Company Registration No. 201504648M

Nam Hwa Opera Limited

Annual Financial Statements
31 March 2019

Building a better
working world

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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 2019.

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 2019 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	
Huang Zhaoqun	
Lim Yong Guan	
Pan Zhengxiang	
Teo Hark Piang	(Appointed on 9th May 2018)
Ang Kiam Meng	(Appointed on 29th October 2018)
Chan Kian Kuan	(Appointed on 29th October 2018)
Khoo Hang Choong	(Appointed on 29th October 2018)
Yeo Eng Koon	(Appointed on 29th October 2018)

Directors' interest

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

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

Quek Soo Chek
Director

Singapore

5 August 2019

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

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 2019, the statement of comprehensive income, statement of changes in accumulated unrestricted fund 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 "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 2019 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.

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.

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

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

5 August 2019

Nam Hwa Opera Limited

Statement of comprehensive income
For the financial year ended 31 March 2019

	Note	2019 S$	2018 S$
Income			
Donations	4	781,848	421,185
Other income	4	151,789	52,802
Total income		933,637	473,987
Depreciation expenses	5	13,684	13,881
Employee benefits expenses	6	364,385	270,162
Other operating expenses	7	1,282,080	790,441
Total expenditure		1,660,149	1,074,484
Operating deficit before grant income		(726,512)	(600,497)
Grant income	12	839,267	441,403
Surplus/(deficit) for the financial year, representing total comprehensive income for the financial year		112,755	(159,094)

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 2019

	Note	2019 S$	2018 S$
Non-current assets			
Plant and equipment	5	79,937	31,544
Current assets			
Other receivables	8	24,675	600
Prepayment		6,000	39,911
Restricted cash balances	9	264,622	483,685
Cash and cash equivalents	9	950,687	849,340
Total current assets		1,245,984	1,373,536
Total assets		1,325,921	1,405,080
Current liabilities			
Other payables	10	8,000	35,177
Provision for reinstatement costs	11	59,500	4,500
Grants received in advance	12	263,948	483,685
Total current liabilities		331,448	523,362
Net current assets		914,536	850,174
Net assets		994,473	881,718
Equity			
Accumulated unrestricted fund		994,473	881,718
Total equity		994,473	881,718
Total equity and liabilities		1,325,921	1,405,080

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 2019

	Accumulated unrestricted fund S$	Total Equity S$
At 1 April 2018	881,718	881,718
Surplus for the financial year, representing total comprehensive income for the financial year	112,755	112,755
At 31 March 2019	994,473	994,473
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

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

Nam Hwa Opera Limited

Statement of cash flows
For the financial year ended 31 March 2019

	Note	2019 S$	2018 S$
Cash flows from operating activities			
Deficit before grants from Government		(726,512)	(600,497)
Adjustments for:			
Depreciation of property and equipment	5	13,684	13,881
Interest income		(6,038)	–
Operating deficit before changes in working capital		(718,866)	(586,616)
Decrease in other receivables and prepayments		9,836	1,873
(Decrease)/increase in other payables		(27,177)	8,684
Cash flows used in operations		(736,207)	(576,059)
Interest received		6,038	–
Net cash used in operating activities		(730,169)	(576,059)
Cash flows from investing activity			
Purchase of property and equipment	5	(7,077)	(9,354)
Net cash flows used in investing activity		(7,077)	(9,354)
Cash flows from financing activities			
Government grants received	12	619,530	405,708
Decrease in restricted cash		219,063	35,695
Net cash flows generated from financing activities		838,593	441,403
Net increase/(decrease) in cash and cash equivalents		101,347	(144,010)
Cash and cash equivalents at beginning of the financial year		849,340	993,350
Cash and cash equivalents at end of the financial year	9	950,687	849,340

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 1 Straits Boulevard, #11-03D Chinese Cultural Centre, Singapore 018906.

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 year except in the current financial year, the Company has adopted all the new and revised standards and which are effective for annual periods beginning on or after 1 April 2018. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company.

The nature and the impact of FRS 115 Revenue from Contracts with Customers and FRS 109 Financial Instruments are described below:

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers, and introduces a new contract cost guidance. 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.

Donation and grant income are not within the scope of FRS115. Therefore, there are no significant effects on the financial statements of the Company.

FRS 109 Financial Instruments

On 1 April 2018, the Company adopted FRS 109 *Financial Instruments*, which is effective for annual periods beginning on or after 1 April 2018. The changes arising from the adoption of FRS 109 have been applied retrospectively.

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

2.2 *Changes in accounting policies (cont'd)*

FRS 109 Financial Instruments (cont'd)

Classification and measurement

FRS 109 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL").

Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 April 2018, and then applied retrospectively to those financial assets that were not de-recognised before 1 April 2018.

The Company's debt instruments have contractual cash flows that are solely payments of principal and interest. There is no significant impact arising from measurement of these instruments under FRS 109.

Impairment

FRS 109 requires the Company to record expected credit losses on all of its financial assets measured at amortised cost, either on a 12-month or lifetime basis. The Company previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired. Given the limited exposure of the Company to credit risk, this amendment has no material impact on the financial statements.

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

2.3 *Standards issued but not yet effective*

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

Description	***Effective for annual periods beginning on or after***
INT FRS123: *Uncertainty over Income Tax Treatments*	1 January 2019
FRS 116: *Leases*	1 January 2019
Amendments to FRS 109: *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to FRS 28: *Long-term interests in Associates and Joint Ventures*	1 January 2019
Improvements to FRSs (March 2018)	1 January 2019
FRS117: *Insurance contracts*	1 January 2021
Amendments to FRS 110 and FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for FRS 116, the directors expect that the adoption of the standards and interpretations 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.

<u>FRS 116 Leases</u>

FRS 116 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions 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. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Company is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

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.

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

2.4 *Property, plant and equipment (cont'd)*

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 de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

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. Summary of significant accounting policies (cont'd)

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.

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 asset. Transaction costs of financial asset carried at fair value through profit or loss are expenses in profit or loss.

Receivables are measured at the amount of 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 party, if the receivables do not contain a significant financing component at initial recognition.

Subsequent measurement – Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through amortisation process.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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.

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

2.6 *Financial instruments (cont'd)*

(b) *Financial liabilities (cont'd)*

Subsequent measurement – Amortised cost

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

De-recognition

A financial liability is de-recognised 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 de-recognition 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.

2.7 *Impairment of financial assets*

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on a 12-months ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

2.8 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits at bank that are readily convertible to known amounts of cash and which are normally subject to an insignificant risk of changes in value.

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.

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.

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

2.11 *Donation income*

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.

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

2.12 *Other income*

Other income relates to performance of events and is recognised at point in time based on the occurrence of performance.

2.13 *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.

2.14 *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

	2019 S$	2018 S$
Donations		
Tax-deductible donations	756,953	403,260
Others*	24,895	17,925
	781,848	421,185

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

The Company did not organise any fund-raising events during the financial years ended 31 March 2019 and 31 March 2018.

	2019 S$	2018 S$
Other income		
Events	108,648	25,350
Government incentives	8,205	1,510
Other income	34,936	25,942
	151,789	52,802

Government incentives mainly relates to Temporary Employment Credit ("TEC") and Special Employment Credit ("SEC").

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

5. Plant and equipment

	Leasehold improvement S$	Furniture & fittings S$	Office equipment S$	Performance assets S$	Computers S$	Total S$
Cost						
At 31 March 2017 and 1 April 2017	–	1,200	14,499	23,986	6,464	46,149
Additions	4,500	–	–	5,725	3,629	13,854
At 31 March 2018	4,500	1,200	14,499	29,711	10,093	60,003
Additions	55,000	–	2,237	1,113	3,727	62,077
At 31 March 2019	59,500	1,200	16,736	30,824	13,820	122,080
Accumulated depreciation						
At 31 March 2017 and 1 April 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 March 2018	3,125	440	8,388	7,582	8,924	28,459
Charge during the financial year	1,375	240	3,124	6,035	2,910	13,684
At 31 March 2019	4,500	680	11,512	13,617	11,834	42,143
Net carrying amount						
At 31 March 2018	1,375	760	6,111	22,129	1,169	31,544
At 31 March 2019	55,000	520	5,224	17,207	1,986	79,937

Included within additions of leasehold improvement for the year ended 31 March 2019 was reinstatement costs of $55,000 (2018: $4,500) for its premise.

6. Employee benefits expenses

	2019 S$	2018 S$
Staff salaries and bonuses	307,923	225,150
CPF contributions	21,597	17,908
Other short-term benefits	34,865	27,104
	364,385	270,162

The directors do not receive any remunerations and compensations.

7. Other operating expenses

	2019 S$	2018 S$
Performance expenses	1,038,479	619,103
Production expenses	37,052	30,796
Operating lease expense (Note 14)	54,734	41,118
Professional fees	16,753	34,693
Other expenses	135,062	64,731
	1,282,080	790,441

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

8. Other receivables

	2019 S$	2018 S$
Deposits	24,675	600
Add: Cash and bank balances (Note 9)	504,556	632,648
Add: Short-term deposits (Note 9)	710,753	700,377
Total financial assets at amortised cost	1,239,984	1,333,625

9. Cash and cash equivalents

	2019 S$	2018 S$
Cash and bank balances	504,556	632,648
Short-term deposits	710,753	700,377
Less: restricted cash balances	(264,622)	(483,685)
	950,687	849,340

Restricted cash balances relate to grants received for specific purposes.

10. Other payables

	2019 S$	2018 S$
Accrued operating expenses	8,000	20,687
Other payables	–	14,490
Total other payables representing financial liabilities carried at amortised cost	8,000	35,177

11. Provision for reinstatement costs

	2019 S$	2018 S$
Provision for reinstatement costs	59,500	4,500

Provision for reinstatement costs of $59,500 (2018: $4,500) is the estimated costs of restoring the office premises which is capitalised and included in the cost of the fixed assets. The provision is expected to be utilised at the end of the lease term.

12. Grants received in advance

	2019 S$	2018 S$
At beginning of the financial year	483,685	519,380
Grants received during the financial year	619,530	405,708
Operating grants utilised	(877,451)	(441,403)
Amounts refunded during the financial year	38,184	–
At end of the financial year	263,948	483,685

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.

13. 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.

14. 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 $54,734 (2018: $41,118) (Note 7).

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

	2019 S$	2018 S$
Not later than one year	96,312	46,239
Later than one year but not later than five years	192,624	–
	288,936	46,239

15. Financial risks management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The main risk arising from the Company's financial instruments is credit and liquidity risk. The Company does not use derivatives and other instruments in its risk management activities. The Company management reviews and agrees policy in managing this risk and it is summarised below:

(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

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.

(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. The Company's objective is to maintain a balance between continuity of funding and flexibility by monitoring and maintaining a level of cash and bank balances deemed adequate by management to finance the Company's operations and mitigate the effects of fluctuation in cash flows.

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

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contracted maturities

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

	Within 1 year	
	2019	**2018**
	S$	S$
Financial assets:		
Other receivables	24,675	600
Restricted cash	264,622	483,685
Cash and cash equivalents	950,687	849,340
	1,239,984	1,333,625
Financial liabilities:		
Other payables	8,000	35,177
Total undiscounted financial assets	1,231,984	1,298,448

16. 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.

17. 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 2019 and 2018.

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.

18. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors on 5 August 2019.