

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 FINANCIAL YEAR ENDED
31 MARCH 2018**

CONTENTS

Directors' Statement	2
Independent Auditor's Report	3
Statement of Financial Activities	7
Statement of Financial Position	10
Statement of Changes in Funds	11
Statement of Cash Flows	12
Notes to the Financial Statements	13

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) 6491.5218

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of Drama Box Ltd. (the "Company") for the financial year ended 31 March 2018.

In the opinion of the directors,

- a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and the financial performance, changes in funds and cash flows of the Company for the financial year then ended on that date; 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 benefits

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

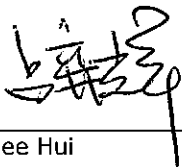
Other matters

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, **24 SEP 2018**

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 financial statements of **Drama Box Ltd.** (the "Company"), which comprise the statement of financial position as at 31 March 2018, 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 2018, 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 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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(CONT'D)

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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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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Independent auditor's report to the members of:

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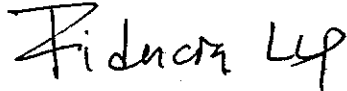
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Report on Other Legal and Regulatory Requirements (Cont'd)

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,

24 SEP 2018

Partner-in-charge: Looi Chee Bin
PAB No.: 01834

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018 S\$	2017 S\$
INCOME			
Voluntary income			
– Donations		130,809	73,499
– Government grants	5	1,235,778	795,318
Ticket sales		22,025	15,879
Workshop and consultation fees		100,032	55,610
Commission and engagement		<u>52,054</u>	<u>105,804</u>
		1,540,698	1,046,110
Other income	6	<u>14,561</u>	<u>8,949</u>
Total income		<u>1,555,259</u>	<u>1,055,059</u>
EXPENDITURES			
Cost of generating funds			
Cost of production and projects		815,436	374,265
Rental and sinking fund		7,696	7,696
Staff costs	7	<u>525,749</u>	<u>427,214</u>
		1,348,881	809,175
Governance and other administrative costs			
Audit fees		8,774	5,029
Bank charges		556	407
Depreciation	11	2,092	3,748
Insurance		5,751	5,087
IT / Web expenses		1,489	1,306
Marketing and publicity		6,761	13,900
Office expenses		3,610	5,569
Postage and stationery		51	250
Printing and photocopying		556	751
Repairs and maintenance		5,179	5,877
Sponsorship expenses		2,599	2,764
Staff costs	7	49,190	139,791
Telephone charges		1,415	1,394
Transportation		613	315
Utility		<u>4,397</u>	<u>4,075</u>
		93,033	190,263
Total expenditures		<u>1,441,914</u>	<u>999,438</u>
NET INCOME FOR THE FINANCIAL YEAR		<u>113,345</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 2018

	Note	Unrestricted Fund General Fund S\$	Restricted Fund Cultural Matching Fund S\$	Total Funds S\$
2018				
INCOME				
Voluntary income				
- Donations		130,809	0	130,809
- Government grants	5	1,138,819	96,959	1,235,778
Ticket sales		22,025	0	22,025
Workshop and consultation fees		100,032	0	100,032
Commission and engagement		52,054	0	52,054
		<u>1,443,739</u>	<u>96,959</u>	<u>1,540,698</u>
Other income	6	<u>14,561</u>	<u>0</u>	<u>14,561</u>
Total income		<u>1,458,300</u>	<u>96,959</u>	<u>1,555,259</u>
EXPENDITURES				
Cost of generating funds				
Cost of production and projects		815,436	0	815,436
Rental and sinking fund		7,696	0	7,696
Staff costs	7	428,790	96,959	525,749
		<u>1,251,922</u>	<u>96,959</u>	<u>1,348,881</u>
Governance and other administrative costs				
Audit fees		8,774	0	8,774
Bank charges		556	0	556
Depreciation	11	2,092	0	2,092
Insurance		5,751	0	5,751
IT / Web expenses		1,489	0	1,489
Marketing and publicity		6,761	0	6,761
Office expenses		3,610	0	3,610
Postage and stationery		51	0	51
Printing and photocopying		556	0	556
Repairs and maintenance		5,179	0	5,179
Sponsorship expenses		2,599	0	2,599
Staff costs	7	49,190	0	49,190
Telephone charges		1,415	0	1,415
Transportation		613	0	613
Utility		4,397	0	4,397
		<u>93,033</u>	<u>0</u>	<u>93,033</u>
Total expenditures		<u>1,344,955</u>	<u>96,959</u>	<u>1,441,914</u>
NET INCOME FOR THE FINANCIAL YEAR		<u>113,345</u>	<u>0</u>	<u>113,345</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		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	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.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	2018 S\$	2017 S\$
ASSETS			
Current assets			
Cash and cash equivalents	9	19,169	506,390
Receivables and prepayment	10	<u>726,332</u>	<u>79,874</u>
		745,501	586,264
Non-current asset			
Property, plant and equipment	11	<u>2,435</u>	<u>3,417</u>
Total assets		<u>747,936</u>	<u>589,681</u>
LIABILITIES			
Current liabilities			
Payables	12	165,576	94,414
Deferred income	13	<u>104,243</u>	<u>130,495</u>
Total liabilities		<u>269,819</u>	<u>224,909</u>
NET ASSETS		<u>478,117</u>	<u>364,772</u>
FUNDS			
Unrestricted fund			
General fund	14	478,117	364,772
Restricted fund			
Cultural Matching Fund	14	<u>0</u>	<u>0</u>
TOTAL FUNDS		<u>478,117</u>	<u>364,772</u>

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

STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Balance at beginning of financial year S\$	Net income for the financial year S\$	Balance at the end of financial year S\$
2018			
Unrestricted fund			
General funds	364,772	113,345	478,117
Restricted fund			
Cultural Matching Fund	<u>0</u>	<u>0</u>	<u>0</u>
	<u>364,772</u>	<u>113,345</u>	<u>478,117</u>
	Balance at beginning of financial year S\$	Net income for the financial year S\$	Balance at the end of financial year S\$
2017			
Unrestricted fund			
General funds	309,151	55,621	364,772
Restricted fund			
Cultural Matching Fund	<u>0</u>	<u>0</u>	<u>0</u>
	<u>309,151</u>	<u>55,621</u>	<u>364,772</u>

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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018 S\$	2017 S\$
Cash flows from operating activities			
Net income for the financial year		113,345	55,621
Adjustment for:			
- Depreciation	11	<u>2,092</u>	<u>3,748</u>
Operating income before changes in working capital		115,437	59,369
Changes in operating assets and liabilities			
- Receivables and prepayment		(646,458)	45,564
- Payables		<u>44,910</u>	<u>(2,890)</u>
Net cash flows (used in)/generated from operating activities		<u>(486,111)</u>	<u>102,043</u>
Cash flows from investing activity			
Purchase of property, plant and equipment, representing net cash flows used in investing activity	11	<u>(1,110)</u>	<u>(2,883)</u>
Cash flows from financing activity			
Deferred income received, representing net cash flows used in financing activity		<u>0</u>	<u>(55,191)</u>
Net (decrease) / increase in cash and cash equivalents		(487,221)	43,969
Cash and cash equivalents at beginning of financial year		<u>506,390</u>	<u>462,421</u>
Cash and cash equivalents at end of financial year	9	<u>19,169</u>	<u>506,390</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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 2018, the Company has 3 members (2017: 3 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.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard in Singapore ("FRSs") 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.

The preparation of these financial statements in conformity with FRSs 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 judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The financial statements are expressed in Singapore Dollar (S\$), which is the Company's functional and presentation currency.

Interpretations and amendments to published standards effective in 2017

On 1 April 2017, the Company adopted the new or amended FRSs and Interpretations of FRSs ("INT FRSs") 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 FRSs and INT FRSs.

The adoption of these new or amended FRSs and INT FRSs 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 2017

The Company has not adopted the following standards that have been issued but not yet effective:

Descriptions	Annual periods commencing on
FRS 109 Financial Instruments FRS 115 Revenue from Contracts with Customers Amendments to: - FRS 102 Classification and Measurement of Share-based Payment Transactions - FRS 40 Transfers of Investment Property - FRS 115 Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116 Leases Amendments to: - FRS 109 Prepayment Features with Negative Compensation - FRS 28 Long-term Interests in Associates and Joint Ventures	1 January 2019

Except for FRS 116, the directors believe that the adoption of the revised standards and interpretations do not have material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the FRS116 is described below.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees - leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019. The Company is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Company expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA.

2.2 Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties.

The following specific recognition criteria must also be met before revenue is recognised:

2.2.1 Sale of tickets

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

2. Significant accounting policies (Cont'd)

2.2 Revenue recognition (Cont'd)

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.

2.2.4 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 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 plant and equipment initially recognised includes its purchase price and any cost that is 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.

2. Significant accounting policies (Cont'd)

2.4 Property, plant and equipment (Cont'd)

2.4.1 Measurement (Cont'd)

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

2.4.2 Depreciation

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

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

Fully depreciated assets are retained in the financial statements until they are no longer in use.

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

2.4.3 Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has 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 entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in statement of financial activities when incurred.

2.4.4 Disposal

On disposal of an item of plant and equipment, the difference between the net disposals proceeds and its carrying amount is recognised in statement of financial activities.

2.5 Impairment of non-financial assets

Non-financial assets 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.

2. Significant accounting policies (Cont'd)

2.5 Impairment of non-financial assets (Cont'd)

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in statement of financial activities, 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.

2.6 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 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 "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.

2. Significant accounting policies (Cont'd)

2.6 Financial assets (Cont'd)

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset 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 financial activities.

The impairment allowance is reduced through statement of financial activities in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits with financial institutions, which are subject to an insignificant risk of change in value.

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 "Payables" on the statement of financial position.

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 Payables

Payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

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

2.10 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. Significant accounting policies (Cont'd)

2.11 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.

2.12 Operating lease

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the statement of financial activities on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Rental on operating lease is charged to the statement of financial activities. Contingent rents are recognised as an expense in the statement of financial activities in the financial year in which they are incurred.

2.13 Employee benefits

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 contribution has been paid. The Company's contribution to defined contribution plans are recognised as employee compensation expense when they are due.

Employee leaves 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 reporting date.

2.14 Funds

Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the directors. Externally restricted funds may only be utilised in accordance with the purposes for which they are established. The directors retains full control over the use of unrestricted funds for any of the Company's purposes.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgments 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 accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There is no key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical judgements in applying the entity's accounting policies

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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.

Government grants

Government grants to meet operating expenses are recognised as income in the statement of financial activities on the accrual basis in the financial year these operating expenses were incurred and there is reasonable assurance that the Company will comply with the conditions attached to it. For certain grants, the government agencies reserve the right to withdraw, withhold or reduce the amount of any funds approved but not yet disbursed or to call for the refund of all funds which have been disbursed to the Company if the conditions are not met.

4. Tax deductible receipts

	2018 S\$	2017 S\$
Tax exempt		
- Current year	57,516	52,665
- Transferred from deferred income	0	3,000
Total tax exempt	<u>57,516</u>	<u>55,665</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:

	2018 S\$	2017 S\$
Statement of Financial Activities:		
General fund		
- Donations	<u>57,516</u>	<u>55,665</u>

5. Government grants

	2018	2017
	S\$	S\$
Grants from National Art council		
- Major grant	500,000	497,599
- Other grants	69,283	59,609
Other government grants		
- Cultural Matching Grant	96,959	148,497
- Other grants	569,536	89,613
	1,235,778	795,318

6. Other income

	2018	2017
	S\$	S\$
Rental of studio	210	440
Sales of books	44	85
Wage credit scheme payout	6,694	0
Others	7,613	8,424
	14,561	8,949

7. Staff costs

Included in the expenditures are the following staff costs:

	2018	2017
	S\$	S\$
Staff salaries and bonuses	492,773	469,434
Staff training	981	15,250
Staff welfare	2,104	2,450
CPF contribution	78,056	78,857
Skill development levy	1,025	1,014
	574,939	567,005

The staff costs were allocated as follows:

	2018	2017
	S\$	S\$
Cost of charitable activities		
- Director and staff salaries and bonuses	462,480	365,307
- Director and staff CPF contribution	63,269	61,907
	525,749	427,214
Governance and administrative costs		
- Staff salaries and bonuses	30,293	104,127
- Staff CPF contribution	14,787	16,950
- Staff training	981	15,250
- Staff welfare	2,104	2,450
- Skill development levy	1,025	1,014
	49,190	139,791
Total	574,939	567,005

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

	2018 S\$	2017 S\$
Cash on hand	500	500
Cash at bank	18,669	505,890
	19,169	506,390

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

10. Receivables and prepayment

	2018 S\$	2017 S\$
Receivables from charitable activities	627,079	69,304
Prepayment	99,253	10,570
	726,332	79,874

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\$
2018				
At cost				
Beginning of the financial year	3,073	32,221	9,325	44,619
Additions	0	1,110	0	1,110
End of financial year	3,073	33,331	9,325	45,729
Accumulated depreciation				
Beginning of financial year	3,073	28,804	9,325	41,202
Depreciation	0	2,092	0	2,092
End of financial year	3,073	30,896	9,325	43,294
Net book value	0	2,435	0	2,435

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

	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	<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>

12. Payables

	2018 S\$	2017 S\$
Accrued expenses	<u>165,576</u>	<u>94,414</u>

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

13. Deferred income

	2018 S\$	2017 S\$
Cultural Matching Fund Projects	<u>0</u>	<u>126,595</u>
	<u>104,243</u>	<u>3,900</u>
	<u>104,243</u>	<u>130,495</u>

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

	2018 S\$	2017 S\$
Total restricted funds as at 31 March	<u>0</u>	<u>0</u>
Represented by:		
Cash and bank balances	0	96,959
Receivables		29,636
Deferred income	0	(126,595)
	<u>0</u>	<u>0</u>

15. Related party transactions

There were no transactions with related parties during the financial year.

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

	2018 S\$	2017 S\$
Salaries and other short-term benefits		
- Key management	70,275	75,000
- Director	<u>75,750</u>	<u>30,000</u>
	<u>146,025</u>	<u>105,000</u>
Post-employment benefits – contribution to CPF		
- Key management	12,879	12,750
- Director	<u>10,302</u>	<u>5,100</u>
	<u>23,181</u>	<u>17,850</u>
	2018	2017
	No. of key management personnel	No. of key management personnel
Remuneration band (S\$)		
S\$50,001 to S\$100,000	2	1
Below S\$50,000	<u>0</u>	<u>1</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:

	2018 S\$	2017 S\$
Within one year	<u>2,622</u>	<u>2,565</u>

17. Financial instruments

	2018 S\$	2017 S\$
<i>Financial assets- loan & receivables</i>		
Cash and cash equivalents	19,169	506,390
Receivables (excluding prepayment)	<u>627,079</u>	<u>69,304</u>
	<u>646,248</u>	<u>575,694</u>
<i>Financial liability carried at amortised cost</i>		
Payables	<u>165,576</u>	<u>94,414</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 2018, 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. 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.

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.

	2018	2017
	S\$	S\$
<u>Payable within one year</u>		
<i>Financial liability</i>		
Payables	<u>165,576</u>	<u>94,414</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 deposits 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.

24 SEP 2018