

Directors' Report For the financial year ended 31 March 2009

The Directors present their report to the members together with the audited financial statements of the Company for the financial year ended 31 March 2009.

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
Patrick Daniel
Haslinda bte Zamani
Rupert Graham Keeley
Lee Suan Hiang
Lee Tzu Yang
Lim Neo Chian
Lock Wai Han
Irene Ng Phek Hoong
Saw Phaik Hwa
Mildred Tan-Sim Beng Mei

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 LLP, has expressed its willingness to accept re-appointment.

On behalf of the Directors



THERESA FOO-YO MIE YOEN
Chairman



BENSON PUAH TUAN SOON
Director

21 July 2009

Statement by Directors For the financial year ended 31 March 2009

In the opinion of the Directors,

- (a) the financial statements as set out on pages 75 to 94 are drawn up so as to give a true and fair view of the state of affairs of the Company at 31 March 2009 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

21 July 2009

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 75 to 94, which comprise the balance sheet as at 31 March 2009, 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 Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting control 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 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 Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2009, 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 LLP
Public Accountants and Certified Public Accountants

Singapore, 21 July 2009

Income and Expenditure Statement

For the financial year ended 31 March 2009

	Note	2009 \$	2008 \$
Income	3	24,995,163	27,248,491
Expenditure	5	(63,953,426)	(61,706,363)
Deficit before grants		(38,958,263)	(34,457,872)
Share of profits of associated company	17	579,945	421,050
Results after share of profits of associated company		(38,378,318)	(34,036,822)
Release of grants			
– Operating grant	14	25,317,845	24,087,434
– Deferred capital grant	22	3,269,720	2,977,932
		28,587,565	27,065,366
Government subvention – rental of property	8	11,812,800	10,735,200
Results for the year transferred to Accumulated Funds		2,022,047	3,763,744
Retained in:			
The Company		1,442,102	3,342,694
The Associated Company		579,945	421,050
		2,022,047	3,763,744

Balance Sheet As at 31 March 2009

	Note	2009 \$	2008 \$
ASSETS			
Current assets			
Cash and cash equivalents	12	18,564,200	25,580,920
Trade receivables	13	1,840,494	1,206,754
Grants receivable	14	16,488,283	7,897,133
Merchandise	15	24,109	39,113
Other current assets	16	2,466,653	4,381,759
		39,383,739	39,105,679
Non-current assets			
Investment in associated company	17	4,296,835	3,716,890
Property, plant and equipment	18	11,901,265	12,926,543
		16,198,100	16,643,433
Total assets		55,581,839	55,749,112
LIABILITIES			
Current liabilities			
Payables	19	10,914,841	12,100,319
Specific funds – programmes	20	325,018	325,580
		11,239,859	12,425,899
Net assets		44,341,980	43,323,213
Accumulated funds		30,021,866	27,999,819
Deferred grants			
Investment grant	21	2,505,007	2,505,007
Deferred capital grants	22	11,815,107	12,818,387
		14,320,114	15,323,394
		44,341,980	43,323,213

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

Statement of Changes in Accumulated Funds

For the financial year ended 31 March 2009

	\$
2009	
Beginning of financial year	27,999,819
Results for the year	2,022,047
End of financial year	30,021,866
2008	
Beginning of financial year	24,236,075
Results for the year	3,763,744
End of financial year	27,999,819

Cash Flow Statement For the financial year ended 31 March 2009

	Note	2009 \$	2008 \$
Cash flows from operating activities			
Cash receipts from customers		24,155,283	27,330,368
Cash paid to suppliers and employees		(47,374,839)	(50,508,983)
Net cash used for operating activities		(23,219,556)	(23,178,615)
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,009,937)	(3,443,982)
Proceeds from sale of property, plant and equipment		20,418	7,974
Interest received		199,220	282,923
Net cash used for investing activities		(2,790,299)	(3,153,085)
Cash flows from financing activities			
Grants received from Government	14	18,993,135	37,997,960
Cash held in trust		(29,404)	6,037
Net cash from financing activities		18,963,731	38,003,997
Net (decrease)/increase in cash and cash equivalents held			
Cash and cash equivalents at beginning of financial year		24,836,408	13,164,111
Cash and cash equivalents at end of financial year	12	17,790,284	24,836,408

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

Notes to the Financial Statements For the financial year ended 31 March 2009

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

1. General information

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 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.

Interpretations and amendments to published standards effective in 2009

On 1 April 2008, the Company adopted the new or amended FRS that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS.

The following are the new or amended FRS that are relevant to the Company:

FRS 107	Financial Instruments: Disclosures
Amendments to FRS 1	Presentation of Financial Statements – Capital Disclosures

In addition, amendments to FRS 39-Financial Instruments: Recognition and Measurement and FRS 107-Financial Instruments: Disclosures – Reclassifications of Financial Assets, were adopted by the Company with effect from 1 July 2008.

The adoption of the above new or amended FRS did not result in any substantial changes to the Company's accounting policies.

(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.

Notes to the Financial Statements For the financial year ended 31 March 2009

2. Significant accounting policies (continued)

(b) Income recognition (continued)

(2) *Mall 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.

(4) *Sponsorships 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) *Car Parking*

Car parking 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 on fixed deposits*

Interest income is recognised using the effective interest method.

(c) Grants

Grants received from the Government of Singapore (administered through the Ministry of Information, Communications and the Arts (MICA)) and its related agencies 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(f)).

Notes to the Financial Statements For the financial year ended 31 March 2009

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(1) Measurement (continued)

(i) Property, plant and equipment (continued)

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(f)).

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.

(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/Amortisation

Depreciation and amortisation are calculated on the straight line method to allocate the depreciable/amortisable 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
Computer Software	3 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) Investment in associated company

Associated companies are entities 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.

Notes to the Financial Statements For the financial year ended 31 March 2009

2. Significant accounting policies (continued)

(e) Investment in associated company (continued)

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.

(f) Impairment of non-financial assets

Property, plant and equipment 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.

(g) 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.

(h) 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.

(2) When the company is the *lessor*:

Operating leases

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

Notes to the Financial Statements For the financial year ended 31 March 2009

2. Significant accounting policies (continued)

(i) 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.

(j) 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.

(k) Trade payables

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

(l) Employee compensation

(1) *Defined contribution plans*

The Company's contributions to defined contribution plans are recognised as employee compensation expense when the contributions 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.

(m) 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.

(n) Government grant

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions. Government grants relating to expenses are shown separately as other income.

Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to assets are deducted against the carrying amount of the assets.

(o) Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

(p) 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 2009

3. Income

	Note	2009 \$	2008 \$
Venue hire and event services		6,837,221	7,734,140
Mall and other rentals		6,228,283	5,956,462
Ticketing		5,481,216	5,650,314
Sponsorships and donations	4	3,807,696	4,879,650
Car parking		1,409,784	1,647,645
Specific funds – programmes	20	562	32,322
Other Income :			
Merchandise sales		404,646	558,635
Interest income on fixed deposits		184,543	310,833
Gain on disposal of assets		23,710	-
Income from guided tours		9,052	24,572
Tenant services		85,654	109,265
Government grant – job credits		233,437	-
Miscellaneous		289,359	344,653
		1,230,401	1,347,958
		24,995,163	27,248,491

4. Sponsorships and donations

The total tax-deductible sponsorships and donations, including any donations classified under grants received for the year ended 31 March 2009, amounted to \$1,910,333 (2008: \$2,463,653). 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 **\$75,152** (2008: \$72,588).

5. Expenditure

	Note	2009 \$	2008 \$
Employee compensation	6	16,114,002	14,763,345
Property maintenance and utilities	7	11,277,022	11,201,447
Rental of property	8	11,812,800	10,735,200
Programming		11,758,812	12,000,573
Marketing and Communications	9	3,306,508	4,165,061
Presentation services and relations	10	2,842,867	2,775,928
Other expenditure	11	6,841,415	6,064,809
		63,953,426	61,706,363

Notes to the Financial Statements For the financial year ended 31 March 2009

6. Employee compensation

	2009 \$	2008 \$
Wages and salaries	13,307,537	12,381,327
Employer's contribution to Central Provident Fund	1,564,894	1,357,810
Other benefits	1,241,571	1,024,208
	16,114,002	14,763,345

Average number of persons employed during the financial year:

	2009	2008
Permanent Staff	189	188
Contract Staff	25	24
Full-time employees	214	212

7. Property maintenance and utilities

	2009 \$	2008 \$
Building and facilities maintenance	7,669,732	7,932,075
Utilities	3,510,860	3,181,933
Insurance	96,430	87,439
	11,277,022	11,201,447

8. Rental of property

The Government of Singapore has charged the Company rental of \$11,812,800 (2008: \$10,735,200) for use of Esplanade – Theatres on the Bay. The rental is funded by way of a Government's subvention.

9. Marketing and Communications

	2009 \$	2008 \$
Advertising and promotion	2,588,219	3,050,045
Public relations	319,959	651,243
Sponsor services and development	272,226	267,998
Publications costs	126,104	195,775
	3,306,508	4,165,061

10. Presentation services and relations

	2009 \$	2008 \$
Production services	2,152,143	2,015,370
Ticketing and event services	690,724	760,558
	2,842,867	2,775,928

Notes to the Financial Statements For the financial year ended 31 March 2009

11. Other expenditure

	2009 \$	2008 \$
Depreciation of property, plant and equipment (Note 18)	3,290,666	2,878,743
Professional and IT support charges	1,099,129	600,307
GST expense	735,919	847,297
Office supplies, postage and communication	333,192	313,632
Minor assets expensed	259,226	291,369
Merchandise		
– Cost of merchandise sold	192,820	247,434
– Allowance for diminution in value	4,790	17,567
Travelling and transport	238,194	326,748
Bank charges	137,204	145,851
Stamp duty	96,002	–
Miscellaneous expenses	265,239	167,013
Governance costs		
– Legal and secretarial fees	63,348	98,881
– External auditors' remuneration	48,462	44,352
– Internal auditors' remuneration	29,278	33,118
Allowance for impairment of trade receivables	46,711	11,284
Loss on disposal of property, plant and equipment	–	42,848
Foreign exchange loss/(gain)	1,235	(1,635)
	6,841,415	6,064,809

12. Cash and cash equivalents

	2009 \$	2008 \$
Cash at bank and on hand	1,918,200	134,920
Fixed deposits	16,646,000	25,446,000
	18,564,200	25,580,920
Deposits pledged	(646,000)	(646,000)
Cash held in trust	(127,916)	(98,512)
Cash and cash equivalents in the cash flow statement	17,790,284	24,836,408

The fixed deposits with financial institutions mature on varying dates within 3 months (2008: varying dates within 4 months) from the financial year end. Interest rates on these deposits are variable and the weighted average effective interest rate as at 31 March 2009 was 0.65% (2008: 1.08%) per annum.

Deposits of \$646,000 (2008: \$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:

	2009 \$	2008 \$
Singapore Dollars	18,436,284	25,482,408
United States Dollars	127,916	98,512
	18,564,200	25,580,920

The Company is the secretariat for the Association of Asia Pacific Performing Arts Centres. The cash denominated in United States Dollars amounted to US\$84,017 (2008: US\$71,334) is held in trust by the Company for that association.

Notes to the Financial Statements For the financial year ended 31 March 2009

13. Trade receivables

	2009 \$	2008 \$
(a) Associated company – trade	10,028	16,257
Non-related parties – trade	1,830,466	1,190,497
	1,840,494	1,206,754
(b) Non-related party trade receivables are stated after deducting allowance for impairment	57,995	11,284

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 receivable/(in advance)

	2009 \$	2008 \$
Balance at beginning of year	7,897,133	17,895,093
Grants received	(18,993,135)	(37,997,960)
Transferred to deferred capital grants (Note 22)	2,266,440	3,912,566
Released to income and expenditure statement	25,317,845	24,087,434
Balance at end of year	16,488,283	7,897,133

Grants receivable/(in advance) are denominated in Singapore Dollars. These funds are non-restricted in nature and are given for the purpose of meeting recurrent operating and capital expenditure, and the presentation of arts and related events. Grants received in the current year included \$96,002 being reimbursement of stamp duty paid by the Company for the renewal of the tenancy agreement with the Government of Singapore.

Grants for cyclical improvement works and replacement of assets owned by MICA received and receivable in the year ended 31 March 2009 amounted to \$7,354,730 (2008: \$310,800) and \$590,000 (2008: \$3,309,674) respectively.

15. Merchandise

	2009 \$	2008 \$
At cost	39,138	75,013
Less: Allowance for impairment	(15,029)	(35,900)
At net realisable value	24,109	39,113

16. Other current assets

	2009 \$	2008 \$
Recoverable expenditure and receivables	1,140,955	3,497,791
Recoverable from the associated company	789,933	152,328
Prepayments	516,765	616,230
Deposits	19,000	115,410
	2,466,653	4,381,759

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

Notes to the Financial Statements For the financial year ended 31 March 2009

17. Investment in associated company

	2009 \$	2008 \$
Beginning of financial year	3,716,890	3,295,840
Share of profits for the financial year	579,945	421,050
End of financial year	4,296,835	3,716,890

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

	2009 \$	2008 \$
Assets	11,102,000	16,960,000
Liabilities	2,421,000	9,623,000
Revenues	10,210,000	9,920,000
Net profits	1,657,000	1,203,000

Investment in the associated company includes goodwill of \$1,358,735 (2008: \$1,358,735).

Details of the investment in associated company are as follows:

<u>Associated company</u>	<u>Principal activities</u>	<u>Country of business</u>	<u>Equity holding</u>		<u>Cost of investment</u>	
			2009 %	2008 %	2009 \$	2008 \$
SISTIC.com Pte Ltd	Ticketing and ticketing related services	Singapore	35	35	2,505,007	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.

Notes to the Financial Statements For the financial year ended 31 March 2009

18. Property, plant and equipment

	Leasehold improvements \$	Plant and machinery \$	Production equipment \$	Artwork \$	Furniture, fittings and equipment \$	Computer software \$	Capital projects in progress \$	Total \$
Cost								
At 1 April 2008	2,907,383	3,817,560	8,787,115	357,616	6,666,290	1,824,648	905,293	25,265,905
Additions	64,420	51,380	374,960	–	492,999	–	1,282,681	2,266,440
Disposals	–	–	(3,239)	–	(817,438)	–	–	(820,677)
Transfers from Capital Projects in Progress	–	495,047	1,116,799	–	372,196	80,800	(2,064,842)	–
At 31 March 2009	2,971,803	4,363,987	10,275,635	357,616	6,714,047	1,905,448	123,132	26,711,668
Accumulated Depreciation								
At 1 April 2008	1,283,495	1,148,035	3,786,160	357,118	4,381,474	1,383,080	–	12,339,362
Depreciation	320,424	460,995	1,423,424	498	891,043	194,282	–	3,290,666
Disposals	–	–	(3,239)	–	(816,386)	–	–	(819,625)
At 31 March 2009	1,603,919	1,609,030	5,206,345	357,616	4,456,131	1,577,362	–	14,810,403
Net book value								
At 31 March 2009	1,367,884	2,754,957	5,069,290	–	2,257,916	328,086	123,132	11,901,265
Cost								
At 1 April 2007	2,881,333	3,053,262	7,791,749	357,616	5,814,331	1,513,496	275,292	21,687,079
Additions	6,950	647,598	592,384	–	165,961	389,607	2,220,054	4,022,554
Disposals	–	(58,850)	(84,089)	–	(222,334)	(78,455)	–	(443,728)
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	1,824,648	905,293	25,265,905
Accumulated Depreciation								
At 1 April 2007	954,900	845,254	2,536,609	350,419	3,765,232	1,350,911	–	9,803,325
Depreciation	328,595	319,394	1,278,982	6,699	834,449	110,624	–	2,878,743
Disposals	–	(16,613)	(29,431)	–	(218,207)	(78,455)	–	(342,706)
At 31 March 2008	1,283,495	1,148,035	3,786,160	357,118	4,381,474	1,383,080	–	12,339,362
Net book value								
At 31 March 2008	1,623,888	2,669,525	5,000,955	498	2,284,816	441,568	905,293	12,926,543

Notes to the Financial Statements For the financial year ended 31 March 2009

19. Payables

	2009 \$	2008 \$
Trade payables	2,541,633	4,391,389
Accrued operating expenses	5,648,707	5,010,256
Deposits received	2,070,636	1,854,922
Deferred income	400,876	635,913
Sundry payables	252,989	207,839
	10,914,841	12,100,319

Payables are denominated in the following currencies:

	2009 \$	2008 \$
Singapore Dollars	10,737,322	12,095,838
Others	177,519	4,481
	10,914,841	12,100,319

20. Specific funds – programmes

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

	2009 \$	2008 \$
Balance at beginning of year	325,580	357,902
Funds received	–	–
Released to income and expenditure statement	(562)	(32,322)
Balance at end of year	325,018	325,580

21. Investment grant

	2009 \$	2008 \$
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.

22. Deferred capital grants

	2009 \$	2008 \$
Balance at beginning of year	12,818,387	11,883,753
Transferred from operating grant (Note 14)	2,266,440	3,912,566
Released to income and expenditure statement	(3,269,720)	(2,977,932)
Balance at end of year	11,815,107	12,818,387

Notes to the Financial Statements For the financial year ended 31 March 2009

23. 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

	2009	2008
	\$	\$
Commission income	27,664	39,044
Handling fees received	17,490	18,339
Sales commission expense	80,959	78,663
Ticketing agency fees paid	182,480	165,646
Software maintenance fees paid	150,000	150,000
Other services paid	43,508	45,564

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

	2009	2008
	\$	\$
Legal fees paid	47,568	75,226
Consultancy fees paid	11,049	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:

	2009	2008
	\$	\$
Salaries and other short term benefits	2,222,350	1,853,952
Employer's contribution to Central Provident Fund	77,936	74,208
	2,300,286	1,928,160

Number of key management in remuneration bands is as follows:

	2009	2008
\$600,000 to below \$650,000	1	–
\$550,000 to below \$600,000	–	1
\$500,000 to below \$550,000	–	–
\$450,000 to below \$500,000	–	–
\$400,000 to below \$450,000	–	–
\$350,000 to below \$400,000	1	–
\$300,000 to below \$350,000	–	1
\$250,000 to below \$300,000	2	–
\$200,000 to below \$250,000	1	2
\$150,000 to below \$200,000	3	2
\$100,000 to below \$150,000	–	2
Below \$100,000	–	–
	8	8

Notes to the Financial Statements For the financial year ended 31 March 2009

24. Tax

The Company has been registered as a charity under the Charities Act (Cap 37). Starting from Year of Assessment 2009, all registered charities enjoy automatic tax exemption without having 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 2009.

25. Commitments

(a) Contracted for at the balance sheet date but not recognised in the financial statements:

	2009 \$	2008 \$
Leasehold improvements and equipment	12,480	31,320
Production equipment	–	21,652
Works and services	254,104	202,058
	266,584	255,030

(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:

	2009 \$	2008 \$
Not later than 1 year	49,056	45,276
Later than 1 year but not later than 5 years	106,620	145,911
	155,676	191,187

(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:

	2009 \$	2008 \$
Not later than 1 year	5,870,240	3,886,541
Later than 1 year but not later than 5 years	6,862,786	2,063,294
	12,733,026	5,949,835

Notes to the Financial Statements For the financial year ended 31 March 2009

26. Financial risk management

Financial risk factors

The Company's activities expose it to market risk (interest rate risk), credit risk and liquidity risk. The Company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. The management team then establishes detailed policies such as risk identification and measurement.

(a) Market risk

Interest rate risk

The Company has significant interest-bearing assets. Interest rates on these assets are variable (Note 12). The Company periodically monitors interest rate fluctuations to ensure that the exposure to interest rate risk is within acceptable levels.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. Such securities are normally in the form of bankers' guarantee or advance booking deposits. For other financial assets, the Company adopts the policy of dealing with financial institutions and other counterparties with high credit ratings.

Credit exposure to an individual customer is limited by the securities held and is continuously monitored by Finance and reported to Management on regular intervals.

The Company's major classes of financial assets are bank deposits and trade and other receivables and grants.

(1) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks which have high credit-ratings as determined by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track records with the Company.

(2) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	2009	2008
	\$	\$
Past due < 3 months	432,336	604,622
Past due 3 to 6 months	498,947	3,269
Past due over 6 months	13,235	59,751
	944,518	667,642

Notes to the Financial Statements For the financial year ended 31 March 2009

26. Financial risk management (continued)

(b) Credit risk (continued)

(2) Financial assets that are past due and/or impaired (continued)

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	2009	2008
	\$	\$
Gross amount	57,995	11,284
Less: Allowance for impairment	(57,995)	(11,284)
	–	–
Beginning of financial year	(11,284)	(25,734)
Allowance made	(50,000)	(11,284)
Allowance written back	3,289	–
Allowance written off	–	25,734
End of financial year (Note 13)	(57,995)	(11,284)

(c) Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash and available funding through grants from the government. The Company aims to obtain annual funding in advance as well as working capital from the Government and its related agencies.

The Company's financial liabilities are matured within the next one year.

(d) Capital risk

The Company is limited by guarantee and does not have any share capital.

27. New accounting standards and FRS interpretations

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 January 2009 or later periods and which the Company has not early adopted. The Company's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Company is set out below:

FRS 1(R) Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009)

The Company will apply the revised standard from 1 January 2009 and provide comparative information that conforms to the requirements of the revised standard. The key impact of the application of the revised standard is the presentation of an additional primary statement, the statement of comprehensive income.

28. 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 21 July 2009.