

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

The Directors present their report to the members together with the audited financial statements of the Company for the financial year ended 31 March 2010.

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)

Patrick Ang Peng Koon

Peter Chay Fook Yuen

Patrick Daniel

Lee Suan Hiang

Lee Tzu Yang

Clara Lim-Tan

Lim Neo Chian

Irene Ng Phek Hoong

Saw Phaik Hwa

Shirlene bte Noordin

Sim Gim Guan

Andreas Sohmen-Pao

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



TERESA FOO-YO MIE YOEN
Chairman

20 July 2010



BENSON PUAH TUAN SOON
Director

STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

IN THE OPINION OF THE DIRECTORS,

- (A) The financial statements as set out on pages 85 to 106 are drawn up so as to give a true and fair view of the state of affairs of the Company at 31 March 2010 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



HERESA FOO-YO MIE YOEN
Chairman

20 July 2010



BENSON PUAH TUAN SOON
Director

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 85 to 106, which comprise the balance sheet as at 31 March 2010, the statement of comprehensive income, statement of changes in accumulated funds and statement of cash flow 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 mis-statement.

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 mis-statement 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 2010, 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, 20 July 2010

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	Note	2010 \$	2009 \$
Income	3	27,222,736	24,995,163
Expenditure	5	(65,200,462)	(63,953,426)
Deficit before grants		<u>(37,977,726)</u>	<u>(38,958,263)</u>
Share of profits of associated company	17	302,541	579,945
Results after share of profits of associated company		<u>(37,675,185)</u>	<u>(38,378,318)</u>
Release of grants			
Operating grant	14	26,049,282	25,317,845
Deferred capital grant	22	3,492,591	3,269,720
		<u>29,541,873</u>	<u>28,587,565</u>
Government subvention – rental of property	8	12,840,000	11,812,800
Total comprehensive income		<u>4,706,688</u>	<u>2,022,047</u>
Retained in:			
The Company		4,404,147	1,442,102
The Associated Company		302,541	579,945
		<u>4,706,688</u>	<u>2,022,047</u>

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

BALANCE SHEET

AS AT 31 MARCH 2010

	Note	2010 \$	2009 \$
ASSETS			
Current assets			
Cash and cash equivalents	12	32,689,758	18,564,200
Trade receivables	13	970,339	1,840,494
Grants receivable	14	7,933,013	16,488,283
Merchandise	15	22,621	24,109
Other current assets	16	4,170,918	2,466,653
		<u>45,786,649</u>	<u>39,383,739</u>
Non-current assets			
Investment in associated company	17	4,599,376	4,296,835
Property, plant and equipment	18	10,123,318	11,901,265
		<u>14,722,694</u>	<u>16,198,100</u>
Total assets		<u>60,509,343</u>	<u>55,581,839</u>
LIABILITIES			
Current liabilities			
Payables	19	12,915,190	10,914,841
Specific funds – programmes	20	325,018	325,018
		<u>13,240,208</u>	<u>11,239,859</u>
Net assets		<u>47,269,135</u>	<u>44,341,980</u>
Accumulated funds		<u>34,728,554</u>	<u>30,021,866</u>
Deferred grants			
Investment grant	21	2,505,007	2,505,007
Deferred capital grants	22	10,035,574	11,815,107
		<u>12,540,581</u>	<u>14,320,114</u>
		<u>47,269,135</u>	<u>44,341,980</u>

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

STATEMENT OF CHANGES IN ACCUMULATED FUNDS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	\$
2010	
Beginning of financial year	30,021,866
Total comprehensive income	4,706,688
End of financial year	<u>34,728,554</u>
2009	
Beginning of financial year	27,999,819
Total comprehensive income	2,022,047
End of financial year	<u>30,021,866</u>

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

STATEMENT OF CASH FLOW

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Cash receipts from customers		28,083,133	24,155,283
Cash paid to suppliers and employees		(48,914,409)	(47,374,839)
Net cash used for operating activities		(20,831,276)	(23,219,556)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,498,938)	(3,009,937)
Proceeds from sale of property, plant and equipment		8,624	20,418
Interest received		129,537	199,220
Net cash used for investing activities		(1,360,777)	(2,790,299)
Cash flows from financing activities			
Grants received from Government	14	36,317,610	18,993,135
Release of deposits pledged		646,000	-
Cash held in trust		(2,704)	(29,404)
Net cash from financing activities		36,960,906	18,963,731
Net increase/(decrease) in cash and cash equivalents held		14,768,853	(7,046,124)
Cash and cash equivalents at beginning of financial year		17,790,284	24,836,408
Cash and cash equivalents at end of financial year	12	32,559,137	17,790,284

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

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

I. 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 2009, the Company adopted the new or amended FRS and Interpretations to FRS ("INT 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 and INT FRS.

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

FRS 1 (Revised) – 'Presentation of financial statements' (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in accumulated funds. All non-owner changes in accumulated funds are shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Company has chosen to adopt the former alternative. There is no restatement of the balance sheet as at 1 April 2008 in the current financial year.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2011

The Company has also early adopted FRS 24 (revised) Related Party Disclosures.

FRS 24 (revised) was issued in January 2010 for application for annual periods starting on or after 1 January 2011 retrospectively, with early adoption permitted. The revisions include:

- (a) simplifying the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition;
- (b) providing a partial exemption from the disclosure requirements for Government related entities.

The revised FRS stated that two entities are not related parties simply because they have a Director or other member of key management personnel in common or because a member of key management personnel of one entity has significant influence over the other entity.

The adoption of the revised FRS did not result in any substantial changes to the Company's accounting policies, except that disclosure of significant related party transactions under Note 23 of the Notes to the financial statements would exclude transactions with entities that are no longer defined as related parties to the Company that were disclosed in the past.

(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) *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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 recognised in profit or loss on a straight-line basis 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 recognised in profit or loss on an accrual basis to match the related expenses when incurred.

(D) Property, plant and equipment

(I) 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)).

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 is treated as minor assets and are charged to profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(D) Property, plant and equipment (continued)

(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 profit or loss.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(F) Impairment of non-financial assets (continued)

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 profit or loss, a reversal of that impairment is also recognised in profit or loss.

(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 profit or loss.

(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 profit or loss 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 profit or loss.

(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 2010

3. INCOME

	2010	2009
	\$	\$
Venue hire and event services	8,653,613	6,837,221
Mall and other rentals	6,705,946	6,228,283
Ticketing	4,615,042	5,481,216
Sponsorships and donations (Note 4)	3,623,807	3,807,696
Car parking	1,478,603	1,409,784
Specific funds – programmes (Note 20)	-	562
Other income:		
Merchandise sales	407,415	404,646
Interest income on fixed deposits	150,698	184,543
Gain on disposal of assets	7,659	23,710
Income from guided tours	14,769	9,052
Tenant services	144,945	85,654
Government grant – Job Credits	817,871	233,437
WDA Grant	298,560	-
Royalties income	74,080	28,573
Miscellaneous	229,728	260,786
	<u>2,145,725</u>	<u>1,230,401</u>
	<u>27,222,736</u>	<u>24,995,163</u>

4. SPONSORSHIPS AND DONATIONS

The total tax-deductible sponsorships and donations, including any donations classified under grants received for the year ended 31 March 2010, amounted to \$2,055,370 (2009: \$1,910,333). 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 \$142,831 (2009: \$75,152).

5. EXPENDITURE

	2010	2009
	\$	\$
Employee compensation (Note 6)	19,109,791	16,114,002
Property maintenance and utilities (Note 7)	10,689,940	11,277,022
Rental of property (Note 8)	12,840,000	11,812,800
Programming	10,213,785	11,758,812
Marketing and communications (Note 9)	3,243,387	3,306,508
Presentation services and relations (Note 10)	2,744,571	2,842,867
Other expenditure (Note 11)	6,358,988	6,841,415
	<u>65,200,462</u>	<u>63,953,426</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

6. EMPLOYEE COMPENSATION

	2010	2009
	\$	\$
Wages and salaries	15,808,812	13,307,537
Employer's contribution to Central Provident Fund	1,788,486	1,564,894
Other benefits	1,512,493	1,241,571
	<u>19,109,791</u>	<u>16,114,002</u>

Average number of persons employed during the financial year:

	2010	2009
Permanent Staff	199	189
Contract Staff	29	25
Full-time employees	<u>228</u>	<u>214</u>

7. PROPERTY MAINTENANCE AND UTILITIES

	2010	2009
	\$	\$
Building and facilities maintenance	7,725,860	7,669,732
Utilities	2,864,765	3,510,860
Insurance	99,315	96,430
	<u>10,689,940</u>	<u>11,277,022</u>

8. RENTAL OF PROPERTY

The Government of Singapore has charged the Company rental of \$12,840,000 (2009: \$11,812,800) for use of Esplanade – Theatres on the Bay. The rental is funded by way of a Government's subvention.

9. MARKETING AND COMMUNICATIONS

	2010	2009
	\$	\$
Advertising and promotion	2,563,050	2,588,219
Public relations	383,558	319,959
Sponsor services and development	157,866	272,226
Publications costs	138,913	126,104
	<u>3,243,387</u>	<u>3,306,508</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

10. PRESENTATION SERVICES AND RELATIONS

	2010	2009
	\$	\$
Production services	2,103,896	2,152,143
Ticketing and event services	640,675	690,724
	<u>2,744,571</u>	<u>2,842,867</u>

11. OTHER EXPENDITURE

	2010	2009
	\$	\$
Depreciation of property, plant and equipment (Note 18)	3,519,280	3,290,666
Professional and IT support charges	432,008	1,099,129
GST expense	811,269	735,919
Office supplies, postage and communication	330,853	333,192
Minor assets expensed	233,930	259,226
Merchandise		
Cost of merchandise sold	200,624	192,820
Allowance for diminution in value	1,447	4,790
Travelling and transport	188,449	238,194
Bank charges	120,501	137,204
Stamp duty	-	96,002
Miscellaneous expenses	288,257	265,239
Governance costs		
Legal and secretarial fees	102,693	63,348
External auditors' remuneration	45,700	48,462
Internal auditors' remuneration	14,885	29,278
Allowance for impairment of trade receivables	67,968	46,711
Foreign exchange loss	1,124	1,235
	<u>6,358,988</u>	<u>6,841,415</u>

12. CASH AND CASH EQUIVALENTS

	2010	2009
	\$	\$
Cash at bank and on hand	1,689,758	1,918,200
Fixed deposits	31,000,000	16,646,000
	<u>32,689,758</u>	<u>18,564,200</u>
Deposits pledged	-	(646,000)
Cash held in trust	(130,621)	(127,916)
Cash and cash equivalents in the cash flow statement	<u>32,559,137</u>	<u>17,790,284</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

12. CASH AND CASH EQUIVALENTS (CONTINUED)

The fixed deposits with financial institutions mature on varying dates within seven months (2009: varying dates within four months) from the financial year end. Interest rates on these deposits are variable and the weighted average effective interest rate as at 31 March 2010 was 0.66% (2009: 0.85%) per annum.

Cash and cash equivalents are denominated in the following currencies:

	2010	2009
	\$	\$
Singapore Dollars	32,559,137	18,436,284
United States Dollars	130,621	127,916
	<u>32,689,758</u>	<u>18,564,200</u>

The Company is the secretariat for the Association of Asia Pacific Performing Arts Centres. The cash denominated in United States Dollars amounted to US\$93,334 (2009: US\$84,017) is held in trust by the Company for that association.

13. TRADE RECEIVABLES

	2010	2009
	\$	\$
(A) Associated company – trade	-	10,028
Non-related parties – trade	970,339	1,830,466
	<u>970,339</u>	<u>1,840,494</u>
(B) Non-related party trade receivables are stated after deducting allowance for impairment	<u>69,712</u>	<u>57,995</u>

The amounts due from the associated company are unsecured, interest free and repayable within the next 12 months. Receivables are denominated in Singapore Dollars.

14. GRANTS RECEIVABLE/(IN ADVANCE)

	2010	2009
	\$	\$
Balance at beginning of year	16,488,283	7,897,133
Grants received	(36,317,610)	(18,993,135)
Transferred to deferred capital grants (Note 22)	1,713,058	2,266,440
Released to income and expenditure statement	26,049,282	25,317,845
Balance at end of year	<u>7,933,013</u>	<u>16,488,283</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

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

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 for cyclical improvement works and replacement of assets owned by MICA received and receivable in the year ended 31 March 2010 amounted to \$1,951,534 and \$1,768,767 respectively (2009: \$7,354,730 and \$590,000).

15. MERCHANDISE

	2010	2009
	\$	\$
At cost	31,877	39,138
Less: Allowance for impairment	(9,256)	(15,029)
At net realisable value	<u>22,621</u>	<u>24,109</u>

16. OTHER CURRENT ASSETS

	2010	2009
	\$	\$
Recoverable expenditure and receivables	1,903,244	1,140,955
Recoverable from the associated company	836,897	789,933
Prepayments	1,406,717	516,765
Deposits	24,060	19,000
	<u>4,170,918</u>	<u>2,466,653</u>

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

17. INVESTMENT IN ASSOCIATED COMPANY

	2010	2009
	\$	\$
Beginning of financial year	4,296,835	3,716,890
Share of profits for the financial year	302,541	579,945
End of financial year	<u>4,599,376</u>	<u>4,296,835</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

17. INVESTMENT IN ASSOCIATED COMPANY (CONTINUED)

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

	2010	2009
	\$	\$
Assets	13,173,000	11,102,000
Liabilities	3,628,000	2,421,000
Revenues	10,992,000	10,210,000
Net profits	<u>864,000</u>	<u>1,657,000</u>

Investment in the associated company includes goodwill of \$1,358,735 (2009: \$1,358,735).

Details of the investment in associated company are as follows:

Associated company	Principal activities	Country of business	Equity holding		Cost of investment	
			2010	2009	2010	2009
			%	%	\$	\$
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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

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 2009	2,971,803	4,363,987	10,275,635	357,616	6,714,047	1,905,448	123,132	26,711,668
Additions	41,520	75,730	60,747	-	402,265	86,289	1,075,747	1,742,298
Disposals	-	-	-	-	(87,104)	-	-	(87,104)
Transfers from Capital Projects in Progress	-	-	644,425	-	236,940	212,791	(1,094,156)	-
At 31 March 2010	3,013,323	4,439,717	10,980,807	357,616	7,266,148	2,204,528	104,723	28,366,862

Accumulated Depreciation

At 1 April 2009	1,603,919	1,609,030	5,206,345	357,616	4,456,131	1,577,362	-	14,810,403
Depreciation	245,132	693,239	1,465,882	-	886,340	228,687	-	3,519,280
Disposals	-	-	-	-	(86,139)	-	-	(86,139)
At 31 March 2010	1,849,051	2,302,269	6,672,227	357,616	5,256,332	1,806,049	-	18,243,544

Net book value

At 31 March 2010	1,164,272	2,137,448	4,308,580	-	2,009,816	398,479	104,723	10,123,318
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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
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

19. PAYABLES

	2010	2009
	\$	\$
Associated company – trade	16,477	-
Trade payables	2,231,445	2,541,633
Accrued operating expenses	7,771,783	5,648,707
Deposits received	2,145,858	2,070,636
Deferred income	457,776	400,876
Sundry payables	291,851	252,989
	<u>12,915,190</u>	<u>10,914,841</u>

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.

	2010	2009
	\$	\$
Balance at beginning of year	325,018	325,580
Funds received	-	-
Released to income and expenditure statement	-	(562)
Balance at end of year	<u>325,018</u>	<u>325,018</u>

21. INVESTMENT GRANT

	2010	2009
	\$	\$
Balance at beginning and end of year	<u>2,505,007</u>	<u>2,505,007</u>

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

	2010	2009
	\$	\$
Balance at beginning of year	11,815,107	12,818,387
Transferred from operating grant (Note 14)	1,713,058	2,266,440
Released to income and expenditure statement	(3,492,591)	(3,269,720)
Balance at end of year	<u>10,035,574</u>	<u>11,815,107</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

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 associate company	2010	2009
	\$	\$
Commission income	24,528	27,664
Handling fees received	16,568	17,490
Director's Fees	5,625	-
Sales commission expense	72,191	80,959
Ticketing agency fees paid	169,348	182,480
Software maintenance fees paid	150,000	150,000
Other services paid	53,319	43,508

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) Key management personnel compensation

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

	2010	2009
	\$	\$
Salaries and other short term benefits	2,073,317	2,222,350
Employer's contribution to Central Provident Fund	77,935	77,936
	2,151,252	2,300,286

Number of key management in remuneration bands is as follows:

	2010	2009
\$600,000 to below \$650,000	-	1
\$550,000 to below \$600,000	-	-
\$500,000 to below \$550,000	1	-
\$450,000 to below \$500,000	-	-
\$400,000 to below \$450,000	-	-
\$350,000 to below \$400,000	1	1
\$300,000 to below \$350,000	-	-
\$250,000 to below \$300,000	2	2
\$200,000 to below \$250,000	-	1
\$150,000 to below \$200,000	4	3
\$100,000 to below \$150,000	-	-
Below \$100,000	-	-
	8	8

Although Chief Executive Officer of The Esplanade Co. Ltd is also Chief Executive Officer of the National Arts Council, the remuneration disclosed includes only the portion for his Esplanade portfolio.

24. TAX

The Company is a registered charity under the Charities Act (Cap 37). All registered charities enjoy automatic tax exemption. Hence, the Company is not required to make provision for Singapore income tax in the financial year ended 31 March 2010.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

25. COMMITMENTS

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

	2010	2009
	\$	\$
Leasehold improvements and equipment	36,230	12,480
Works and services	145,877	254,104
	182,107	266,584

(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:

	2010	2009
	\$	\$
Not later than 1 year	49,056	49,056
Later than 1 year but not later than 5 years	57,564	106,620
	106,620	155,676

(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:

	2010	2009
	\$	\$
Not later than 1 year	5,668,156	5,870,240
Later than 1 year but not later than 5 years	3,614,706	6,862,786
	9,282,862	12,733,026

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(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.

(i) *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.

(ii) *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:

	2010	2009
	\$	\$
Past due < 3 months	360,645	432,336
Past due 3 to 6 months	66,088	498,947
Past due over 6 months	14,391	13,235
	<u>441,124</u>	<u>944,518</u>

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

	2010	2009
	\$	\$
Gross amount	69,712	57,995
Less: Allowance for impairment	<u>(69,712)</u>	<u>(57,995)</u>
	-	-
Beginning of financial year	(57,995)	(11,284)
Allowance made	(69,712)	(50,000)
Allowance written back	1,744	3,289
Allowance written off	56,251	-
End of financial year (Note 13)	<u>(69,712)</u>	<u>(57,995)</u>

