Company Registration No. 201504648M

# Nam Hwa Opera Limited

Annual Financial Statements
For the financial period from 17 February 2015
(date of incorporation) to 31 March 2016

Building a better
working world

**Nam Hwa Opera Limited**

## General information

### Directors

| | |
|---|---|
| Teo Kiang Ang | (Appointed on 17 February 2015) |
| Toh Lim Mok | (Appointed on 17 February 2015) |
| George Quek Meng Tong | (Appointed on 17 February 2015) |
| Chia Chor Meng | (Appointed on 17 February 2015) |
| Ang Chin Koon | (Appointed on 17 February 2015) |
| Lim Chin Boon | (Appointed on 17 February 2015) |
| Teo Beng Teck | (Appointed on 17 February 2015) |
| Goh Bak Heng | (Appointed on 17 February 2015) |
| Seng Han Thong | (Appointed on 17 February 2015) |
| Lee Geck Hoon, Ellen | (Appointed on 17 February 2015) |
| Lie Kee Pong | (Appointed on 17 February 2015) |
| Su Zhangkai | (Appointed on 17 February 2015) |
| Chin Yoon Fah | (Appointed on 17 February 2015) |
| Heng Boey Hong | (Appointed on 17 February 2015) |
| Teo Chor Huan | (Appointed on 17 February 2015) |
| Tan Lye Soon | (Appointed on 17 February 2015) |
| Tay Teow Kiat | (Appointed on 17 February 2015) |
| Quek Soo Chek | (Appointed on 17 February 2015) |
| Teo Ngiang Heng | (Appointed on 17 February 2015) |

### Company Secretaries

Lilian Chiang Sim Sai Lian
Chiang See Thong

### Address

28 Aliwal Street
#02-09 Aliwal Arts Center
Singapore 199918

### Auditor

Ernst & Young LLP

### Banker

United Overseas Bank

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The directors are pleased to present their statement together with the audited financial statements of Nam Hwa Opera Limited (the "Company") for the financial period from 17 February 2015 (date of incorporation) to 31 March 2016.

## Opinion of directors,

In the opinion of the directors,

(i) the accompanying balance sheet, statement of comprehensive income, statement of changes in equity and cash flow statement, together with notes thereto, are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2016 and of the financial performance, changes in equity and cash flows of the Company for the financial period from 17 February 2015 (date of incorporation), 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
Seng Han Thong
Lee Geck Hoon, Ellen
Lie Kee Pong
Su Zhangkai
Chin Yoon Fah
Heng Boey Hong
Teo Chor Huan
Tan Lye Soon
Tay Teow Kiat
Quek Soo Chek
Teo Ngiang Heng

## Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during that financial period 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 or debentures of the Company or any other body corporate.

## Directors' interests in shares and debentures

No directors, who held office at the end of the financial period, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning or date of appointment if later or at the end of the financial period.

## Auditor

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

On behalf of the board of directors:

Toh Lim Mok
Director

Lim Chin Boon
Director

Singapore
19 September 2016

## Independent auditor's report of Nam Hwa Opera Limited

### Report on financial statements

We have audited the accompanying financial statements of Nam Hwa Opera Limited (the "Company"), which comprise the balance sheet of the Company as at 31 March 2016, the statement of comprehensive income, the statement of changes in fund and cash flow statement of the Company for the financial period from 17 February 2015 (date of incorporation) to 31 March 2016, and a summary of significant accounting policies and other explanatory information.

*Managements' responsibility 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 Singapore Charities Act, Chapter 37 (the "Charities Act") and Singapore Financial Reporting Standards, 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.

*Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

### *Opinion*

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Charities Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 March 2016 and of the financial performance, changes in fund and cash flow of the Company for the financial period from 17 February 2015 (date of incorporation) to 31 March 2016.

### Report on other legal and regulatory requirements

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

Ernst & Young LLP

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

19 September 2016

Nam Hwa Opera Limited

## Statement of comprehensive income
**For the financial period from 17 February 2015 (date of incorporation) to 31 March 2016**

| | Note | General funds 17.2.2015 to 31.3.2016 S$ |
|---|---|---|
| **Income** | | |
| Donation income | | 678,769 |
| Other income | 4 | 86,177 |
| **Total income** | | 764,946 |
| Depreciation expense | 5 | 4,334 |
| Employee benefits expense | | 121,177 |
| Other operating expenses | | 358,903 |
| **Total expenditure** | | 484,414 |
| **Operating income before grant income** | | 280,532 |
| Grant income | | 112,800 |
| **Surplus for the financial year, representing total comprehensive income for the financial year** | | 393,332 |

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

Nam Hwa Opera Limited

## Balance sheet
As at 31 March 2016

| | Note | 31.3.2016 S$ |
|---|---|---|
| **Non-current assets** | | |
| Plant and equipment | 5 | 18,005 |
| **Current assets** | | |
| Other receivables | 6 | 9,899 |
| Prepayment | | 37,747 |
| Restricted cash balances | 7 | 660,065 |
| Cash and cash equivalents | 7 | 347,743 |
| **Total current assets** | | 1,055,454 |
| **Total assets** | | 1,073,459 |
| **Current liabilities** | | |
| Other payables | 8 | 14,662 |
| Grants received in advance | 9 | 665,465 |
| | | 680,127 |
| **Net current assets** | | 375,327 |
| **Net assets** | | 393,332 |
| **Equity** | | |
| Accumulated fund | | 393,332 |
| **Total equity** | | 393,332 |
| **Total equity and liabilities** | | 1,073,459 |

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

Nam Hwa Opera Limited

**Statement of changes in accumulated fund**
**For the financial period from 17 February 2015 (date of incorporation) to 31 March 2016**

| | Accumulated fund S$ | Total equity S$ |
|---|---|---|
| At 17 February 2015 (date of incorporation) | – | – |
| Surplus for the financial year, representing total comprehensive income for the financial year | 393,332 | 393,332 |
| At 31 March 2016 | 393,332 | 393,332 |

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

Nam Hwa Opera Limited

## Cash flow statement
**For the financial period from 17 February 2015 (date of incorporation) to 31 March 2016**

| | 17.2.2015 to 31.3.2016 |
|---|---|
| **Operating activities** | |
| Adjustment for: | 393,332 |
| Depreciation | 4,334 |
| **Operating surplus before changes in working capital** | 397,666 |
| Increase in other receivables, prepayments and project in progress | (47,646) |
| Increase in other payables | 14,662 |
| **Cash generated from operations, representing net cash generated from operating activities** | 364,682 |
| **Cash flows from investing activity** | |
| Purchase of property, plant and equipment | (22,339) |
| **Net cash flows used in investing activity** | (22,339) |
| **Cash flows from financing activity** | |
| Deferred capital grant | 665,465 |
| Restricted cash | (660,065) |
| Net cash flows generated from financing activities | 5,400 |
| Net increase in cash and cash equivalents | 347,743 |
| Cash and cash equivalents as at date of incorporation | – |
| Cash and cash equivalents as at financial period (Note 7) | 347,743 |

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

## 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 *Standards issued but not yet effective*

The Company has not adopted the following standards and interpretations that have been issued but not yet effective on or after 1 January 2015:

| Description | Effective for annual periods beginning on or after |
|---|---|
| Amendments to FRS 16 and FRS 41 *Agriculture - Bearer Plants* | 1 January 2016 |
| Amendments to FRS 27 *Equity Method in Separate Financial Statements* | 1 January 2016 |
| Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation* | 1 January 2016 |
| Improvements to FRSs (November 2014) | |
| (a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* | 1 January 2016 |
| (b) Amendments to FRS 107 *Financial Instruments: Disclosures* | 1 January 2016 |
| (c) Amendments to FRS 19 *Employee Benefits* | 1 January 2016 |
| Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations* | 1 January 2016 |
| Amendments to FRS 110 & FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* | Date to be determined |
| Amendments to FRS 1 *Disclosure Initiative* | 1 January 2016 |
| Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception* | 1 January 2016 |
| FRS 115 Revenue from Contracts with Customers | 1 January 2018 |
| FRS 109 Financial Instruments | 1 January 2018 |
| FRS 116 Leases | 1 January 2019 |

## 2. Summary of significant accounting policies (continued)

### 2.2 *Standards issued but not yet effective (continued)*

Except for FRS 115, the directors expect that the adoption of the other 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 115 and FRS 109 are described below.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Company include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Company is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 116 *Leases*

FRS 116 requires lessees to recognise for most leases, a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. 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.

## 2. Summary of significant accounting policies (continued)

### 2.3 *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 recognised 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:

| | | |
|---|---|---|
| Performance assets | - | 5 years |
| Office equipment | - | 5 years |
| Computers | - | 1 year |

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 (continued)

### 2.4 *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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation method is used.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. 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. Summary of significant accounting policies (continued)

### 2.5 *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.

***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.

## 2. Summary of significant accounting policies (continued)

### 2.5 *Financial instruments (continued)*

#### (b) Financial liabilities (continued)

**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.

### 2.6 *Impairment of financial assets*

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

#### (a) 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. Summary of significant accounting policies (continued)

### 2.7 *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.

### 2.8 *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.

### 2.9 *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. Summary of significant accounting policies (continued)

### 2.10 *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.

(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 flows 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 2.9 above.

## 2. Summary of significant accounting policies (continued)

### 2.11 *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.

### 2.12 *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**

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 judgements, 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### 3.1 Judgement made in applying accounting policies

In the process of applying the Company's accounting policies, management has not made any significant judgements, apart from those involving estimations.

## 3. Significant accounting judgments and estimates (continued)

### 3.2 Key sources of estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of the revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of reporting period. 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.

The directors are 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 amounts of assets and liabilities within the next financial period.

## 4. Other income

| | **17.2.2015 to 31.3.2016** |
|---|---|
| Temporary Employment credit | 12,182 |
| Other income | 83,504 |
| Total other income | 95,686 |

Temporary Employment credit is a government incentive scheme given to help employer cope with higher wage cost arising from increases in CPF contribution rates to the Medisave Account, CPF salary celling and employer CPF contribution rates for older workers.

Other income mainly relates to sales of performance tickets.

## 5. Plant and equipment

| | Office equipment S$ | Performance assets S$ | Computers S$ | Total S$ |
|---|---|---|---|---|
| **Cost** | | | | |
| At 17.2.2015 (date of incorporation) | – | – | – | – |
| Additions | 13,650 | 7,291 | 1,398 | 22,339 |
| At 31.3.2016 | 13,650 | 7,291 | 1,398 | 22,339 |
| **Accumulated depreciation** | | | | |
| At 17.2.2015 (date of incorporation) | – | – | – | – |
| Charge during the financial year | 2,730 | 206 | 1,398 | 4,334 |
| At 31.3.2016 | 2,730 | 206 | 1,398 | 4,334 |
| **Net carrying amount** | | | | |
| At 31.3.2016 | 10,920 | 7,085 | – | 18,005 |

## 6. Other receivables

| | 2016 S$ |
|---|---|
| Sundry debtors | 8,371 |
| Deposits | 1,528 |
| **Total other receivables** | 9,899 |
| Add: Cash and cash equivalents (Note 7) | 347,743 |
| **Total loans and receivables** | 357,642 |

## 7. Cash and cash equivalents

| | 2016<br>S$ |
|---|---|
| Cash and bank balances | 1,007,808 |
| Less: restricted cash balances | (660,065) |
| | 347,743 |

Restricted cash balances relate to grants received for specific purposes.

## 8. Other payables

| | 2016<br>S$ |
|---|---|
| Accrued operating expenses | 8,400 |
| Other payables | 6,262 |
| Total other payables representing financial liabilities carried at amortised cost | 14,662 |

## 9. Grants received in advance

| | 2016<br>S$ |
|---|---|
| As at date of incorporation | – |
| Received during the period | 665,645 |
| | 665,465 |

## 10. 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.

## 11. 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 2 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 $21,912.

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

| | 2016<br>S$ |
|---|---|
| Not later than one year | 21,912 |
| Later than one year but not later than five years | 41,998 |
| | 63,910 |

## 12. 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, interest rate 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.

## 12. Financial risks management objectives and policies (continued)

### (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 by the Trustees 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:

| | **Within 1 year** S$ | **Total** S$ |
|---|---|---|
| **2016** | | |
| **Financial assets:** | | |
| Other receivables | 9,899 | 9,899 |
| Restricted cash | 660,065 | 660,065 |
| Cash and cash equivalents | 347,743 | 347,743 |
| | 1,017,707 | 1,017,707 |
| **Financial liabilities:** | | |
| Accrued operating expenses | 900 | 900 |
| Other payables | 6,262 | 6,262 |
| | 7,162 | 7,162 |
| **Total undiscounted financial assets** | 1,010,545 | 1,010,545 |

## 13. 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.

## 14. 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 2016.

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.

## 15. Authorisation of financial statements for issue

The financial statements for the financial period ended 31 March 2016 were authorised for issue in accordance with a resolution of the directors on 19 September 2016.

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