

DRAMA BOX LTD.

[UEN. 200517863N]

[IPC Reg. No. IPC000610]

[A company limited by guarantee and not
having a share capital]

[Incorporated in the Republic of Singapore]

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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Fiducia LLP

(UEN. T10LL0955L)

Public Accountants and

Chartered Accountants of Singapore

71 Ubi Crescent #08-01

Excalibur Centre, Singapore 408571.

T: (65) 6846.8376

F: (65) 6725.8161

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of the Company for the financial year ended 31 March 2016.

In the opinion of the directors,

- a) the financial statements as set out on pages 5 to 25, are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2016, and the financial performance, changes in fund 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.

Directors

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

Leong Thim Wai
Kok Heng Leun
Loo Ngee Hui
Danny Yeo Chin Wei
Lee Shyh Jih

Arrangements to enable directors to acquire shares and/or debentures

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

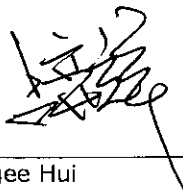
Other matters

As the Company is limited by guarantee, matters relating to interest in shares, debentures or share options are not applicable.

Independent Auditors

The independent auditors, Messrs. Fiducia LLP, Public Accountants and Chartered Accountants of Singapore, have expressed their willingness to accept re-appointment.

On behalf of the directors,



Loo Ngee Hui
Director



Leong Thim Wai
Director

Singapore,

01 SEP 2016

Fiducia LLP

Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
#08-01 Excalibur Centre
Singapore 408571
T: (65) 6846.8376
F: (65) 6275.8161

Independent auditor's report to the members of:

DRAMA BOX LTD.

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Report on the Financial Statements

We have audited the accompanying financial statements of **Drama Box Ltd.** (the "Company") set out on pages 5 to 25, which comprise the statement of financial position of the Company as at **31 March 2016**, statement of financial activities, statement of changes in fund and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act"), Charities Act (Chapter 37) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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 about 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 judgment, 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 of financial statements that give a true and fair view 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 that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Fiducia LLP

Public Accountants and
Chartered Accountants of Singapore

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Singapore 408571
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(CONT'D)

Independent auditor's report to the members of:

DRAMA BOX LTD.

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Opinion

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act, Charities Act (Chapter 37) and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 March 2016, and the financial performance, changes in funds and cash flows of the Company for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with provisions of the Act.

During the course of our audit, nothing has come to our attention that caused us to believe that during the financial year:

- (a) the use of the donation moneys was not in accordance with the objectives of the Company as required under regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Company has not complied with the requirements of regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.



Fiducia LLP
Public Accountants and
Chartered Accountants

Singapore,

01 SEP 2016
Partner in charge: Lee Choon Keat
PAB No: 01721

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	2016 S\$	2015 S\$
INCOME			
Voluntary income			
- Donations	4	222,323	338,172
- Government grants	5	896,625	665,431
Ticket sales		0	117,175
Workshop and consultation fees		158,834	129,671
Commission and engagement		200,000	33,400
		<u>1,477,782</u>	<u>1,283,849</u>
Other income	6	<u>58,547</u>	<u>67,501</u>
Total income		<u>1,536,329</u>	<u>1,351,350</u>
EXPENDITURES			
Cost of generating funds			
Cost of Production and Projects		817,224	707,239
Rental and sinking fund		7,696	7,696
Staff costs	7	471,512	418,478
		<u>1,296,432</u>	<u>1,133,413</u>
Governance and other administrative costs			
Audit fees		3,210	5,885
Bank charges		336	575
Depreciation of property, plant and equipment	11	3,591	3,048
Insurance		5,656	4,107
IT / Web expenses		984	1,316
Marketing and publicity		18,014	34,814
Office expenses		6,038	6,035
Postage and stationary		200	301
Printing and photocopying		827	632
Repairs and maintenance		2,150	471
Sponsorship expenses - current year		726	1,368
Sponsorship expenses - over-provision in prior year		0	(7,704)
Staff costs	7	150,830	117,627
Telephone charges		1,748	1,452
Transportation		394	803
Utility		4,754	5,275
		<u>199,458</u>	<u>176,005</u>
Total expenditures		<u>1,495,890</u>	<u>1,309,418</u>
NET INCOME FOR THE FINANCIAL YEAR		<u>40,439</u>	<u>41,932</u>

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

DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Unrestricted Fund	Restricted Fund	Total Funds
	General Fund	Cultural Matching Fund	
	S\$	S\$	S\$
2016			
INCOME			
Voluntary income			
- Donations	222,323	0	222,323
- Government grants	645,685	250,940	896,625
Workshop and consultation fees	158,834	0	158,834
Commission and engagement	200,000	0	200,000
	<u>1,226,842</u>	<u>250,940</u>	<u>1,477,782</u>
Other income	<u>58,547</u>	<u>0</u>	<u>58,547</u>
Total income	<u>1,285,389</u>	<u>250,940</u>	<u>1,536,329</u>
EXPENDITURES			
Cost of generating funds			
Cost of production and projects	817,224	0	817,224
Rental and sinking fund	7,696	0	7,696
Staff costs	275,186	196,326	471,512
	<u>1,100,106</u>	<u>196,326</u>	<u>1,296,432</u>
Governance and other administrative costs			
Audit fees	3,210	0	3,210
Bank charges	336	0	336
Depreciation of property, plant and equipment	3,591	0	3,591
Insurance	5,656	0	5,656
IT / Web expenses	984	0	984
Marketing and publicity	18,014	0	18,014
Office expenses	6,038	0	6,038
Postage and stationary	200	0	200
Printing and photocopying	827	0	827
Repairs and maintenance	2,150	0	2,150
Sponsorship expenses - current year	726	0	726
Staff costs	96,216	54,614	150,830
Telephone charges	1,748	0	1,748
Transportation	394	0	394
Utility	4,754	0	4,754
	<u>144,844</u>	<u>54,614</u>	<u>199,458</u>
Total expenditures	<u>1,244,950</u>	<u>250,940</u>	<u>1,495,890</u>
NET INCOME FOR THE FINANCIAL YEAR	<u>40,439</u>	<u>0</u>	<u>40,439</u>

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

DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	Unrestricted Fund	Restricted Fund	Total Funds
	General Fund	Cultural Matching Fund	
	S\$	S\$	S\$
2015			
INCOME			
Voluntary income			
- Donations	338,172	0	338,172
- Government grants	569,500	95,931	665,431
Ticket sales	117,175	0	117,175
Workshop and consultation fees	129,671	0	129,671
Commission and engagement	33,400	0	33,400
	<u>1,187,918</u>	<u>0</u>	<u>1,283,849</u>
Other income	<u>67,501</u>	<u>0</u>	<u>67,501</u>
Total income	<u>1,255,419</u>	<u>95,931</u>	<u>1,351,350</u>
EXPENDITURES			
Cost of generating funds			
Cost of production and projects	707,239	0	707,239
Rental and sinking fund	7,696	0	7,696
Staff costs	337,222	81,256	418,478
	<u>1,052,157</u>	<u>81,256</u>	<u>1,133,413</u>
Governance and other administrative costs			
Audit fees	5,885	0	5,885
Bank charges	575	0	575
Depreciation of property, plant and equipment	3,048	0	3,048
Insurance	4,107	0	4,107
IT / Web expenses	1,316	0	1,316
Marketing and publicity	34,814	0	34,814
Office expenses	6,035	0	6,035
Postage and stationary	301	0	301
Printing and photocopying	632	0	632
Repairs and maintenance	471	0	471
Sponsorship expenses – current year	1,368	0	1,368
Sponsorship expenses – over-provision in prior year	(7,704)	0	(7,704)
Staff costs	102,952	14,675	117,627
Telephone charges	1,452	0	1,452
Transportation	803	0	803
Utility	5,275	0	5,275
	<u>161,330</u>	<u>14,675</u>	<u>176,005</u>
Total expenditures	<u>1,213,487</u>	<u>95,931</u>	<u>1,309,418</u>
NET INCOME FOR THE FINANCIAL YEAR	<u>41,932</u>	<u>0</u>	<u>41,932</u>

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

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Note	2016 S\$	2015 S\$
ASSETS			
Current assets			
Cash and cash equivalents	9	462,421	292,320
Receivables and prepayment	10	<u>125,438</u>	<u>186,225</u>
		<u>587,859</u>	<u>478,545</u>
Non-current assets			
Property, plant and equipment	11	<u>4,282</u>	<u>7,873</u>
Total assets		<u>592,141</u>	<u>486,418</u>
LIABILITIES			
Current liabilities			
Payables	12	97,304	71,535
Deferred income	13	<u>185,686</u>	<u>146,171</u>
		<u>282,990</u>	<u>217,706</u>
Total liabilities		<u>282,990</u>	<u>217,706</u>
NET ASSETS		<u>309,151</u>	<u>268,712</u>
FUNDS			
Unrestricted funds			
General funds	14	309,151	268,712
Restricted funds			
Cultural Matching Fund	14	<u>0</u>	<u>0</u>
TOTAL FUNDS		<u>309,151</u>	<u>268,712</u>

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

STATEMENT OF CHANGES IN FUND FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Balance at beginning of financial year S\$	Net income for the financial year S\$	Balance at the end of financial year S\$
2016			
Unrestricted funds			
General funds	268,712	40,439	309,151
Restricted funds			
Cultural Matching Fund	<u>0</u>	<u>0</u>	<u>0</u>
	<u>268,712</u>	<u>40,439</u>	<u>309,151</u>
	Balance at beginning of financial year S\$	Net income for the financial year S\$	Balance at the end of financial year S\$
2015			
Unrestricted funds			
General funds	226,780	41,932	268,712
Restricted funds			
Cultural Matching Fund	<u>0</u>	<u>0</u>	<u>0</u>
	<u>226,780</u>	<u>41,932</u>	<u>268,712</u>

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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	2016 S\$	2015 S\$
Cash flows from operating activities			
Net income for the financial year		40,439	41,932
Adjustments for:			
– Depreciation of property, plant and equipment	11	<u>3,591</u>	<u>3,048</u>
Operating income before changes in working capital		44,030	44,980
Changes in operating assets and liabilities			
– Receivables and prepayment		60,787	(130,831)
– Payables		<u>25,769</u>	<u>(24,347)</u>
Net cash flows generated from/ (used in) operating activities		<u>130,586</u>	<u>(110,198)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment representing net cash flows used in investing activities	11	0	(6,432)
Cash flows from financing activities			
Deferred income received representing net cash flows generated from financing activities		<u>39,515</u>	<u>58,701</u>
Net increase/ (decrease) in cash and cash equivalent		170,101	(57,929)
Cash and cash equivalent at beginning of financial year		<u>292,320</u>	<u>350,249</u>
Cash and bank balances at end of financial year	9	<u>462,421</u>	<u>292,320</u>
Cash and cash equivalents comprise:			
Cash on hand		500	500
Cash at banks		<u>461,921</u>	<u>291,820</u>
	9	<u>462,421</u>	<u>292,320</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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

1. General information

Drama Box Ltd. (the "Company") was established on 27 December 2005. It is a company limited by guarantee whereby each member of the Company undertakes to meet the debts and liabilities of the Company, in event of its liquidation, to an amount not exceeding S\$1 per member. As at 31 March 2016, the Company has 5 members (2015: 5 members).

It is a charity registered under the Charities Act (Chapter 37) since 5 July 2006. The Company has been accorded Institutions of a Public Character ("IPC") status for the period from 1 February 2015 to 31 January 2017.

The address of its registered office and principal place of business is 14A Trengganu Street, Singapore 058468.

The principal activities of the Company are those of producing local and international theatre and cultural performances and training of local arts practitioners and related activities to promote arts amongst the general public.

These financial statements are presented in Singapore Dollar, which is the Company's functional currency.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") and the provision of the Charities Act (Chapter 37). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

These audited financial statements are presented in Singapore Dollar (S\$), which is the Company's functional currency.

The preparation of these 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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2015

On 1 April 2015, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adaptation of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the current or prior financial years.

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

New or amended Standards and Interpretations effective after 1 April 2015

The following are the new or amended Standards and Interpretations that are not yet applicable, but may be early adopted for the current financial year:

Interpretations and amendments to published standards effective in 2015

Descriptions	Annual periods commencing on
FRS 114 Regulatory Deferral Accounts Amendments to FRS 27: Equity Method in Separate Financial Statements Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation Amendments to FRS 16 and FRS 41: Agricultural - Bearer Plants Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations Amendments to FRS 110 and FRS 28: Investment Entities: Applying the Consolidation Exception Amendments to FRS 1: Disclosure Initiative	1 January 2016
Amendments to FRS 7: Disclosure Initiative Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 109 Financial Instruments FRS 115 Revenue from Contracts with Customers	1 January 2018

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is presented, net of goods and services tax, rebates and discounts, where applicable. Revenue is recognised as follows:

2.2.1 Sale of tickets

Revenue from sales of tickets is recognised when the productions have been performed.

2.2.2 Rendering of services

Revenue from workshops and courses are recognised over the period in which the services are rendered, using the percentage-of-completion method based on the actual service provided as a proportion of the total services to be performed.

2.2.3 Government grants

Government grants are recognised as income in the financial statements over the periods necessary to match them with the related costs, which they are intended to compensate on a systematic basis.

2. Significant accounting policies (Cont'd)

2.2 Revenue recognition (Cont'd)

2.2.4 Donations

Donations are taken up and accrued as and when they are committed. Those uncommitted donations are recognised on receipt basis. Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

2.2.5 Other income

Other income is recognised when incurred.

2.3 Expenditure recognition

All expenditures are accounted for on accrual basis, aggregated under the respective areas. Direct costs are attributed to the activity where possible. Where costs are not wholly attributable to an activity, they are apportioned on a basis consistent with the use of resources.

2.3.1 Cost of generating funds

The cost of generating funds are those cost attributable to generating income for the Company, other than those costs incurred in undertaking charitable activities in furtherance of the Company's objects.

2.3.2 Governance and administrative costs

Governance and administrative costs include the costs of governance arrangement, which relate to the general running of the Company, providing governance infrastructure and ensuring public accountability. These costs include costs related to constitutional and statutory requirements and an apportionment of overhead and shared costs.

2.4 Property, plant and equipment

2.4.1 Measurement

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal and restoration is included as a consequence of acquiring or using the property, plant and equipment.

2.4.2 Depreciation

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

2. Significant accounting policies (Cont'd)

2.4 Property, plant and equipment (Cont'd)

2.4.2 Depreciation (Cont'd)

	Useful lives
Furniture and fittings	3 years
Office equipment	3 years
Stage equipment	3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each financial position date. The effects of any revision are recognised in profit or loss when the changes arise.

2.4.3 Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that have already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expenses in statement of comprehensive income during the financial year in which it is incurred. All other repair and maintenance expense are recognised in profit or loss when incurred.

2.4.4 Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposals proceeds and its carrying amount is recognised in profit or loss.

2.5 Impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

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 asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2. Significant accounting policies (Cont'd)

2.6 Financial assets

2.6.1 Classification

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables are classified within "Trade and other receivables" and "Cash and cash equivalents" on the statement of financial position.

2.6.2 Recognition and derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in statement of financial activities.

2.6.3 Measurement

Financial assets are initially recognised at fair value plus transaction costs. Loans and receivables are subsequently carried at amortized cost using effective interest method.

2.6.4 Impairment

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments is considered indicators that the receivable is impaired.

An allowance for impairment of loans and receivables is recognised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the amount becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in statement of comprehensive income.

2. Significant accounting policies (Cont'd)

2.7 Cash and cash equivalents

Cash and cash equivalents include deposits with financial institutions. Cash and cash equivalents are carried at cost.

2.8 Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument and are classified according to the substance of the contractual arrangements entered into. All interest related charges are recognised in the statement of financial activities. Financial liabilities include accruals and other payables.

Financial liabilities is derecognised when the obligations under the liability is discharged or cancelled or expires. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of financial activities.

2.9 Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2.10 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.11 Fair value estimation of financial assets and liabilities

The carrying amounts of current financial assets and liabilities, carried at amortised cost, are assumed to approximate their fair values due to their short-term nature.

2.12 Operating lease

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents re recognised as an expense in profit or loss when incurred.

2.13 Employee compensation

Defined contribution plans

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

2. Significant accounting policies (Cont'd)

2.13 Employee compensation (Cont'd)

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 statement of financial position date.

2.14 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
 - (i) Has control or joint control of the Society;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Company or of a parent of the Company.
- (b) An entity is related to the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the entity's accounting policies

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

3. Critical accounting estimates, assumptions and judgements (Cont'd)

Critical judgements in applying the entity's accounting policies (Cont'd)

Estimated useful lives of property, plant and equipment

The Company reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever there is any indication that the assets are impaired. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the impairment loss. The key assumptions for the value in use calculation are those regarding the growth rates, and expected change to selling price and direct costs during the year and a suitable discount rate.

Allowance for impairment of receivables

The Company reviews the adequacy of allowance for impairment of receivables at each closing by reference to the ageing analysis of receivables, and evaluate the risks of collection according to the credit standing and collection history of individual customer. If there are indications that the financial position of a customer has deteriorated resulting in an adverse assessment of his risk profile, an appropriate amount of allowance will be provided.

4. Tax deductible receipts

	2016 S\$	2015 S\$
Tax exempt		
- Current year	65,875	331,600
- Transferred from deferred income	<u>125,636</u>	<u>0</u>
Total tax exempt	<u>191,511</u>	<u>331,600</u>

Tax deductible receipts issued by the Company for donations received during the financial year, pursuant to its Institutions of a Public Character ("IPC") status, are recorded as follows:

	Note	2016 S\$	2015 S\$
Statement of Financial Activities:			
General fund			
- Donations		65,875	331,600
Statement of financial position			
- Deferred income	13	3,000	82,733
Total		<u>68,875</u>	<u>414,333</u>

5. Government grants

	2016 S\$	2015 S\$
Grants from National Art council		
- Major grant	500,000	460,000
- Other grants	16,729	36,500
Other government grants		
- Cultural Matching Grant	250,940	95,931
- Other grants	128,956	73,000
	896,625	665,431

6. Other income

	2016 S\$	2015 S\$
Rental of studio	2,990	1,600
Sales of books	6	100
Wage credit scheme payout	47,110	39,280
Others	8,441	26,521
	58,547	67,501

7. Staff costs

Included in the expenditures are the following staff costs:

	2016 S\$	2015 S\$
Staff salaries and bonuses	527,823	459,544
Staff training	3,878	2,246
Staff welfare	2,675	2,777
CPF contribution	86,761	70,563
Skill development levy	1,205	975
	622,342	536,105

The staff costs were allocated as follows:

	2016 S\$	2015 S\$
Cost of charitable activities		
- Director and staff salaries and bonuses	405,538	363,942
- Director and staff CPF contribution	65,974	54,536
	471,512	418,478
Governance and administrative costs		
- Staff salaries and bonuses	122,285	95,602
- Staff CPF contribution	20,787	16,027
- Staff Training	3,878	2,246
- Staff welfare	2,675	2,777
- Skill development levy	1,205	975
	150,830	117,627
Total	622,342	536,105

8. Income tax

The Company is a charity registered under the Charities Act since 05 July 2006. Thus, the income of the Company is exempt from tax under the provisions of Section 13 of the Income Tax Act Cap. 134.

9. Cash and cash equivalents

	2016 S\$	2015 S\$
Cash on hand	500	500
Cash at bank	<u>461,921</u>	<u>291,820</u>
	<u>462,421</u>	<u>292,320</u>

At the reporting date, the carrying amount of cash and cash equivalents approximated its fair value.

10. Receivables and prepayment

	2016 S\$	2015 S\$
Receivables from charitable activities	97,701	87,812
Prepayment	<u>27,737</u>	<u>98,413</u>
	<u>125,438</u>	<u>186,225</u>

At the reporting date, the carrying amounts of receivables and prepayment approximated their fair values.

11. Property, plant and equipment

	Furniture and fittings S\$	Office equipment S\$	Stage equipment S\$	Total S\$
2016				
At cost				
Beginning of the financial year	3,073	29,338	9,325	41,736
Additions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
End of financial year	<u>3,073</u>	<u>29,338</u>	<u>9,325</u>	<u>41,736</u>
Accumulated depreciation				
Beginning of financial year	3,073	21,465	9,325	33,863
Depreciation charge	<u>0</u>	<u>3,591</u>	<u>0</u>	<u>3,591</u>
End of financial year	<u>3,073</u>	<u>25,056</u>	<u>9,325</u>	<u>37,454</u>
Net book value	<u>0</u>	<u>4,282</u>	<u>0</u>	<u>4,282</u>

11. Property, plant and equipment (Cont'd)

	Furniture and fittings S\$	Office equipment S\$	Stage equipment S\$	Total S\$
2015				
At cost				
Beginning of the financial year	3,073	22,906	9,325	35,304
Additions	<u>0</u>	<u>6,432</u>	<u>0</u>	<u>6,432</u>
End of financial year	<u>3,073</u>	<u>29,338</u>	<u>9,325</u>	<u>41,736</u>
Accumulated depreciation				
Beginning of financial year	3,073	18,417	9,325	30,815
Depreciation charge	<u>0</u>	<u>3,048</u>	<u>0</u>	<u>3,048</u>
End of financial year	<u>3,073</u>	<u>21,465</u>	<u>9,325</u>	<u>33,863</u>
Net book value	<u>0</u>	<u>7,873</u>	<u>0</u>	<u>7,873</u>

12. Payables

	2016 S\$	2015 S\$
Accrued expenses	<u>97,304</u>	<u>71,535</u>

At the reporting date, the carrying amounts of payables approximated their fair values.

13. Deferred income

	2016 S\$	2015 S\$
Deferred income	<u>185,686</u>	<u>146,171</u>

Included in deferred income was deferred tax-exempt donations received totalling S\$3,000 (2015: S\$82,733) as disclosed in note 4.

14. Funds

Funds comprise:

a) Unrestricted general fund

This fund represents accumulated surplus and is for the purpose of meeting operating expenses incurred by the Company.

b) Restricted fund

Fund balances restricted by outside sources are indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the management. Externally restricted funds may only be utilised in accordance with the purpose established by the source of such funds or through the terms of an appeal and are in contrast with unrestricted funds over which management retains full control to use in achieving any of its company purposes.

Restricted funds comprise:

Cultural Matching Fund ("CMF")

The Cultural Matching Fund (CMF) is a fund set up by the Ministry of Culture, Community and Youth ("MCCY") to provide dollar-for-dollar matching grants for private cash donations to arts and heritage charities or IPC. The CMF doubles the value of every cash donation for the receiving charities or IPC which can be put to various uses, including developing the capabilities for the long-term sustainability of the charities or IPC and the cultural sector as a whole. The National Arts Council ("NAC") is the appointed CMF Secretariat for the administration of the CMF.

If the funds are not utilised in accordance with the approved uses of the CMF, the charities or IPC will not be allowed to apply for future matching grants from the CMF. The CMF Board of Trustees reserves the right to request for the monies to be returned, so that other eligible charities or IPC can benefit from the fund.

Net assets of the restricted funds

	Cultural Matching Fund S\$	Total S\$
Total restricted funds as at 31 March 2016	<u>0</u>	<u>0</u>
Represented by:		
Cash and bank balances	118,861	118,861
Deferred income	<u>(118,861)</u>	<u>(118,861)</u>
	<u>0</u>	<u>0</u>

15. Related party transactions

The remuneration of key management personnel during the financial year was as follows:

	2016 S\$	2015 S\$
Salaries and other short-term benefits		
- Key management	75,000	59,000
- Director	71,250	102,250
	146,250	161,250
Post-employment benefits – contribution to CPF		
- Key management	12,750	9,630
- Director	9,138	11,825
	21,888	21,455
	2016	2015
	No. of key management personnel	No. of key managemen t personnel
Remuneration band (S\$)		
S\$50,001 to S\$100,000	2	1
S\$100,001 to S\$150,000	0	1

16. Operating lease commitments

As at the financial year-end, the Company has commitment for future minimum lease payments under non-cancellable operating lease as follows:

	2016 S\$	2015 S\$
Within one year	2,565	7,696
Later than one year but not later than five years	0	2,565
	2,565	10,261

17. Financial instruments

	2016 S\$	2015 S\$
<i>Financial assets</i>		
Cash and cash equivalents	462,421	292,320
Trade and other receivables (excluding prepayment)	97,701	87,812
	560,122	380,132
<i>Financial liabilities</i>		
Payables	97,304	71,535
	462,818	308,597

18. Financial risk management

The Company's activities expose it to minimal financial risk. The Company does not use derivative financial instruments to minimize its financial risk exposures. As at 31 March 2016, the Company does not hold or issue derivative financial instruments for trading purposes.

Risk management is carried out under policies approved by the Board of Directors. The Company does not have any written risk management policies and guidelines which set out its tolerance for risk and its general risk management philosophy, but Management closely monitors the Company's business risk exposures in connection with its financial assets and financial liabilities and adopts the appropriate measures including the use of other financial instruments when considered necessary to reduce any potential financial risk exposures or losses.

Currency risk

The Company is not exposed to foreign exchange risk as most of its transactions are in Singapore Dollar.

Liquidity risks

Liquidity risk reflects the risk that the Company will have insufficient resources to meet its financial liabilities as and when they fall due.

The Company adopts prudent liquidity and cash flow risk management by maintaining a level of cash and cash equivalents deemed adequate by management to finance its operations and to mitigate the effects of fluctuations in cash flow.

	2016 S\$	2015 S\$
<u>Payable within one year</u>		
<i>Financial assets</i>		
Cash and cash equivalents	462,421	292,320
Trade and other receivables (net of prepayment)	<u>97,701</u>	<u>87,812</u>
	560,122	380,132
<i>Financial liabilities</i>		
Payables	<u>97,304</u>	<u>71,535</u>
	<u>462,818</u>	<u>308,597</u>

Credit risk

Credit risk is the potential financial loss resulting from the failure of a debtor to settle its financial and contractual obligations to the Company, as and when they fall due.

The Company has minimal exposure to credit risks due to the nature of its activities. It has no major concentration of credit risk. Its cash is placed with creditworthy financial institutions.

Interest rate risk

The Company's income and operating cash flows are not substantially affected by changes in market interest rates, as they do not have significant interest-bearing assets or liabilities as at the reporting date.

18. Financial risk management (Cont'd)

Fair values

The carrying amounts of the financial assets and liabilities recorded in the financial statements of the Company approximate their fair values due to their short-term nature.

19. Management of reserves

The Company regards its accumulated general fund as its reserves.

The Company's reserve policy requires it to maintain sufficient reserve to ensure long-term financial sustainability and continuity for the purpose of operating effective programs.

20. Conflict of interest policy

Whenever a member of the Board of Directors is in any way, directly or indirectly, has an interest in a transaction or project or other matter to be discussed at a meeting, the member shall disclose the nature of his interests before the discussion on the matters begins.

The member concerned should not participate in the discussion or vote on the matter, and should also offer to withdraw from the meeting and the Board of Directors shall decide if this should be accepted.

21. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of the Company on

01 SEP 2016