Cost of investment	
			2008	2007	2008	2007
			%	%	\$	\$
SISTIC.com Pte Ltd	Ticketing and ticketing related services	Singapore	35	35	<u>2,505,007</u>	2,505,007

Under the terms of the shareholders' agreement, Singapore Sports Council has an option to acquire all of the Company's shares in SISTIC at any time within a period of six months after the termination or expiration of the Application Service & Ticketing agreement between the Company and SISTIC. The purchase price of the shares to be acquired under the call option shall be the fair market value of the shares to be determined in accordance with the terms set out in the agreement.

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Plant and machinery	Production equipment	Artwork	Furniture, fittings and equipment	Capital projects in progress	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
At 1 April 2007	2,881,333	3,053,262	7,791,749	357,616	5,814,331	275,292	20,173,583
Additions	6,950	647,598	592,384	-	165,961	2,220,054	3,632,947
Disposals	-	(58,850)	(84,089)	-	(222,334)	-	(365,273)
Transfers from Capital Projects in Progress	19,100	175,550	487,071	-	908,332	(1,590,053)	-
At 31 March 2008	2,907,383	3,817,560	8,787,115	357,616	6,666,290	905,293	23,441,257
Accumulated depreciation							
At 1 April 2007	954,900	845,254	2,536,609	350,419	3,765,232	-	8,452,414
Depreciation	328,595	319,394	1,278,982	6,699	834,449	-	2,768,119
Disposals	-	(16,613)	(29,431)	-	(218,207)	-	(264,251)
At 31 March 2008	1,283,495	1,148,035	3,786,160	357,118	4,381,474	-	10,956,282
Net book value							
At 31 March 2008	1,623,888	2,669,525	5,000,955	498	2,284,816	905,293	12,484,975

Notes to the Financial Statements

For the financial year ended 31 March 2008

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	<i>Leasehold improvements</i>	<i>Plant and machinery</i>	<i>Production equipment</i>	<i>Artwork</i>	<i>Furniture, fittings and equipment</i>	<i>Capital projects in progress</i>	<i>Total</i>
	\$	\$	\$	\$	\$	\$	\$
Cost							
At 1 April 2006	2,672,818	2,744,237	5,481,778	357,616	5,074,218	186,923	16,517,590
Additions	21,500	309,025	1,275,123	-	851,562	1,467,545	3,924,755
Disposals	(21,400)	-	-	-	(247,362)	-	(268,762)
Transfers from Capital Projects in Progress	208,415	-	1,034,848	-	135,913	(1,379,176)	-
At 31 March 2007	2,881,333	3,053,262	7,791,749	357,616	5,814,331	275,292	20,173,583
Accumulated depreciation							
At 1 April 2006	654,292	587,011	1,490,086	336,072	3,083,793	-	6,151,254
Depreciation	314,161	258,243	1,046,523	14,347	876,637	-	2,509,911
Disposals	(13,553)	-	-	-	(195,198)	-	(208,751)
At 31 March 2007	954,900	845,254	2,536,609	350,419	3,765,232	-	8,452,414
Net book value							
At 31 March 2007	1,926,433	2,208,008	5,255,140	7,197	2,049,099	275,292	11,721,169

19. COMPUTER SOFTWARE

	<i>2008</i>	<i>2007</i>
	\$	\$
Cost		
At beginning of year	1,513,496	1,405,196
Additions	389,607	108,300
Disposals	(78,455)	-
At end of year	1,824,648	1,513,496
Accumulated depreciation		
At beginning of year	1,350,911	1,297,732
Amortisation	110,624	53,178
Disposals	(78,455)	-
At end of year	1,383,080	1,350,910
Net book value		
At end of year	441,568	162,586

Notes to the Financial Statements

For the financial year ended 31 March 2008

20. PAYABLES

	2008 \$	2007 \$
Trade payables	4,391,389	3,527,845
Accrued operating expenses	5,010,256	4,715,252
Deposits received	1,854,922	1,723,066
Deferred income	635,913	483,254
Sundry payables	207,839	222,107
	12,100,319	10,671,524

Deferred income includes a contribution of \$100,000 (2007: \$100,000) by a corporate donor towards the Outdoor Theatre reconstruction project that will be completed in the financial year ending 31 March 2009.

Payables are denominated in the following currencies:

	2008 \$	2007 \$
Singapore Dollars	12,095,838	10,494,910
Others	4,481	176,614
	12,100,319	10,671,524

21. SPECIFIC FUNDS – PROGRAMMES

Specific funds received represent funding from the Government of Singapore and its related agencies to support the approved programmes and projects.

	2008 \$	2007 \$
Balance at beginning of year	357,902	400,114
Funds received	-	-
Amount released to income and expenditure statement	(32,322)	(42,212)
Balance at end of year	325,580	357,902

22. INVESTMENT GRANT

	2008 \$	2007 \$
Balance at beginning and end of year	2,505,007	2,505,007

Grants for investments are taken to the investment grant account, and will be credited to the statement of income and expenditure upon disposal of the investment.

Notes to the Financial Statements

For the financial year ended 31 March 2008

23. DEFERRED CAPITAL GRANTS

	2008 \$	2007 \$
Balance at beginning of year	11,883,753	10,473,799
Amount transferred from		
– Development grant	-	661,575
– Operating grant	3,912,566	3,371,479
Amount released to income and expenditure statement	(2,977,932)	(2,623,100)
Balance at end of year	12,818,387	11,883,753

24. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the year, the following transactions were entered into by the Company and its related parties on terms and bases agreed between the parties:

(a) Sales and purchases of goods and services with its associated Company

	2008 \$	2007 \$
Commission income	39,044	30,710
Handling fees received	18,339	13,628
Sales commission expense	78,663	72,534
Ticketing agency fees paid	165,646	134,849
Software maintenance fees paid	150,000	150,000
Other services paid	45,564	49,167

In addition, the associated company collects the proceeds from the sale of tickets for all events held at Esplanade – Theatres on the Bay, on behalf of the Company.

(b) Services provided by other related parties

	2008 \$	2007 \$
Legal fee paid	75,226	-
Consultancy fee paid	11,770	-

Other related parties comprise mainly companies which are controlled or significantly influenced by the Company's directors.

(c) Key management personnel compensation

Key management personnel (including a director of the Company) compensation is as follows:

	2008 \$	2007 \$
Salaries and other short term benefits	1,853,952	1,720,564
Employer's contribution to Central Provident Fund	74,208	79,311
	1,928,160	1,799,875

Notes to the Financial Statements

For the financial year ended 31 March 2008

24. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Number of key management in remuneration bands is as follows:

	2008	2007
\$550,000 to below \$600,000	1	-
\$500,000 to below \$550,000	-	-
\$450,000 to below \$500,000	-	1
\$400,000 to below \$450,000	-	-
\$350,000 to below \$400,000	-	-
\$300,000 to below \$350,000	1	-
\$250,000 to below \$300,000	-	1
\$200,000 to below \$250,000	2	1
\$150,000 to below \$200,000	2	1
\$100,000 to below \$150,000	2	4
\$50,000 to below \$100,000	-	1
	8	9

25. TAX

The Company has been registered as a charity under the Charities Act (Cap 37). Starting from Year of Assessment 2008, all registered charities will enjoy automatic tax exemption without having the need to meet the 80% spending rule. Hence, the Company is not required to make provision for Singapore income tax in the financial year ended 31 March 2008.

26. COMMITMENTS

As at the balance sheet date:

(a) Contracted but not provided for:

	2008	2007
	\$	\$
Leasehold improvements and equipment	31,320	30,091
Production equipment	21,652	-
Works and services	202,058	61,229
	255,030	91,320

(b) Operating lease commitments – where the Company is the lessee

The Company leases various photocopiers under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	2008	2007
	\$	\$
Not later than 1 year	45,276	16,296
Later than 1 year but not later than 5 years	145,911	32,206
	191,187	48,502

Notes to the Financial Statements

For the financial year ended 31 March 2008

26. COMMITMENTS (CONTINUED)

- (c) Operating lease commitments – where the Company is the lessor

The future minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	2008 \$	2007 \$
Not later than 1 year	3,886,541	4,739,312
Later than 1 year but not later than 5 years	2,063,294	3,463,999
	5,949,835	8,203,311

27. FINANCIAL RISK MANAGEMENT

The Company's business is not exposed to any significant foreign exchange risk and there is no significant concentration of credit risk. The Company has significant interest-bearing assets. Interest rates on these assets are variable (note 12). Income and operating cash flows are substantially independent of changes in market interest rates as the Company's operations is funded by other income streams apart from interest income. Prudent liquidity risk management implies maintaining sufficient cash and the availability of adequate funding. The Company aims to obtain annual funding in advance as well as working capital from the Government and its related agencies.

28. FAIR VALUES

The carrying amounts of current financial assets and liabilities approximate their fair values.

29. NEW ACCOUNTING STANDARDS AND FRS INTERPRETATIONS

The Company has not applied the following FRS and Interpretations to Financial Reporting Standards ("INT FRS") that have been issued but are only effective for annual financial periods beginning on 1 January 2008.

Amendment to FRS 1 FRS 107	Presentation of Financial Statements – Capital Disclosure Financial Instruments: Disclosure
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FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including minimum disclosures about credit risk, liquidity risk and market risk (including sensitivity analysis to market risk). It replaces the disclosure requirements in FRS 32: Financial Instruments: Disclosure and Presentation. The amendment to FRS 1 introduces disclosures about the level of an entity's capital and how it manages capital.

The Company has assessed the impact of FRS 107 and the amendments to FRS 1 and concluded that they will not have any significant impact on the financial statements.

30. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of The Esplanade Co Ltd on 17 July 2008.