

## **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 2020**

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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

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## **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 2020.

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 2020 and the financial performance, changes in funds and cash flows of the Company for the financial year then ended; and
- b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

### **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 objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

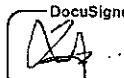
### **Other matters**

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

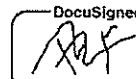
### **Independent auditor**

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

On behalf of the Board of Directors,

DocuSigned by:  
  
56AE4FF875404C2...

Lee Shyh Jih  
Director

DocuSigned by:  
  
1F543DA014A1497...

Leong Thim Wai  
Director

Singapore, 30 October 2020

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Independent auditor's report to the members of:

### **DRAMA BOX LTD.**

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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 2020, 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 2020, 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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(CONT'D)

Independent auditor's report to the members of:

### **DRAMA BOX LTD.**

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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**  
Public Accountants and  
Chartered Accountants

Singapore, 30 October 2020

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

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

	Note	2020 S\$	2019 S\$
<b>INCOME</b>			
Voluntary income			
– Donations		159,623	110,076
– Government grants	5	1,351,259	1,373,901
Ticket sales		88,784	45,465
Workshop and consultation fees		44,776	93,020
Commission and engagement		245,990	110,790
		<u>1,890,432</u>	<u>1,733,252</u>
<b>Other income</b>	6	<u>7,760</u>	<u>16,568</u>
<b>Total income</b>		<u>1,898,192</u>	<u>1,749,820</u>
<b>EXPENDITURES</b>			
<b>Cost of generating funds</b>			
Cost of production and projects		1,192,386	885,553
Rental and sinking fund		7,892	7,696
Staff costs	7	494,814	538,059
		<u>1,695,092</u>	<u>1,431,308</u>
<b>Governance and other administrative costs</b>			
Audit fees		4,765	5,724
Bank charges		602	481
Depreciation	11	2,261	2,093
Insurance		5,098	4,961
IT / Web expenses		2,839	1,654
Marketing and publicity		6,029	3,046
Office expenses		5,620	5,788
Postage and stationery		372	186
Printing and photocopying		497	415
Repairs and maintenance		5,000	11,594
Sponsorship expenses		928	675
Staff costs	7	101,508	147,455
Telephone charges		1,378	1,401
Transportation		205	328
Utility		5,361	5,016
		<u>142,463</u>	<u>190,817</u>
<b>Total expenditures</b>		<u>1,837,555</u>	<u>1,622,125</u>
<b>NET INCOME FOR THE FINANCIAL YEAR</b>		<u>60,637</u>	<u>127,695</u>

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

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES  
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

2020	Note	Unrestricted fund	Restricted fund	Total funds S\$
		General fund S\$	Cultural Matching Fund S\$	
<b>INCOME</b>				
Voluntary income				
		159,623	0	159,623
	5	1,162,669	188,590	1,351,259
		88,784	0	88,784
		44,776	0	44,776
		245,990	0	245,990
		<u>1,701,842</u>	<u>188,590</u>	<u>1,890,432</u>
<b>Other income</b>	6	<u>7,760</u>	<u>0</u>	<u>7,760</u>
<b>Total income</b>		<u>1,709,602</u>	<u>188,590</u>	<u>1,898,192</u>
<b>EXPENDITURES</b>				
<b>Cost of generating funds</b>				
		1,192,386	0	1,192,386
		7,892	0	7,892
	7	309,881	184,933	494,814
		<u>1,510,159</u>	<u>184,933</u>	<u>1,695,092</u>
<b>Governance and other administrative costs</b>				
		4,765	0	4,765
		602	0	602
	11	2,261	0	2,261
		5,098	0	5,098
		2,839	0	2,839
		6,029	0	6,029
		5,620	0	5,620
		372	0	372
		497	0	497
		5,000	0	5,000
		928	0	928
	7	97,851	3,657	101,508
		1,378	0	1,378
		205	0	205
		5,361	0	5,361
		<u>138,806</u>	<u>3,657</u>	<u>142,463</u>
<b>Total expenditures</b>		<u>1,648,965</u>	<u>188,590</u>	<u>1,837,555</u>
<b>NET INCOME FOR THE FINANCIAL YEAR</b>		<u>60,637</u>	<u>0</u>	<u>60,637</u>

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 S\$
		General fund S\$	Cultural Matching Fund S\$	
<b>2019</b>				
<b>INCOME</b>				
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
		<u>1,616,183</u>	<u>117,069</u>	<u>1,733,252</u>
<b>Other income</b>	6	<u>16,568</u>	<u>0</u>	<u>16,568</u>
<b>Total income</b>		<u>1,632,751</u>	<u>117,069</u>	<u>1,749,820</u>
<b>EXPENDITURES</b>				
<b>Cost of generating funds</b>				
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
		<u>1,324,022</u>	<u>107,286</u>	<u>1,431,308</u>
<b>Governance and other administrative costs</b>				
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
		<u>181,034</u>	<u>9,783</u>	<u>190,817</u>
<b>Total expenditures</b>		<u>1,505,056</u>	<u>117,069</u>	<u>1,622,125</u>
<b>NET INCOME FOR THE FINANCIAL YEAR</b>		<u>127,695</u>	<u>0</u>	<u>127,695</u>

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

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**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020**

	Note	2020 S\$	2019 S\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	560,568	672,917
Receivables and prepayments	10	<u>162,438</u>	<u>325,912</u>
		723,006	998,829
<b>Non-current asset</b>			
Plant and equipment	11	<u>2,291</u>	<u>3,766</u>
<b>Total assets</b>		<u>725,297</u>	<u>1,002,595</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	12	40,477	103,446
Deferred income	13	<u>18,371</u>	<u>293,337</u>
<b>Total liabilities</b>		<u>58,848</u>	<u>396,783</u>
<b>NET ASSETS</b>		<u>666,449</u>	<u>605,812</u>
<b>FUNDS</b>			
<b>Unrestricted fund</b>			
General fund	14	666,449	605,812
<b>Restricted fund</b>			
Cultural Matching Fund	14	<u>0</u>	<u>0</u>
<b>TOTAL FUNDS</b>		<u>666,449</u>	<u>605,812</u>

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

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**STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

	Balance at beginning of financial year S\$	Net income for the financial year S\$	Balance at the end of financial year S\$
<b>2020</b>			
<b>Unrestricted fund</b>			
General funds	605,812	60,637	666,449
<b>Restricted fund</b>			
Cultural Matching Fund	<u>0</u>	<u>0</u>	<u>0</u>
	<u>605,812</u>	<u>60,637</u>	<u>666,449</u>
	Balance at beginning of financial year S\$	Net income for the financial year S\$	Balance at the end of financial year S\$
<b>2019</b>			
<b>Unrestricted fund</b>			
General funds	478,117	127,695	605,812
<b>Restricted fund</b>			
Cultural Matching Fund	<u>0</u>	<u>0</u>	<u>0</u>
	<u>478,117</u>	<u>127,695</u>	<u>605,812</u>

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

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**STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

	Note	2020 S\$	2019 S\$
<b>Cash flows from operating activities</b>			
Net income for the financial year		60,637	127,695
Adjustment for:			
- Depreciation	11	<u>2,261</u>	<u>2,093</u>
Operating income before changes in working capital		62,898	129,788
Changes in working capital			
- Receivables and prepayments		163,474	400,420
- Payables		<u>(337,935)</u>	<u>126,964</u>
<b>Net cash flows (used in) / generated from operating activities</b>		<u>(111,563)</u>	<u>657,172</u>
<b>Cash flows from investing activity</b>			
Purchase of plant and equipment, representing net cash flows used in investing activity	11	<u>(786)</u>	<u>(3,424)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		(112,349)	653,748
Cash and cash equivalents at beginning of financial year		<u>672,917</u>	<u>19,169</u>
<b>Cash and cash equivalents at end of financial year</b>	9	<u>560,568</u>	<u>672,917</u>

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

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## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

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 estimates and assumptions are significant to the financial statements are disclosed in Note 3.

##### **2.1.1 Interpretations and amendments to published standards effective in 2020**

On 1 April 2019, 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.

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## **2. Significant accounting policies (Cont'd)**

### **2.1 Basis of preparation (Cont'd)**

#### **2.1.1 Interpretations and amendments to published standards effective in 2020 (Cont'd)**

##### **Adoption of FRS 116 Leases**

Prior to the adoption of FRS 116, non-cancellable operating lease payments were not recognised as liabilities in the statement of financial position. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Company's accounting policy on leases after the adoption of FRS 116 is as disclose Note 2.6.

#### **2.1.2 New or amended Standards and Interpretations not yet effective**

The Company has not adopted the following amendments to FRSs that were issued but not yet effective:

<b>Descriptions</b>	<b>Effective for annual periods commencing on</b>
Amendments to:	
- References to the Conceptual Framework in FRS Standards	1 January 2020
- FRS 1 and FRS 8: Definition of Material	1 January 2020
- FRS 103: Definition of a Business	1 January 2020
- FRS 109, FRS 39 and FRS 107: Interest Rate Benchmark Reform	1 January 2020
- FRS 116: COVID-19 Related Rent Concessions	1 June 2020
- FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

### **2.2 Revenue recognition**

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.

#### **2.2.1 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, consultation 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. Significant accounting policies (Cont'd)**

### **2.2 Revenue recognition (Cont'd)**

#### **2.2.3 Commission income**

Commission income is recognised when significant risks and rewards of ownership have been transferred from the principal to the buyer. No revenue is recognised if there are significant uncertainties regarding the recovery of the considerations due or associated costs.

#### **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 received.

### **2.3 Government grants**

Government grants are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Grants that compensate the Company for expenses incurred are recognised as income in statement of financial activities on a systematic basis in the same periods in which the expenses are incurred.

### **2.4 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.

#### **2.4.1 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.

#### **2.4.2 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)**

### **2.5 Employee benefits**

#### **2.5.1 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.

#### **2.5.2 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.

### **2.6 Leases**

#### **2.6.1 The accounting policy for leases before 1 April 2019 are as follows:**

Operating 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 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.

#### **2.6.2 The accounting policy for leases from 1 April 2019 are as follows:**

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

##### Right-of-use of assets

The Company recognises the right-of-use assets based on an amount equal to the lease liability, adjusted for previously recognised prepaid or accrued lease payments. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.8. The Company's right-of-use assets are presented within "Property, plant and equipment" as disclosed in Note 11.



## **2. Significant accounting policies (Cont'd)**

### **2.6 Leases (Cont'd)**

2.6.2 The accounting policy for leases from 1 April 2019 are as follows: (Cont'd)

#### Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Company shall use its incremental borrowing rate.

For contract that contain both lease and non-lease components, the Company allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Company has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method.

Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a changes in the Company's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in statement of financial activities if the carrying amount of the right-of-use asset has been reduced to zero.

#### Short-term leases and lease of low value assets

The Company has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease term of 12 months or less from the commencement date and do not contain a purchase option and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to the statement of financial activities on a straight-line basis over the lease term.

### **2.7 Property, plant and equipment**

#### **2.7.1 Measurement**

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

The cost of an item of property, plant and equipment 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 property, plant and equipment if the obligation for dismantlement, removal and restoration is included as a consequence of acquiring or using the property, plant and equipment.

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## 2. Significant accounting policies (Cont'd)

### 2.7 Property, plant and equipment (Cont'd)

#### 2.7.2 Depreciation

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

#### 2.7.3 Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset 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.

#### 2.7.4 Disposal

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

### 2.8 Impairment of non-financial assets

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

For the purpose of impairment 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.

## **2. Significant accounting policies (Cont'd)**

### **2.8 Impairment of non-financial assets (Cont'd)**

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.

### **2.9 Financial assets**

#### **2.9.1 Classification and measurement**

The Company classifies its financial assets under the at amortised cost category.

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.

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 Instruments

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. Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

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.

#### **2.9.2 Impairment**

The Company assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

## **2. Significant accounting policies (Cont'd)**

### **2.9 Financial assets (Cont'd)**

#### **2.9.2 Impairment (Cont'd)**

For cash and cash equivalents and other 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.

#### **2.9.3 Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Society commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Society has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in statement of financial activities.

### **2.10 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.

### **2.11 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” in the statement of financial position.

Financial liabilities are derecognised when the obligations under the liability are discharged or cancelled or expired. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability or 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.

### **2.12 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. Significant accounting policies (Cont'd)**

### **2.13 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.

### **2.14 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 retain full control over the use of unrestricted funds for any of the Company's purposes.

### **2.15 Events after the reporting period**

Events after the reporting period that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

## **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.

### **3.1 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.

### **3.2 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.

#### **3.2.1 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. Revenue**

	2020 S\$	2019 S\$
Donations	159,623	110,076
Ticket sales	88,784	45,465
Rendering of services	44,776	93,020
Commission and engagement	245,430	110,790
	<u>538,613</u>	<u>359,351</u>

Contract liabilities related to revenue from contract with customers totalling S\$3,078 (2019: S\$221,465) are presented under "Deferred income" in Note 13.

Set out below is the amount of revenue recognised from:

	2020 S\$	2019 S\$
Amounts included in contract liabilities at the beginning of the year	<u>221,465</u>	<u>104,243</u>

**4.1 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 and presented under statement of financial activities as follows:

	2020 S\$	2019 S\$
Unrestricted fund – General fund: Voluntary income - Donations	<u>43,313</u>	<u>34,922</u>

**5. Government grants**

	2020 S\$	2019 S\$
Grants from National Art council - Major grant	500,000	500,000
Other government grants - Cultural Matching Grant - Other grants	188,590	117,069
	<u>662,669</u>	<u>756,832</u>
	<u>1,351,259</u>	<u>1,373,901</u>

**6. Other income**

	2020 S\$	2019 S\$
Rental of studio	495	1,070
Sales of books	30	50
Wage credit scheme	2,953	2,588
Others	4,282	12,860
	<u>7,760</u>	<u>16,568</u>

## 7. Staff costs

Included in the expenditures are the following staff costs:

	2020 S\$	2019 S\$
Staff salaries and bonuses	513,853	591,639
Staff training	1,392	517
Staff welfare	2,429	2,831
CPF contribution	77,583	89,401
Skill development levy	1,065	1,126
	<u>596,322</u>	<u>685,514</u>

The staff costs were allocated as follows:

	Note	2020 S\$	2019 S\$
Cost of charitable activities			
- Director and staff salaries and bonuses	15	430,633	463,129
- Director and staff CPF contribution	15	<u>64,181</u>	<u>74,930</u>
		<u>494,814</u>	<u>538,059</u>
Governance and administrative costs			
- Staff salaries and bonuses		83,220	128,510
- Staff CPF contribution		13,402	14,471
- Staff training		1,392	517
- Staff welfare		2,429	2,831
- Skill development levy		1,065	1,126
		<u>101,508</u>	<u>147,455</u>
Total		<u>596,322</u>	<u>685,514</u>

## 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

	2020 S\$	2019 S\$
Cash on hand	500	500
Cash at bank	<u>560,068</u>	<u>672,417</u>
	<u>560,568</u>	<u>672,917</u>

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

**10. Receivables and prepayments**

	2020 S\$	2019 S\$
Receivables from charitable activities		
- Agency for Integrated Care	0	60,241
- National Arts Council- Main grant	55,000	45,000
- Ministry of Health	0	7,539
- Singapore Tourism Board	0	127,287
- Tote Board	52,895	0
- Others	21,469	33,775
	<u>129,364</u>	<u>273,842</u>
Prepayments	33,074	52,070
	<u>162,438</u>	<u>325,912</u>

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

**11. Plant and equipment**

	Furniture and fittings S\$	Office equipment S\$	Stage equipment S\$	Total S\$
<b>2020</b>				
<b>Cost</b>				
Beginning of financial year	3,073	36,755	9,325	49,153
Additions	0	786	0	786
End of financial year	<u>3,073</u>	<u>37,541</u>	<u>9,325</u>	<u>49,939</u>
<b>Accumulated depreciation</b>				
Beginning of financial year	3,073	32,989	9,325	45,387
Depreciation	0	2,261	0	2,261
End of financial year	<u>3,073</u>	<u>35,250</u>	<u>9,325</u>	<u>47,648</u>
<b>Carrying amount</b>	<u>0</u>	<u>2,291</u>	<u>0</u>	<u>2,291</u>



**11. Plant and equipment (Cont'd)**

	Furniture and fittings S\$	Office equipment S\$	Stage equipment S\$	Total S\$
<b>2019</b>				
<b>Cost</b>				
Beginning of financial year	3,073	33,331	9,325	45,729
Additions	0	3,424	0	3,424
End of financial year	<u>3,073</u>	<u>36,755</u>	<u>9,325</u>	<u>49,153</u>
<b>Accumulated depreciation</b>				
Beginning of financial year	3,073	30,896	9,325	43,294
Depreciation	0	2,093	0	2,093
End of financial year	<u>3,073</u>	<u>32,989</u>	<u>9,325</u>	<u>45,387</u>
<b>Carrying amount</b>	<u>0</u>	<u>3,766</u>	<u>0</u>	<u>3,766</u>

**12. Payables**

	2020 S\$	2019 S\$
Accruals	<u>40,477</u>	<u>103,446</u>

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

**13. Deferred income**

	Note	2020 S\$	2019 S\$
Cultural Matching Fund	14	15,293	71,872
Contract liabilities	4	3,078	221,465
		<u>18,371</u>	<u>293,337</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 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.

Net assets of the restricted fund

	Note	2020 S\$	2019 S\$
<b>Total restricted funds as at 31 March</b>		0	0
<b>Represented by:</b>			
Cash and cash equivalents		15,293	71,872
Deferred income	13	(15,293)	(71,872)
		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	2020 S\$	2019 S\$
<b>Salaries and other short-term benefits</b>			
- Director	7	100,425	100,425
- Key management		<u>66,950</u>	<u>66,950</u>
		<u>167,375</u>	<u>167,375</u>
<b>Post-employment benefits – contribution to CPF</b>			
- Director	7	13,260	13,260
- Key management		<u>11,388</u>	<u>11,388</u>
		<u>24,648</u>	<u>24,648</u>
		2020 No. of key management personnel	2019 No. of key management personnel
<b>Remuneration band (S\$)</b>			
S\$100,001 to S\$150,000		1	1
S\$50,001 to S\$100,000		<u>1</u>	<u>1</u>

**16. Operating lease commitments**

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

	2020 S\$	2019 S\$
Within one year	<u>0</u>	<u>2,622</u>

As disclosed in Note 2.1.1, the Company had adopted FRS 116 on 1 April 2019. No right-of-use assets and lease liabilities have been recognised on the statement of financial position as at 31 March 2020 since the Company applies the short-term lease recognition exemption.

**17. Financial instruments**

The aggregate carrying amounts of financial assets and financial liabilities at amortised cost as the end of the reporting period are as follows:

	2020 S\$	2019 S\$
<b>Financial assets, at amortised cost</b>		
Cash and cash equivalents	560,568	672,917
Receivables (excluding prepayments)	<u>129,364</u>	<u>273,842</u>
	<u>689,932</u>	<u>946,759</u>
<b>Financial liabilities, at amortised cost</b>		
Payables	<u>40,477</u>	<u>103,446</u>

## **18. Financial risk management**

The Company's activities expose it to minimal financial risk and overall risk management is determined by the Board of Directors on an informal basis.

### **Credit risk**

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

#### *Risk management*

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 a counterparty who are rated "A" and above by independent rating agencies.

For other parties, the Company manages its credit risk by ensuring that the counterparty has sufficient financial assets and other committed credit lines to settle its financial and contractual obligations to the Company, as when they fall due.

The Company has no significant concentration of credit risk.

#### *Impairment of financial assets*

The Company does not expect to incur material credit losses on their risk management of financial assets.

Financial assets that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company.

There are no credit loss allowance for financial assets at amortised cost as at 31 March 2020 and 2019.

### **Liquidity risk**

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's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages its liquidity prudently and aims to maintain sufficient funds to meet its committed liabilities.

Management monitors and ensures that the Company maintains a level of cash and cash equivalents deemed adequate to finance the Company's operations.

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

**18. Financial risk management (Cont'd)**

**Liquidity risk (Cont'd)**

	Within one year S\$	Later than one year but not later than five years S\$	Total S\$
<b>2020</b>			
<b>Financial assets, at amortised cost</b>			
Cash and cash equivalents	560,568	0	560,568
Receivables (excluding prepayments)	129,364	0	129,364
	<u>689,932</u>	<u>0</u>	<u>689,932</u>
<b>Financial liability, at amortised cost</b>			
Payables	(40,477)	0	(40,477)
<b>Net financial assets</b>	<u>649,455</u>	<u>0</u>	<u>649,455</u>
<b>2019</b>			
<b>Financial assets, at amortised cost</b>			
Cash and cash equivalents	672,917	0	672,917
Receivables (excluding prepayments)	273,842	0	273,842
	<u>946,759</u>	<u>0</u>	<u>946,759</u>
<b>Financial liability, at amortised cost</b>			
Payables	(103,446)	0	(103,446)
<b>Net financial assets</b>	<u>843,313</u>	<u>0</u>	<u>843,313</u>

**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 the financial year ended 31 March 2020 is as follows:

	2020 S\$'000	2019 S\$'000	Increase %
<b>A</b>			
Unrestricted Funds			
General funds	666	605	10
<b>B</b>			
Restricted or Designated Funds			
Designated Funds	0	0	NA
Restricted Funds	0	0	NA
<b>C</b>			
Endowment Funds	0	0	NA
<b>D</b>			
Total Funds	666	605	10
<b>E</b>			
Total Annual Operating Expenditure	1,837	1,622	13
<b>F</b>			
Ratio of Funds to Annual Operating Expenditure (A/E)	0.36	0.37	

**20. Reserve position and policy (Cont'd)**

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, have an interest in a transaction or project or other matter to be discussed at a meeting, the directors 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. Events after the reporting period**

The novel coronavirus (COVID-19) outbreak in early 2020 did not have an immediate impact on the performance of the Company. However, the outbreak was declared a Public Health Emergency of International Concern and the measures taken to contain the spread of the virus, including quarantines, social distancing and closures of non-essential services have triggered a disruption to the Company's activities.

The Board of Directors has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of activities as of and for the year ended 31 March 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of the government's responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

**23. Authorisation of financial statements**

These financial statements were authorised for issue in accordance with a resolution of the directors of the Company on 30 October 2020.