

Company Registration No. 201504648M

Nam Hwa Opera Limited

Annual Financial Statements
31 March 2022



Nam Hwa Opera Limited

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Nam Hwa Opera Limited

Directors' statement

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 2022.

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 2022 and of the financial performance, changes in accumulated unrestricted fund 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:

Ang Chin Koon
Toh Lim Mok
Yeo Eng Koon
Lim Chin Boon
Lim Yong Guan
Chan Kian Kuan
Khoo Hang Choong
Ang Kiam Meng
Su Zhangkai
Pan Zhengxiang
Quek Soo Chek, William
Lee Geck Hoon, Ellen
Chin Yoon Fah
Goh Gek Liang
Huang Zhuang Rong
Heng Boey Hong
Huang Zhaoqun
Lim Ee Hong
Tan Lye Soon
Tan Thoo Cheng
Teo Hark Piang (Zheng Xuebin)
Teo Ngiang Heng
Woo Chee Chay
Yap Seng Teck
Tan Lee Kum

Directors' interest

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

Directors' statement

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



Ang Chin Koon
Director

Singapore

19 August 2022

Nam Hwa Opera Limited

Independent auditor's report For the financial year ended 31 March 2022

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 2022, 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 1967 (the "Act"), the Charities Act 1994 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 2022 and of the financial performance, changes in accumulated unrestricted fund 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 2022

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

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 2022**

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:

- a) the Company has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- b) the Company has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

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



Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
19 August 2022

Nam Hwa Opera Limited

**Statement of comprehensive income
For the financial year ended 31 March 2022**

	Note	2022 S\$	2021 S\$
Income			
Donations	4	927,674	331,384
Other income	4	279,066	433,554
Total income		1,206,740	764,938
Depreciation expenses	5	78,358	77,724
Amortisation expenses	6	102,905	102,905
Employee benefits expenses	7	741,415	556,058
Other operating expenses	8	1,324,435	316,353
Interest expenses		17,013	21,305
Total expenditure		2,264,126	1,074,345
Operating deficit before grant income		(1,057,386)	(309,407)
Grant income	13	1,113,745	1,039,693
Surplus for the financial year, representing total comprehensive income for the financial year		56,359	730,286

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 2022**

	Note	2022 S\$	2021 S\$
Non-current assets			
Plant and equipment	5	146,161	220,719
Rights-of-use assets	6	251,783	354,688
		397,944	575,407
Current assets			
Other receivables	9	42,314	75,435
Prepayments		300,340	189,328
Restricted cash balances	10	455,487	905,931
Cash and cash equivalents	10	1,619,980	1,558,952
Total current assets		2,418,121	2,729,646
Total assets		2,816,065	3,305,053
Current liabilities			
Other payables	11	52,613	61,252
Provision for reinstatement costs	12	55,000	55,000
Grants received in advance	13	448,991	901,612
Lease liabilities	6	88,610	84,087
Total current liabilities		645,214	1,101,951
Net current assets		1,772,907	1,627,695
Non-current liability			
Lease liabilities	6	189,524	278,134
Net assets		1,981,327	1,924,968
Equity			
Accumulated unrestricted fund		1,981,327	1,924,968
Total equity		1,981,327	1,924,968
Total equity and liabilities		2,816,065	3,305,053

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 2022**

	Accumulated unrestricted fund S\$	Total Equity S\$
At 1 April 2021	1,924,968	1,924,968
Surplus for the financial year, representing total comprehensive income for the financial year	56,359	56,359
At 31 March 2022	<u>1,981,327</u>	<u>1,981,327</u>
At 1 April 2020	1,194,682	1,194,682
Surplus for the financial year, representing total comprehensive income for the financial year	730,286	730,286
At 31 March 2021	<u>1,924,968</u>	<u>1,924,968</u>

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 2022

	Note	2022 S\$	2021 S\$
Cash flows from operating activities			
Deficit before grants from Government		(1,057,386)	(309,407)
Adjustments for:			
Depreciation of plant and equipment	5	78,358	77,724
Amortisation of rights-of-use assets	6	102,905	102,905
Write off of plant and equipment		–	2,068
Interest income		(7,473)	(4,829)
Interest expense on lease liabilities	6	17,013	21,305
Operating deficit before changes in working capital		(866,583)	(110,234)
Increase in other receivables and prepayments		(77,891)	(180,811)
Decrease in other payables		(8,639)	(1,324)
Cash flows used in operations		(953,113)	(292,369)
Interest received		7,473	4,829
Net cash used in operating activities		(945,640)	(287,540)
Cash flows from investing activity			
Purchase of plant and equipment	5	(3,800)	(12,810)
Net cash flows used in investing activity		(3,800)	(12,810)
Cash flows from financing activities			
Government grants received	13	661,124	1,217,680
Decrease/(increase) in restricted cash		450,444	(180,554)
Payment of principal portion of lease liabilities	6	(84,087)	(79,795)
Payment of interest on lease liabilities	6	(17,013)	(21,305)
Net cash flows generated from financing activities		1,010,468	936,026
Net increase in cash and cash equivalents		61,028	635,676
Cash and cash equivalents at beginning of the financial year		1,558,952	923,276
Cash and cash equivalents at end of the financial year	10	1,619,980	1,558,952

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 2022

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 which are effective for annual financial periods beginning on or after 1 April 2021. The adoption of these standards did not have any material 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>
Amendments to FRS 16 <i>Property, Plant and Equipment: Proceeds before intended Use</i>	1 January 2022
Amendments to FRS 37 <i>Provisions, Contingent Liabilities and Contingent Assets: Onerous Contract – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i>	1 January 2023

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

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

The Company has not adopted the following standards that have been issued but not yet effective (cont'd):

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 Presentation of Financial Statements and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
Amendments to FRS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to FRS 110 <i>Consolidated Financial Statements</i> and FRS 28 <i>Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

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.

2.4 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:

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

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

2.4 Plant and equipment (cont'd)

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.

2.6 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.

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

2.6 Financial instruments (cont'd)

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

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.

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. Summary of significant accounting policies (cont'd)

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.

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

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.

2.12 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 calendar year.

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

2.14 Lease

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

(i) *Rights-of-use assets*

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Building	: 6 years
Equipment	: 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policy in 2.5.

(ii) *Lease liabilities*

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

2.14 Lease (cont'd)

As lessee (cont'd)

(ii) *Lease liabilities (cont'd)*

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

3. Significant accounting judgements 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 disclosures 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.

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

Nam Hwa Opera Limited

**Notes to the financial statements
For the financial year ended 31 March 2022**

4. Donations and other income

	2022	2021
	S\$	S\$
Donations		
Tax-deductible donations	926,222	325,934
Others*	1,452	5,450
	<hr/>	<hr/>
	927,674	331,384
	<hr/>	<hr/>

* 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 2022 and 31 March 2021.

	2022	2021
	S\$	S\$
Other income		
Events	70,258	51,450
Government incentives	161,896	169,062
Other income	46,912	213,042
	<hr/>	<hr/>
	279,066	433,554
	<hr/>	<hr/>

Government incentives relates to Jobs Support Scheme ("JSS"), Jobs Growth Incentive ("JGI"), Wage Credit Scheme ("WCS"), Senior Employment Credit ("SEC") and Covid 19 Quarantine Orders Allowance (QOA).

Other income mainly consists of subsidies received from rental and production cost, income from courses, bank interest on corporate accounts and miscellaneous sales income.

Nam Hwa Opera Limited

Notes to the financial statements
For the financial year ended 31 March 2022

5. Plant and equipment

	Furniture & fittings S\$	Office equipment S\$	Performance assets S\$	Computers S\$	Total S\$
Cost					
At 31 March 2020	294,370	17,854	37,569	19,622	369,415
Additions	3,800	–	–	9,010	12,810
Written-off	(136)	(2,950)	(4,033)	(198)	(7,317)
At 31 March 2021 and 1 April 2021	298,034	14,904	33,536	28,434	374,908
Additions	–	–	–	3,800	3,800
At 31 March 2022	298,034	14,904	33,536	32,234	378,708
Accumulated depreciation					
At 1 April 2020	28,694	14,729	21,018	17,273	81,714
Charge during the financial year	66,409	1,012	6,621	3,682	77,724
Written-off	(14)	(2,950)	(2,087)	(198)	(5,249)
At 31 March 2021 and 1 April 2021	95,089	12,791	25,552	20,757	154,189
Charge during the financial year	66,763	984	4,439	6,172	78,358
At 31 March 2022	161,852	13,775	29,991	26,929	232,547
Net carrying amount					
At 31 March 2021	202,945	2,113	7,984	7,677	220,719
At 31 March 2022	136,182	1,129	3,545	5,305	146,161

Nam Hwa Opera Limited

Notes to the financial statements For the financial year ended 31 March 2022

6. Leases

The Company has lease contracts for various items of building and office equipment used in its operations. Leases of building and equipment generally have lease terms of 5 to 6 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

(a) *Right-of-use*

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Building S\$	Equipment S\$	Total S\$
As at 1 April 2020	448,990	8,603	457,593
Amortisation expense	(100,798)	(2,107)	(102,905)
As at 31 March 2021 and 1 April 2020	348,192	6,496	354,688
Amortisation expense	(100,798)	(2,107)	(102,905)
As at 31 March 2022	247,394	4,389	251,783

Included in building is reinstatement cost with carrying amount of S\$Nil (FY2021: \$18,333).

(b) *Lease liabilities*

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Building S\$	Equipment S\$	Total S\$
As at 1 April 2020	433,213	8,803	442,016
Accretion of interest	20,890	415	21,305
Payments	(98,700)	(2,400)	(101,100)
As at 31 March 2021 and 1 April 2021	355,403	6,818	362,221
Accretion of interest	16,705	308	17,013
Payments	(98,700)	(2,400)	(101,100)
As at 31 March 2022	273,408	4,726	278,134

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**Notes to the financial statements
For the financial year ended 31 March 2022**

6. Leases (cont'd)

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period (cont'd):

	Building S\$	Equipment S\$	Total S\$
2021			
Current	81,995	2,092	84,087
Non-current	273,408	4,726	278,134
	<u>355,403</u>	<u>6,818</u>	<u>362,221</u>
2022			
Current	86,406	2,204	88,610
Non-current	187,002	2,522	189,524
	<u>273,408</u>	<u>4,726</u>	<u>278,134</u>

(c) Amount recognised in the statement of comprehensive income

The following are the amounts recognised in profit or loss:

	2022 S\$	2021 S\$
Amortisation expense of right-of-use assets	102,905	102,905
Interest expenses on leases liabilities	17,013	21,305
Total amount recognised in profit or loss	<u>119,918</u>	<u>124,210</u>

(d) Total cash outflow

The Company had total cash outflows for leases of S\$101,100 (2021: S\$101,100) in 2022.

7. Employee benefits expenses

	2022 S\$	2021 S\$
Staff salaries and bonuses	634,699	486,544
CPF contributions	56,277	43,550
Other short-term benefits	50,439	25,964
	<u>741,415</u>	<u>556,058</u>

Directors do not receive any remunerations and compensations.

Nam Hwa Opera Limited

Notes to the financial statements For the financial year ended 31 March 2022

7. Employee benefits expenses (cont'd)

The above employee benefits expenses included payment to the honorary secretary of the board of directors, who hired as an Arts and Cultural Development Senior Manager of Yeo Khee Lim Teochew Culture Research Centre, a resource hub of Company with effect from 1 April 2021.

8. Other operating expenses

	2022 S\$	2021 S\$
Performance expenses	866,211	91,807
Production expenses	108,751	42,335
Operating lease expense	4,488	5,985
Professional fees	18,121	17,010
Scholarship	20,000	–
Sponsorship and donation	145,000	–
Other expenses	161,864	159,216
	1,324,435	316,353

Other expenses mainly consist of insurance, transportation, telephone, printing and stationery, festivals celebration, internships as well as freelancers fee.

Sponsorship and donation granted are to encourage and support any organizations and other charitable institutions, or any Institutions of Public Character (IPCs), whose objects are for charitable or benevolent character or co-organise events to showcase promoting of Teochew culture and traditions in line with the purpose of the Company.

9. Other receivables

	2022 S\$	2021 S\$
Deposits	24,075	24,075
Add: Cash and bank balances (Note 10)	1,504,827	1,894,243
Add: Short-term deposits (Note 10)	570,640	570,640
Add: Grant receivable from National Council of Social Services (“NCSS”)	–	8,640
Add: Grant receivable from Inland Revenue Authority of Singapore (“IRAS”)	7,333	40,284
Add: Grant receivable from Ministry of Health (“MOH”)	1,900	–
Add : Others*	9,006	2,436
	2,117,781	2,540,318

Grant receivable from IRAS pertains to benefits from the Jobs Growth Incentive (“JGI”), while grant receivable from MOH pertains to benefits from the Covid 19 Quarantine Order Allowance (“QOA”).

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Notes to the financial statements For the financial year ended 31 March 2022

9. Other receivables (cont'd)

JGI Scheme is a government support to employers that increase their overall local workforce between September 2020 to March 2022 (inclusive), so as to create good and long-term jobs for locals. QOA Scheme is set up to mitigate financial impact to employers, who employees have issued Quarantine Orders under the Infectious Diseases Act.

*Others includes other receivables, short-term deposit interest receivable, employee advances receivable, and program and course income receivable.

10. Cash and cash equivalents

	2022	2021
	S\$	S\$
Cash and bank balances	1,504,827	1,894,243
Short-term deposits	570,640	570,640
Less: restricted cash balances	(455,487)	(905,931)
	<u>1,619,980</u>	<u>1,558,952</u>

Restricted cash balances relate to grants received for specific purposes.

11. Other payables

	2022	2021
	S\$	S\$
Accrued operating expenses and other payable	51,847	60,182
Other income received in advance	766	1,070
	<u>52,613</u>	<u>61,252</u>
Less: Deferred grant income from IRAS	–	(41,840)
Total financial liabilities carried at amortised cost	<u>52,613</u>	<u>19,412</u>

12. Provision for reinstatement costs

	2022	2021
	S\$	S\$
Provision for reinstatement costs	55,000	55,000
	<u>55,000</u>	<u>55,000</u>

Provision for reinstatement costs of \$55,000 (2021: \$55,000) is the estimated costs of restoring the office premises which is capitalised and included in the cost of the rights-of-use assets. The provision is expected to be utilised at the end of the lease term.

Nam Hwa Opera Limited

Notes to the financial statements For the financial year ended 31 March 2022

13. Grants received in advance

	2022 S\$	2021 S\$
At beginning of the financial year	901,612	723,625
Grants received during the financial year	661,124	1,217,680
Operating grants utilised	(1,113,745)	(1,049,400)
Grant refunded during the financial year	–	9,707
At end of the financial year	448,991	901,612

Grants received in advance mainly relates to the 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.

Other grants received during the financial year included the Major Company Scheme from National Art Council (“NAC”) for the achievement of programmes, the development of artistic practice, professional experience and audience engagement with the arts. Arts And Culture Resilience Package Operating Grant (“ACRP”) from National Art Council (“NAC”) for sustaining the organisations in the arts and related sectors during Covid-19 by defraying manpower and operating costs.

14. 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.

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.

15. 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. 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.

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.

	One year or less S\$	Two to five years S\$	Total S\$
As at 31 March 2022			
Financial assets:			
Other receivables	33,081	–	33,081
Restricted cash	455,487	–	455,487
Cash and cash equivalents	1,619,980	–	1,619,980
Total undiscounted financial assets	2,108,548	–	2,108,548
Financial liabilities:			
Other payables	52,613	–	52,613
Lease liabilities	101,100	200,000	301,100
Total undiscounted financial liabilities	153,713	200,000	353,713
Total net undiscounted financial assets/(liabilities)	1,954,835	(200,000)	1,754,835

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

(b) Liquidity risk (cont'd)

	One year or less S\$	Two to five years S\$	Total S\$
As at 31 March 2021			
Financial assets:			
Other receivables	26,511	–	26,511
Restricted cash	905,931	–	905,931
Cash and cash equivalents	1,558,952	–	1,558,952
Total undiscounted financial assets	2,491,394	–	2,491,394
Financial liabilities:			
Other payables	19,412	–	19,412
Lease liabilities	101,100	301,100	402,200
Total undiscounted financial liabilities	120,512	301,100	421,612
Total net undiscounted financial assets/(liabilities)	2,370,882	(301,100)	2,069,782

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 2022 and 2021.

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 2022 were authorised for issue in accordance with a resolution of the directors on 19 August 2022.