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 2019**

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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) 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 2019.

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 2019 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 Auditor

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

On behalf of the directors,

Lee Shyh Jih
Director

Leong Thim Wai
Director

Singapore, 30 SEP 2019

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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 2019, 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 2019, 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 information included in 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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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 accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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.

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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

Fiducia LLP
Public Accountants and
Chartered Accountants

Singapore, 30 September 2019.

Partner-in-charge: Soo Hon Weng
PAB No.: 01089

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	2019 S$	2018 S$
INCOME			
Voluntary income			
- Donations		110,076	130,809
- Government grants	5	1,373,901	1,235,778
Ticket sales		45,465	22,025
Workshop and consultation fees		93,020	100,032
Commission and engagement		110,790	52,054
		1,733,252	1,540,698
Other income	6	16,568	14,561
Total income		1,749,820	1,555,259
EXPENDITURES			
Cost of generating funds			
Cost of production and projects		885,553	815,436
Rental and sinking fund		7,696	7,696
Staff costs	7	538,059	525,749
		1,431,308	1,348,881
Governance and other administrative costs			
Audit fees		5,724	8,774
Bank charges		481	556
Depreciation	11	2,093	2,092
Insurance		4,961	5,751
IT / Web expenses		1,654	1,489
Marketing and publicity		3,046	6,761
Office expenses		5,788	3,610
Postage and stationery		186	51
Printing and photocopying		415	556
Repairs and maintenance		11,594	5,179
Sponsorship expenses		675	2,599
Staff costs	7	147,455	49,190
Telephone charges		1,401	1,415
Transportation		328	613
Utility		5,016	4,397
		190,817	93,033
Total expenditures		1,622,125	1,441,914
NET INCOME FOR THE FINANCIAL YEAR		127,695	113,345

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

DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Unrestricted Fund	Restricted Fund	Total Funds
		General Fund	Cultural Matching Fund	
		S$	S$	S$
2019				
INCOME				
Voluntary income				
- Donations		110,076	0	110,076
- Government grants	5	1,256,832	117,069	1,373,901
Ticket sales		45,465	0	45,465
Workshop and consultation fees		93,020	0	93,020
Commission and engagement		110,790	0	110,790
		1,616,183	117,069	1,733,252
Other income	6	16,568	0	16,568
Total income		1,632,751	117,069	1,749,820
EXPENDITURES				
Cost of generating funds				
Cost of production and projects		885,553	0	885,553
Rental and sinking fund		7,696	0	7,696
Staff costs	7	430,773	107,286	538,059
		1,324,022	107,286	1,431,308
Governance and other administrative costs				
Audit fees		5,724	0	5,724
Bank charges		481	0	481
Depreciation	11	2,093	0	2,093
Insurance		4,961	0	4,961
IT / Web expenses		1,654	0	1,654
Marketing and publicity		3,046	0	3,046
Office expenses		5,788	0	5,788
Postage and stationery		186	0	186
Printing and photocopying		415	0	415
Repairs and maintenance		11,594	0	11,594
Sponsorship expenses		675	0	675
Staff costs	7	137,672	9,783	147,455
Telephone charges		1,401	0	1,401
Transportation		328	0	328
Utility		5,016	0	5,016
		181,034	9,783	190,817
Total expenditures		1,505,056	117,069	1,622,125
NET INCOME FOR THE FINANCIAL YEAR		127,695	0	127,695

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
		1,443,739	96,959	1,540,698
Other income	6	14,561	0	14,561
Total income		1,458,300	96,959	1,555,259
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
		1,251,922	96,959	1,348,881
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
		93,033	0	93,033
Total expenditures		1,344,955	96,959	1,441,914
NET INCOME FOR THE FINANCIAL YEAR		113,345	0	113,345

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

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	2019 S$	2018 S$
ASSETS			
Current assets			
Cash and cash equivalents	9	672,917	19,169
Receivables and prepayment	10	325,912	726,332
		998,829	745,501
Non-current asset			
Plant and equipment	11	3,766	2,435
Total assets		1,002,595	747,936
LIABILITIES			
Current liabilities			
Payables	12	103,446	165,576
Deferred income	13	293,337	104,243
Total liabilities		396,783	269,819
NET ASSETS		605,812	478,117
FUNDS			
Unrestricted fund			
General fund	14	605,812	478,117
Restricted fund			
Cultural Matching Fund	14	0	0
TOTAL FUNDS		605,812	478,117

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

STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Balance at beginning of financial year S$	Net income for the financial year S$	Balance at the end of financial year S$
2019			
Unrestricted fund			
General funds	478,117	127,695	605,812
Restricted fund			
Cultural Matching Fund	0	0	0
	478,117	127,695	605,812

	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	0	0	0
	364,772	113,345	478,117

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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	2019 S$	2018 S$
Cash flows from operating activities			
Net income for the financial year		127,695	113,345
Adjustment for:			
- Depreciation	11	2,093	2,092
Operating income before changes in working capital		129,788	115,437
Changes in working capital			
- Receivables and prepayment		400,420	(646,458)
- Payables		126,964	44,910
Net cash flows generated from/ (used in) operating activities		657,172	(486,111)
Cash flows from investing activity			
Purchase of plant and equipment, representing net cash flows used in investing activity	11	(3,424)	(1,110)
Net increase / (decrease) in cash and cash equivalents		653,748	(487,221)
Cash and cash equivalents at beginning of financial year		19,169	506,390
Cash and cash equivalents at end of financial year	9	672,917	19,169

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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.

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 2019 to 31 January 2022.

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

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

These financial statements are presented in Singapore Dollar (S$), which is the Company's functional and presentation currency. Functional currency is the currency of the primary economic environment in which the Company operates. All financial information presented are denominated in S$ unless otherwise stated.

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.

Interpretations and amendments to published standards effective in 2018

On 1 April 2018, 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)

Standards issued but not yet effective

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

Descriptions	Annual periods commencing on
FRS 116 Leases Amendments to: - FRS 28 Investments in associates (Long term interests in associates and joint venture) - FRS 19 Employee benefits (Plan amendments, curtailment or settlement) - FRS 109 Financial Instruments (Prepayment features with negative compensation)	1 January 2019
Amendments to: - FRS 103 Business Combinations (Definition of a business)	1 January 2020
FRS 117 Insurance contracts	1 January 2021

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.

<u>FRS 116 Leases</u>

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 measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good and service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of income recognised is the amount allocated to the satisfied performance obligation.

2. Significant accounting policies (Cont'd)

2.2 Revenue recognition (Cont'd)

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 are recognised at a point in time in which the services are rendered, by reference to completion of actual service performed.

2.2.3 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grants will be received and all related conditions will be complied with. Government grants, relating to cost, are deferred and recognised in the statement of financial activities over the period necessary to match them with the costs they are intended to compensate.

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. Significant accounting policies (Cont'd)

2.4 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.

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 Company 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. Significant accounting policies (Cont'd)

2.5 Impairment of non-financial assets

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 testing of assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the 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 is reduced to its recoverable amount.

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

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of 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 accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in the statement of financial activities.

2.6 Financial assets

(a) The accounting for financial assets before 1 April 2018 under FRS 39 are as follows:

Loans and receivables

Cash and cash equivalents
Receivables from charitable activities

Cash and cash equivalents and receivables from charitable activities are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

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. 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 are 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.

2. Significant accounting policies (Cont'd)

2.6 Financial assets (Cont'd)

(b) The accounting for financial assets from 1 April 2018 under FRS 109 are as follows:

The Company classifies its financial assets into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVPL")

The classification of debt instruments depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

(i) At initial recognition

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of financial activities.

(ii) At subsequent measurement

Debt instrument

Debt instruments of the Company mainly comprise of cash and bank deposits, and receivables from charitable activities.

There are three prescribed subsequent measurement categories, depending on the Company's business model in managing the assets and the cash flow characteristic of the assets. The Company managed these groups of financial assets by collecting the contractual cash flow and these cash flows represent solely payment of principal and interest. Accordingly, these groups of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in statement of financial activities when the asset is derecognised or impaired. Interest income from these financial assets is recognised using the effective interest rate method.

The Company assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For cash and bank deposits and receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2. Significant accounting policies (Cont'd)

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, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in statement of financial activities when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in 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 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 Operating lease

Payments made under operating leases (net of any incentives received from the lessor) are recognised in statement of financial activities on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in statement of financial activities when incurred.

2. Significant accounting policies (Cont'd)

2.12 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.

2.13 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 retain 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 are no 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 critical judgements in applying the entity's accounting policies 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 theses 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

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:

	2019 S$	2018 S$
Statement of Financial Activities:		
General fund		
- Donations	34,922	57,516

5. Government grants

	2019 S$	2018 S$
Grants from National Art council		
- Major grant	500,000	500,000
- Other grants	0	69,283
Other government grants		
- Cultural Matching Grant	117,069	96,959
- Other grants	756,832	569,536
	1,373,901	1,235,778

6. Other income

	2019 S$	2018 S$
Rental of studio	1,070	210
Sales of books	50	44
Wage credit scheme	2,588	6,694
Others	12,860	7,613
	16,568	14,561

7. Staff costs

Included in the expenditures are the following staff costs:

	2019 S$	2018 S$
Staff salaries and bonuses	591,639	492,773
Staff training	517	981
Staff welfare	2,831	2,104
CPF contribution	89,401	78,056
Skill development levy	1,126	1,025
	685,514	574,939

7. Staff costs (Cont'd)

The staff costs were allocated as follows:

	Note	2019 S$	2018 S$
Cost of charitable activities			
- Director and staff salaries and bonuses	15	463,129	462,480
- Director and staff CPF contribution	15	74,930	63,269
		538,059	525,749
Governance and administrative costs			
- Staff salaries and bonuses		128,510	30,293
- Staff CPF contribution		14,471	14,787
- Staff training		517	981
- Staff welfare		2,831	2,104
- Skill development levy		1,126	1,025
		147,455	49,190
Total		685,514	574,939

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

	2019 S$	2018 S$
Cash on hand	500	500
Cash at bank	672,417	18,669
	672,917	19,169

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

10. Receivables and prepayment

	2019 S$	2018 S$
Prepayment	52,070	99,253
Receivables from charitable activities		
- Agency for Integrated Care	60,241	425,856
- National Arts Council- Main grant	45,000	20,000
- Ministry of Health	7,539	20,378
- People's Association	0	36,242
- Singapore Tourism Board	127,287	0
- Others	33,775	124,603
	325,912	726,332

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

11. Plant and equipment

	Furniture and fittings S$	Office equipment S$	Stage equipment S$	Total S$
2019				
At cost				
Beginning of the financial year	3,073	33,331	9,325	45,729
Additions	0	3,424	0	3,424
End of financial year	3,073	36,755	9,325	49,153
Accumulated depreciation				
Beginning of financial year	3,073	30,896	9,325	43,294
Depreciation	0	2,093	0	2,093
End of financial year	3,073	32,989	9,325	45,387
Net book value	0	3,766	0	3,766

	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

12. Payables

	2019 S$	2018 S$
Accrued expenses	103,446	165,576

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

13. Deferred income

	2019 S$	2018 S$
Cultural Matching Fund	71,872	0
Projects	221,465	104,243
	293,337	104,243

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 fund comprises:

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.

14. Funds (Cont'd)

b) Restricted fund (Cont'd)

<u>Cultural Matching Fund ("CMF") (Cont'd)</u>

Net assets of the restricted fund

	2019 S$	2018 S$
Total restricted funds as at 31 March	0	0
Represented by:		
Cash and bank balances	71,872	0
Receivables		
Deferred income	(71,872)	0
	0	0

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:

	Note	2019 S$	2018 S$
Salaries and other short-term benefits			
- Key management		100,425	70,275
- Director	7	66,950	75,750
		167,375	146,025
Post-employment benefits – contribution to CPF			
- Key management		13,260	12,879
- Director	7	11,388	10,302
		24,648	23,181

<u>Remuneration band (S$)</u>	2019 No. of key management personnel	2018 No. of key management personnel
S$50,001 to S$100,000	2	2

16. Operating lease commitments

At the reporting date, the Company has commitment for future minimum lease payments under non-cancellable operating lease as follows:

	2019 S$	2018 S$
Within one year	2,622	2,622

17. Financial instruments

The aggregate carrying amounts of loans and receivables, financial assets and financial liabilities at amortised cost are as follows:

2019	S$
Financial assets, at amortised cost	
Cash and cash equivalents	672,917
Trade and other receivables (excluding prepayment)	273,842
	946,759
	S$
Financial liabilities, at amortised cost	
Payables	103,446
2018	S$
Financial assets, loan and receivables	
Cash and cash equivalents	19,169
Other receivables (excluding prepayment)	627,079
	646,248
	S$
Financial liability, at amortised cost	
Payables	165,576

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 2019, 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.

18. Financial risk management (Cont'd)

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.

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on the contractual undiscounted repayment obligations:

2019	Within one year S$	Later than one year but not later than five years S$	Total S$
Financial assets, at amortised cost			
Cash and cash equivalents	672,917	0	672,917
Receivables (excluding prepayments)	273,842	0	273,842
	946,759	0	746,759
Financial liability, at amortised cost			
Payables	(103,446)	0	(103,446)
	843,313	0	843,313

2018	Within one year S$	Later than one year but not later than five years S$	Total S$
Financial assets, loan and receivables			
Cash and cash equivalents	19,169	0	19,169
Receivables (excluding prepayments)	627,079	0	627,079
	646,248	0	646,248
Financial liability, at amortised cost			
Payables	(165,576)	0	(165,576)
	480,672	0	480,672

Credit *risk*

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

The Company adopts the following policy to mitigate the credit risk. For banks and financial institutions, the Company mitigates its credit risks by transacting only with creditworthy financial institutions.

For receivables, the Company has policies in place to ensure that transactions are entered into only with counter parties that are of acceptable credit quality. The maximum exposure to credit risk is represented by the net carrying amount of financial assets recorded in the financial statements.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions

18. Financial risk management (Cont'd)

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.

19. 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.

20. Reserve position and policy

The Company's reserve position for financial year ended 31 March 2019 is as follows:

		2019	2018	Increase/ (decrease)
		S$'000	S$'000	%
A	Unrestricted Funds			
	General funds	605	478	27
B	Restricted or Designated Funds			
	Designated Funds	0	0	
	Restricted Funds	0	0	
C	Endowment Funds	0	0	
D	Total Funds	605	478	27
E	Total Annual Operating Expenditure	1,622	1,442	12
F	Ratio of Funds to Annual Operating Expenditure (A/E)	0.37	0.33	

Reference:

C. An endowment fund consists of assets, funds or properties that are held in perpetuity, which produces annual income flow for a foundation to spend as grants.
D. Total Funds include unrestricted, restricted / designated and endowment funds.
E. Total Annual Operating Expenditure includes cost of generating funds and governance and other administrative costs.

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.

21. 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.

22. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the directors of the Company on 30 September 2019.