

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 2017**

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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 2017.

In the opinion of the directors,

- a) the financial statements as set out on pages 7 to 27, are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2017, and the financial performance, changes in fund and cash flows of the Company for the financial year covered by the financial statements; 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, 15 SEP 2017

Fiducia LLP

Public Accountants and
Chartered Accountants of Singapore

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Independent auditor's report to the members of:

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Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Drama Box Ltd.** (the "Company"), which comprise the statement of financial position as at 31 March 2017, and the statement of financial activities, statement of changes in funds and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Companies Act"), the Charities Act, Chapter 37 and other relevant regulations ("the Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2017, and of the financial performance, changes in funds and cash flows of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on page 2 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Independent auditor's report to the members of:

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Responsibilities of Management and Those Charged with Governance 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 Companies Act, the Charities Act and Regulations and FRSs, and for devising and maintaining a system of internal 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 financial statements and to maintain accountability of assets.-

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance comprises the directors. Their responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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Independent auditor's report to the members of:

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Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

Fiducia LLP

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Report on Other Legal and Regulatory Requirements (Cont'd)

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

- (a) the Company has not used the donation moneys in accordance with its objectives 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 of the Charities (Institutions of a Public Character) Regulations.



Fiducia LLP
Public Accountants and
Chartered Accountants

Singapore, 15 September 2017.

Partner in charge: Lee Choon Keat
PAB No: 01721

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	2017 S\$	2016 S\$
INCOME			
Voluntary income			
– Donations	4	73,499	222,312
– Government grants	5	795,318	896,625
Ticket sales		15,879	0
Workshop and consultation fees		55,610	158,834
Commission and engagement		105,804	200,000
		<u>1,046,110</u>	<u>1,477,771</u>
Other income	6	<u>8,949</u>	<u>58,547</u>
Total income		<u>1,055,059</u>	<u>1,536,329</u>
EXPENDITURES			
Cost of generating funds			
Cost of production and projects		374,265	817,224
Rental and sinking fund		7,696	7,696
Staff costs	7	427,214	471,512
		<u>809,175</u>	<u>1,296,432</u>
Governance and other administrative costs			
Audit fees		5,029	3,210
Bank charges		407	336
Depreciation of property, plant and equipment	11	3,748	3,591
Insurance		5,087	5,656
IT / Web expenses		1,306	984
Marketing and publicity		13,900	18,014
Office expenses		5,569	6,038
Postage and stationery		250	200
Printing and photocopying		751	827
Repairs and maintenance		5,877	2,150
Sponsorship expenses		2,764	726
Staff costs	7	139,791	150,830
Telephone charges		1,394	1,748
Transportation		315	394
Utility		4,075	4,754
		<u>190,263</u>	<u>199,458</u>
Total expenditures		<u>999,438</u>	<u>1,495,890</u>
NET INCOME FOR THE FINANCIAL YEAR		<u>55,621</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 2017

	Note	Unrestricted Fund General Fund S\$	Restricted Fund Cultural Matching Fund S\$	Total Funds S\$
2017				
INCOME				
Voluntary income				
- Donations	4	73,499	0	73,499
- Government grants	5	646,821	148,497	795,318
Ticket sales		15,879	0	15,879
Workshop and consultation fees		55,610	0	55,610
Commission and engagement		105,804	0	105,804
		<u>897,613</u>	<u>148,497</u>	<u>1,046,110</u>
Other income	6	<u>8,949</u>	<u>0</u>	<u>8,949</u>
Total income		<u>906,562</u>	<u>148,497</u>	<u>1,055,059</u>
EXPENDITURES				
Cost of generating funds				
Cost of production and projects		255,404	118,861	374,265
Rental and sinking fund		7,696	0	7,696
Staff costs	7	398,315	28,899	427,214
		<u>661,415</u>	<u>147,760</u>	<u>809,175</u>
Governance and other administrative costs				
Audit fees		5,029	0	5,029
Bank charges		407	0	407
Depreciation of property, plant and equipment	11	3,748	0	3,748
Insurance		5,087	0	5,087
IT / Web expenses		1,306	0	1,306
Marketing and publicity		13,900	0	13,900
Office expenses		5,569	0	5,569
Postage and stationery		250	0	250
Printing and photocopying		751	0	751
Repairs and maintenance		5,877	0	5,877
Sponsorship expenses		2,764	0	2,764
Staff costs	7	139,054	737	139,791
Telephone charges		1,394	0	1,394
Transportation		315	0	315
Utility		4,075	0	4,075
		<u>189,526</u>	<u>737</u>	<u>190,263</u>
Total expenditures		<u>850,941</u>	<u>148,497</u>	<u>999,438</u>
NET INCOME FOR THE FINANCIAL YEAR		<u>55,621</u>	<u>0</u>	<u>55,621</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
	Note	General Fund S\$	Cultural Matching Fund S\$	S\$
2016				
INCOME				
Voluntary income				
– Donations	4	222,312	0	222,312
– Government grants	5	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	6	<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	7	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	11	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 stationery		200	0	200
Printing and photocopying		827	0	827
Repairs and maintenance		2,150	0	2,150
Sponsorship expenses		726	0	726
Staff costs	7	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.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	2017 S\$	2016 S\$
ASSETS			
Current assets			
Cash and cash equivalents	9	506,390	462,421
Receivables and prepayment	10	<u>79,874</u>	<u>125,438</u>
		<u>586,264</u>	<u>587,859</u>
Non-current assets			
Property, plant and equipment	11	<u>3,417</u>	<u>4,282</u>
Total assets		<u>589,681</u>	<u>592,141</u>
LIABILITIES			
Current liabilities			
Payables	12	94,414	97,304
Deferred income	13	<u>130,495</u>	<u>185,686</u>
		<u>224,909</u>	<u>282,990</u>
Total liabilities		<u>224,909</u>	<u>282,990</u>
NET ASSETS		<u>364,772</u>	<u>309,151</u>
FUNDS			
Unrestricted fund			
General fund	14	364,772	309,151
Restricted fund			
Cultural Matching Fund	14	<u>0</u>	<u>0</u>
TOTAL FUNDS		<u>364,772</u>	<u>309,151</u>

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

STATEMENT OF CHANGES IN FUND FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Balance at beginning of financial year S\$	Net income for the financial year S\$	Balance at the end of financial year S\$
2017			
Unrestricted funds			
General funds	309,151	55,621	364,772
Restricted funds			
Cultural Matching Fund	<u>0</u>	<u>0</u>	<u>0</u>
	<u>309,151</u>	<u>55,621</u>	<u>364,772</u>
	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>

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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	2017 S\$	2016 S\$
Cash flows from operating activities			
Net income for the financial year		55,621	40,439
Adjustments for:			
– Depreciation of property, plant and equipment	11	<u>3,748</u>	<u>3,591</u>
Operating income before changes in working capital		59,369	44,030
Changes in operating assets and liabilities			
– Receivables and prepayment		45,564	60,787
– Payables		<u>(2,890)</u>	<u>25,769</u>
Net cash flows generated from operating activities		<u>102,043</u>	<u>130,586</u>
Cash flows from investing activities			
Purchase of property, plant and equipment representing net cash flows used in investing activities	11	<u>(2,883)</u>	<u>0</u>
Cash flows from financing activities			
Deferred income received representing net cash flows (used in) / generated from financing activities		<u>(55,191)</u>	<u>39,515</u>
Net increase in cash and cash equivalents		43,969	170,101
Cash and cash equivalents at beginning of financial year		<u>462,421</u>	<u>292,320</u>
Cash and cash equivalents at end of financial year	9	<u>506,390</u>	<u>462,421</u>
Cash and cash equivalents comprise:			
Cash on hand		500	500
Cash at bank		<u>505,890</u>	<u>461,921</u>
	9	<u>506,390</u>	<u>462,421</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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 2017, the Company has 5 members (2016: 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 2017 to 31 January 2019.

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 2016

On 1 April 2016, 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 Society's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption 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 2016

The following are the new or amended Standards and Interpretations (issued by Accounting Standards Council up to 4 January 2017) that are not yet applicable, but may be early adopted for the current financial year:

Descriptions	Annual periods commencing on
Amendments to: <ul style="list-style-type: none"> - FRS 7 Statement of cash flows (Disclosure initiative) - FRS 12 Income taxes (Recognition of deferred tax assets for unrealised losses) 	1 January 2017
FRS 109 Financial Instruments FRS 115 Revenue from Contracts with Customers Amendments to: <ul style="list-style-type: none"> - FRS 102 Classification and Measurement of Share-based Payment Transactions - FRS 40 Transfers of Investment Property 	1 January 2018
FRS 116 Leases	1 January 2019

Management believes that the adoption of the revised standards and interpretations will have no material impact on the financial statements in the period of the initial application.

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

	2017 S\$	2016 S\$
Tax exempt		
- Current year	52,665	65,875
- Transferred from deferred income	3,000	125,636
Total tax exempt	55,665	191,511

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:

	2017 S\$	2016 S\$
Statement of Financial Activities:		
General fund		
- Donations	55,665	191,511
Statement of Financial Position		
- Deferred income	0	3,000
Total	55,665	194,511

5. Government grants

	2017	2016
	S\$	S\$
Grants from National Art council		
- Major grant	497,599	500,000
- Other grants	59,609	16,729
Other government grants		
- Cultural Matching Grant	148,497	250,940
- Other grants	89,613	128,956
	795,318	896,625

6. Other income

	2017	2016
	S\$	S\$
Rental of studio	440	2,990
Sales of books	85	6
Wage credit scheme payout	0	47,110
Others	8,424	8,441
	8,949	58,547

7. Staff costs

Included in the expenditures are the following staff costs:

	2017	2016
	S\$	S\$
Staff salaries and bonuses	469,434	527,823
Staff training	15,250	3,878
Staff welfare	2,450	2,675
CPF contribution	78,857	86,761
Skill development levy	1,014	1,205
	567,005	622,342

The staff costs were allocated as follows:

	2017	2016
	S\$	S\$
Cost of charitable activities		
- Director and staff salaries and bonuses	365,307	405,538
- Director and staff CPF contribution	61,907	65,974
	427,214	471,512
Governance and administrative costs		
- Staff salaries and bonuses	104,127	122,285
- Staff CPF contribution	16,950	20,787
- Staff training	15,250	3,878
- Staff welfare	2,450	2,675
- Skill development levy	1,014	1,205
	139,791	150,830
Total	567,005	622,342

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, Chapter 134.

9. Cash and cash equivalents

	2017 S\$	2016 S\$
Cash on hand	500	500
Cash at bank	<u>505,890</u>	<u>461,921</u>
	<u>506,390</u>	<u>462,421</u>

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

10. Receivables and prepayment

	2017 S\$	2016 S\$
Receivables from charitable activities	69,304	97,701
Prepayment	<u>10,570</u>	<u>27,737</u>
	<u>79,874</u>	<u>125,438</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\$
2017				
At cost				
Beginning of the financial year	3,073	29,338	9,325	41,736
Additions	<u>0</u>	<u>2,883</u>	<u>0</u>	<u>2,883</u>
End of financial year	<u>3,073</u>	<u>32,221</u>	<u>9,325</u>	<u>44,619</u>
Accumulated depreciation				
Beginning of financial year	3,073	25,056	9,325	37,454
Depreciation charge	<u>0</u>	<u>3,748</u>	<u>0</u>	<u>3,748</u>
End of financial year	<u>3,073</u>	<u>28,804</u>	<u>9,325</u>	<u>41,202</u>
Net book value	<u>0</u>	<u>3,417</u>	<u>0</u>	<u>3,417</u>

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

	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>

12. Payables

	2017 S\$	2016 S\$
Accrued expenses	<u>93,130</u>	<u>97,304</u>

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

13. Deferred income

	2017 S\$	2016 S\$
Cultural Matching Fund	126,595	118,861
Projects	<u>3,900</u>	<u>66,825</u>
	<u>130,495</u>	<u>185,686</u>

In the previous financial year, included in deferred income for projects was deferred tax-exempt donations received totalling S\$3,000.

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

	2017 S\$	2016 S\$
Total restricted funds as at 31 March	0	0
Represented by:		
Cash and bank balances	126,595	118,861
Deferred income	(126,595)	(118,861)
	0	0

15. Related party transactions

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

	2017 S\$	2016 S\$
Salaries and other short-term benefits		
- Key management	75,000	75,000
- Director	<u>30,000</u>	<u>71,250</u>
	<u>105,000</u>	<u>146,250</u>
Post-employment benefits – contribution to CPF		
- Key management	12,750	12,750
- Director	<u>5,100</u>	<u>9,138</u>
	<u>17,850</u>	<u>21,888</u>
	2017 No. of key management personnel	2016 No. of key management personnel
Remuneration band (S\$)		
S\$50,001 to S\$100,000	1	2
Below S\$50,000	<u>1</u>	<u>0</u>

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:

	2017 S\$	2016 S\$
Within one year	<u>2,565</u>	<u>2,565</u>

17. Financial instruments

	2017 S\$	2016 S\$
<i>Financial assets</i>		
Cash and cash equivalents	506,390	462,421
Trade and other receivables (excluding prepayment)	<u>69,304</u>	<u>97,701</u>
	<u>575,694</u>	<u>560,122</u>
<i>Financial liabilities</i>		
Payables	<u>94,414</u>	<u>97,304</u>

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 2017, 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.

	2017 S\$	2016 S\$
<u>Payable within one year</u>		
<i>Financial liabilities</i>		
Payables	<u>94,414</u>	<u>97,304</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.

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 the 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 director 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 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 directors of the Company on 15 September 2017.