

Company Registration No. 201504648M

Nam Hwa Opera Limited

Annual Financial Statements  
31 March 2018



## Nam Hwa Opera Limited

### Index

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	<b>Page</b>
Directors' statement	1
Independent auditor's report	3
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in accumulated unrestricted fund	8
Statement of cash flow	9
Notes to the financial statements	10

## **Nam Hwa Opera Limited**

### **Directors' statement**

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The directors are pleased to present their statement to the members together with the audited financial statements of Nam Hwa Opera Limited (the "Company") for the financial year ended 31 March 2018.

#### **Opinion of directors,**

In the opinion of the directors,

- (i) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended; and
- (ii) 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:

Teo Kiang Ang  
Toh Lim Mok  
George Quek Meng Tong  
Chia Chor Meng  
Ang Chin Koon  
Lim Chin Boon  
Teo Beng Teck  
Goh Bak Heng  
Lee Geck Hoon, Ellen  
Lie Kee Pong  
Su Zhangkai  
Chin Yoon Fah  
Heng Boey Hong  
Tan Lye Soon  
Quek Soo Chek  
Teo Ngiang Heng  
Lim Ee Hong (Appointed on 1<sup>st</sup> October 2017)  
Huang Zhaoqun (Appointed on 1<sup>st</sup> October 2017)  
Lim Yong Guan (Appointed on 1<sup>st</sup> October 2017)  
Pan Zhengxiang (Appointed on 1<sup>st</sup> October 2017)  
Teo Hark Piang (Appointed on 9<sup>th</sup> May 2018)

#### **Directors' interest**

The Company has no share capital and its liability is limited by guarantee.

**Nam Hwa Opera Limited**

**Directors' statement**

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**Directors' conflict of interest policy**

The Company has a conflict of interest policy. The Company requires that members of the board to comply with the policy and fully disclose to the board immediately when a conflict of interest situation arises.

**Auditor**

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:



Toh Lim Mok  
Director



Lim Chin Boon  
Director

Singapore

30 August 2018

**Nam Hwa Opera Limited**

**Independent auditor's report  
For the financial year ended 31 March 2018**

**Independent auditor's report to the members of Nam Hwa Opera Limited**

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**Report on the audit of the financial statements**

**Opinion**

We have audited the financial statements of Nam Hwa Opera Limited (the "Company"), which comprise the statement of financial position as at 31 March 2018, the statement of comprehensive income, statement of changes in accumulated unrestricted fund and statement of cash flow 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 "Act"), the Singapore Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity 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 other information. The other information comprises Directors' statement set out on pages 1 and 2.

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.

## **Nam Hwa Opera Limited**

### **Independent auditor's report For the financial year ended 31 March 2018**

#### **Independent auditor's report to the members of Nam Hwa Opera Limited**

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#### **Responsibilities of management and directors 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 Act 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.

The directors' 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.
- 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.

**Nam Hwa Opera Limited**

**Independent auditor's report  
For the financial year ended 31 March 2018**

**Independent auditor's report to the members of Nam Hwa Opera Limited**

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**Auditor's responsibilities for the audit of the financial statements (cont'd)**

- 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.

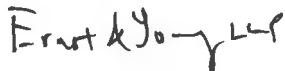
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on other legal and regulatory requirements**

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

During the course of our audit, nothing has come to our attention that causes us to believe that during the financial year, the use of the donation monies was not in accordance with the objectives of the Company as required under regulation 16 of the Charities (Institutions of a Public Character) Regulations.

The Company did not hold any public fund raising appeals during the year.



Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore  
30 August 2018

**Nam Hwa Opera Limited**

**Statement of comprehensive income  
For the financial year ended 31 March 2018**

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	Note	2018 S\$	2017 S\$ (Restated)
<b>Income</b>			
Donations	4	421,185	730,903
Other income	4	52,802	154,281
<b>Total income</b>		<hr/> 473,987	<hr/> 885,184
Depreciation expenses	5	13,881	10,244
Employee benefits expenses	6	270,162	159,033
Other operating expenses	7	790,441	821,161
<b>Total expenditure</b>		<hr/> 1,074,484	<hr/> 990,438
<b>Operating deficit before grant income</b>		<hr/> (600,497)	<hr/> (105,254)
Grant income	11	441,403	752,734
<b>(Deficit)/surplus for the financial year, representing total comprehensive income for the financial year</b>		<hr/> (159,094)	<hr/> 647,480

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*



Nam Hwa Opera Limited

Statement of financial position  
As at 31 March 2018

	Note	2018 S\$	2017 S\$ (Restated)
<b>Non-current assets</b>			
Plant and equipment	5	31,544	31,571
<b>Current assets</b>			
Other receivables	8	600	5,960
Prepayment		39,911	36,424
Restricted cash balances	9	483,685	519,380
Cash and cash equivalents	9	849,340	993,350
<b>Total current assets</b>		1,373,536	1,555,114
<b>Total assets</b>		1,405,080	1,586,685
<b>Current liabilities</b>			
Other payables	10	39,677	26,493
Grants received in advance	11	483,685	519,380
<b>Total current liabilities</b>		523,362	545,873
<b>Net current assets</b>		850,174	1,009,241
<b>Net assets</b>		881,718	1,040,812
<b>Equity</b>			
Accumulated unrestricted fund		881,718	1,040,812
<b>Total equity</b>		881,718	1,040,812
<b>Total equity and liabilities</b>		1,405,080	1,586,685

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**Nam Hwa Opera Limited**

**Statement of changes in accumulated unrestricted fund  
For the financial year ended 31 March 2018**

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	<b>Accumulated unrestricted fund S\$</b>	<b>Total Equity S\$</b>
At 1 April 2017	1,040,812	1,040,812
Deficit for the financial year, representing total comprehensive income for the financial year	(159,094)	(159,094)
At 31 March 2018	881,718	881,718
At 1 April 2016	393,332	393,332
Surplus for the financial year, representing total comprehensive income for the financial year (Restated)	647,480	647,480
At 31 March 2017	1,040,812	1,040,812

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

Nam Hwa Opera Limited

Statement of cash flow  
For the financial year ended 31 March 2018

	Note	2018 S\$	2017 S\$ (Restated)
<b>Cash flows from operating activities</b>			
Deficit before grants from Government		(600,497)	(105,254)
Adjustments for:			
Depreciation of property and equipment	5	13,881	10,244
Provision for reinstatement costs		(4,500)	–
<b>Operating deficit before changes in working capital</b>		<b>(591,116)</b>	<b>(95,010)</b>
Decrease in other receivables and prepayments		1,873	5,262
Increase in other payables		13,184	11,831
<b>Net cash used in operating activities</b>		<b>(576,059)</b>	<b>(77,917)</b>
<b>Cash flows from investing activity</b>			
Purchase of property and equipment	5	(9,354)	(23,810)
<b>Net cash flows used in investing activity</b>		<b>(9,354)</b>	<b>(23,810)</b>
<b>Cash flows from financing activities</b>			
Government grants received	11	405,708	606,649
Decrease in restricted cash		35,695	140,685
<b>Net cash flows generated from financing activities</b>		<b>441,403</b>	<b>747,334</b>
Net (decrease)/increase in cash and cash equivalents		(144,010)	645,607
Cash and cash equivalents at beginning of the financial year		993,350	347,743
<b>Cash and cash equivalents at end of the financial year (Note 9)</b>		<b>849,340</b>	<b>993,350</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

## Nam Hwa Opera Limited

### Notes to the financial statements For the financial year ended 31 March 2018

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#### 1. Corporate information

Nam Hwa Opera Limited (the "Company") is a private company limited by guarantee incorporated on 17 February 2015 and domiciled in Singapore.

The registered office and principal place of operation of the Company is located at 28 Aliwal Street, #02-09 Aliwal Arts Center, Singapore 199918.

The principal activities of the Company are to preserve, promote, rejuvenate, develop and advance the art and culture of Teochew opera and music for enjoyment and appreciation as an important message.

#### 2. Summary of significant accounting policies

##### 2.1 Basis of preparation

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

The financial statements have been prepared on the historical cost basis except as disclosed as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars ("SGD" or "S\$").

##### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial period except in the current financial year, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2017. The adoption of these standards did not have any effect on the financial performance or position of the Company.

##### 2.3 Standards issued but not yet effective

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

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
Amendments to FRS 115 <i>Clarifications to FRS 115 Revenue from Contracts with Customers</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019

Except for FRS 116, the directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 116 are described below.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees - leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Company is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Company expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

2.4 Property, plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying plant and equipment. The cost of an item of plant and equipment is recognized as an asset if, and only if, 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.

When significant parts of plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the asset as follows:

Leasehold improvement	-	3 years
Performance assets	-	5 years
Office equipment	-	5 years
Computers	-	2 years
Furniture & fittings	-	5 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2. **Summary of significant accounting policies (cont'd)**

2.5 ***Impairment of non-financial assets***

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.6 ***Financial instruments***

(a) **Financial assets**

**Initial recognition and measurement**

Financial assets 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 assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

**Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

***Loans and receivables***

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.6 *Financial instruments (cont'd)*

(a) **Financial assets (cont'd)**

***De-recognition***

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) **Financial liabilities**

**Initial recognition and measurement**

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 fair value through profit or loss, directly attributable transaction costs.

**Subsequent measurement**

After initial recognition, financial liabilities that are not carried at fair value through profit or loss, subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

**Derecognition**

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

2. **Summary of significant accounting policies (cont'd)**

2.7 ***Impairment of financial assets***

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

**Financial assets carried at amortised cost**

For financial assets carried at amortised cost, the Company first assesses objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written-off against the carrying value of the financial assets.

To determine whether there is objective evidence that an impairment loss on financial asset has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.8 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand, which are subject to an insignificant risk of changes in value.



2. **Summary of significant accounting policies (cont'd)**

2.9 **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.10 **Grant income**

Grant income is recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Deferred capital grants are recognised in profit or loss over the period necessary to match the depreciation of the assets with the related grants. On disposal of plant and equipment, the balance of related grants is recognised in profit or loss to match the carrying amounts of the plant and equipment disposed.

Operating grants are recognised as income over the periods necessary to match them with the cost for which they are intended to compensate, on a systematic basis. Government grants that are receivables as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related cost are recognised in income or expenditure in the period in which they become receivable.

Both operating and capital grants are accounted for on an accrual basis.

2.11 **Revenue**

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

The Company assesses its revenue arrangement to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised.

**2. Summary of significant accounting policies (cont'd)**

**2.11 Revenue (cont'd)**

**(a) Donations**

Donations of cash or assets are recognised in the statement of comprehensive income as and when the Company obtains control of the donation or the right to receive the donation; it is probable that the economic benefits comprising the donation will flow to the Company; and the amount of the donation can be measured reliably. Donation-in-kind is measured at the fair value of the goods or services received and are recognised upon delivery of the goods or services.

**(b) Grant income**

Subventions and grants from government organisations and other bodies are recognised in the statement of comprehensive income only when there is reasonable assurance that the Company has complied with the conditions of the grants. Such grants are recognised at fair value. Operating grants are calculated based on funding principles of the relevant government organisations.

Subsequent adjustments to operating grants are recognised in the statement of comprehensive income in the year in which they are finalised by the relevant government organisations.

Grants received but not utilised which are repayable are included under liabilities in the statement of financial position.

Grant income is accounted for in accordance with the accounting policy for government grants as detailed in Note 2.10 above.

**2.12 Employee benefits**

**(a) Defined contribution plans**

The Company participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Company makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

**(b) Employee leave entitlement**

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2. Summary of significant accounting policies (cont'd)

2.13 Lease

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

**As lessee**

Leases where the lessor effectively retains substantially all the risks and rewards incidental to ownership of the leased items are classified as operating lease.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

3. Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Management is of the opinion that there is no significant judgement made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period.

4. Donations and other income

	2018 S\$	2017 S\$
<b>Donations</b>		
Tax-deductible donations	403,260	705,335
Others*	17,925	25,568
	<hr/> 421,185	<hr/> 730,903

\* Others consist mainly of donations from anonymous donors and donations whereby tax deductible receipts are not issued.

**Nam Hwa Opera Limited**

**Notes to the financial statements  
For the financial year ended 31 March 2018**

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**4. Donations and other income (cont'd)**

The Company did not organise any fund-raising events during the financial years ended 31 March 2018 and 31 March 2017.

	2018 S\$	2017 S\$ (Restated)
<b>Other income</b>		
Sponsorship	–	56,200
Events	25,350	35,160
Government incentives	1,510	20,593
Other income	25,942	42,328
	<hr/> 52,802	<hr/> 154,281

Government incentives mainly relates to Temporary Employment Credit (“TEC”), Special Employment Credit (“SEC”) and Productivity and Innovation Credit (“PIC”).

Other income consist mainly of rental subsidy income granted by the landlord and course fee received for training provided.

Nam Hwa Opera Limited

Notes to the financial statements  
For the financial year ended 31 March 2018

5. Plant and equipment	Leasehold improvement S\$	Furniture & fittings S\$	Office equipment S\$	Performance assets S\$	Computers S\$	Total S\$
<b>Cost</b>						
At 31.3.2016 and 1.4.2016	-	-	13,650	7,291	1,398	22,339
Additions	-	1,200	849	16,695	5,066	23,810
At 31.3.2017	-	1,200	14,499	23,986	6,464	46,149
At 31.3.2017 and 1.4.2017	-	1,200	14,499	23,986	6,464	46,149
Additions	4,500	-	-	5,725	3,629	13,854
At 31.3.2018	4,500	1,200	14,499	29,711	10,093	60,003
<b>Accumulated depreciation</b>						
At 31.3.2016 and 1.4.2016	-	-	2,730	206	1,398	4,334
Charge during the financial year	-	200	2,758	2,388	4,898	10,244
At 31.3.2017	-	200	5,488	2,594	6,296	14,578
At 31.3.2017 and 1.4.2017	-	200	5,488	2,594	6,296	14,578
Charge during the financial year	3,125	240	2,900	4,988	2,628	13,881
At 31.3.2018	3,125	440	8,388	7,582	8,924	28,459
<b>Net carrying amount</b>						
At 31.3.2017	-	1,000	9,011	21,392	168	31,571
At 31.3.2018	1,375	760	6,111	22,129	1,169	31,544

**Nam Hwa Opera Limited**

**Notes to the financial statements  
For the financial year ended 31 March 2018**

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**6. Employee benefits expenses**

	<b>2018</b>	<b>2017</b>
	S\$	S\$
Staff salaries and bonuses	225,150	102,293
CPF contributions	17,908	13,217
Other short-term benefits	27,104	43,523
	<hr/>	<hr/>
	270,162	159,033
	<hr/>	<hr/>

The directors do not receive any remunerations and compensations.

**7. Other operating expenses**

	<b>2018</b>	<b>2017</b>
	S\$	S\$
		<b>(Restated)</b>
Performance expenses	619,103	674,682
Production expenses	30,796	45,287
Operating lease expense (Note 13)	41,118	40,949
Professional fees	34,693	25,089
Other expenses	64,731	35,154
	<hr/>	<hr/>
	790,441	821,161
	<hr/>	<hr/>

Other expenses consist mainly of insurance expenses, printing and stationary expenses, telephone charges, transportation charges, utilities expenses and general expenses.

**8. Other receivables**

	<b>2018</b>	<b>2017</b>
	S\$	S\$
Sundry debtors	—	5,500
Deposits	600	460
	<hr/>	<hr/>
Total other receivables	600	5,960
Add: Cash and bank balances (Note 9)	1,333,025	1,512,730
	<hr/>	<hr/>
Total loans and receivables	1,333,625	1,518,690
	<hr/>	<hr/>

**Nam Hwa Opera Limited**

**Notes to the financial statements  
For the financial year ended 31 March 2018**

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**9. Cash and cash equivalents**

	<b>2018</b>	<b>2017</b>
	S\$	S\$
Cash and bank balances	1,333,025	1,512,730
Less: restricted cash balances	(483,685)	(519,380)
	<u>849,340</u>	<u>993,350</u>

Restricted cash balances relate to grants received for specific purposes.

**10. Other payables**

	<b>2018</b>	<b>2017</b>
	S\$	S\$
		<b>(Restated)</b>
Accrued operating expenses	20,687	12,003
Other payables	18,990	14,490
	<u>39,677</u>	<u>26,493</u>

**11. Grants received in advance**

	<b>2018</b>	<b>2017</b>
	S\$	S\$
At beginning of the financial year	519,380	665,465
Grants received during the financial year	405,708	611,989
Operating grants utilised	(441,403)	(752,734)
Amounts refunded during the financial year	–	(5,340)
	<u>483,685</u>	<u>519,380</u>

Grants received in advance mainly relates to Culturing Matching Funds (“CMF”) received from Ministry of Culture, Community and Youth (“MCCY”) for developing capabilities for the long-term sustainability of the organisation and the cultural sector as a whole and seed grant from National Art Council (“NAC”) for the achievement of programmes, the development of artistic practice, professional experience and audience engagement with the arts.

**12. Income tax**

No provision has been made for tax as the Company is exempted from tax in accordance with Section 13(1)(zm) of the Singapore Income Tax Act.

**13. Operating lease commitments**

**Operating lease commitments - as lessee**

The Company have entered into operating leases on the premises. The lease has an average tenure of 3 years with no contingent rent provision included in the contracts.

Rental and service fee expenses for premises which are recognised in the statement of comprehensive income amounted to \$41,118 (2017: \$40,949) (Note 7).

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	2018 S\$	2017 S\$ (Restated)
Not later than one year	46,239	39,494
Later than one year but not later than five years	—	36,203
	<hr/> 46,239	<hr/> 75,697

**14. Financial risks management objectives and policies**

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk.

It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

**(a) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from other receivables. For other financial assets (including cash and cash equivalents), the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Financial assets that are neither past due nor impaired

Other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Company. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.



14. Financial risks management objectives and policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

In the management of liquidity risk, the Company monitors and maintains a level of cash and bank balances deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The table below summarises the Company's financial liabilities that will be settled on a net basis into the relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted payments:

<b>2018</b>	<b>Within 1 year S\$</b>	<b>Total S\$</b>
<b>Financial assets:</b>		
Other receivables	600	600
Restricted cash	483,685	483,685
Cash and cash equivalents	849,340	849,340
	1,333,625	1,333,625
<b>Financial liabilities:</b>		
Other payables	39,677	39,677
<b>Total undiscounted financial assets</b>	1,293,948	1,293,948
<b>2017 (Restated)</b>		
<b>Financial assets:</b>		
Other receivables	5,960	5,960
Restricted cash	519,380	519,380
Cash and cash equivalents	993,350	993,350
	1,518,690	1,518,690
<b>Financial liabilities:</b>		
Other payables	26,493	26,493
<b>Total undiscounted financial assets</b>	1,492,197	1,492,197

**15. Fair values of financial instruments**

The Company has determined that the carrying amounts of other receivables, cash and cash equivalents, deposits and other payables, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature.

**16. Fund management**

The primary objective of the Company's fund management is to ensure that it maintains a healthy cash balances in order to support its activities.

The Company manages its funds structure and makes adjustment to it, in the light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial year ended 31 March 2018 and 2017.

The Company is currently in net cash surplus position. The Company does not have any debts apart from those that arise from day-to-day operations.

**17. Comparative figures**

Restatement of comparative figures

During the preparation of the current year's financial statement, the Company discovered that certain production expenses incurred during the financial year ended 31 March 2017 had not been recorded in the financial year then ended. The following adjustments have been made to the comparative figures to correct the aforementioned error.

Reclassification of comparative figures

The Company reclassified comparative figure on other income and other operating expenses to conform with current year's presentation.

	As previously reported S\$	2017 Adjustment S\$	Restated S\$
<b>Statement of comprehensive income</b>			
Other income	135,570	18,711	154,281
Other operating expenses	787,960	33,201	821,161
<b>Statement of financial position</b>			
Other payables	12,003	14,490	26,493
Accumulated unrestricted fund	1,055,302	14,490	1,040,812

**18. Authorisation of financial statements for issue**

The financial statements for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors on 30 August 2018.