AUDIT

# THE TENG ENSEMBLE LTD

(Incorporated in Singapore)
UEN: 201502077Z

## Financial Statements for the Financial Year Ended 31 March 2020


**HMS ASSURANCE**
**Public Accountants and Chartered Accountants**
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Singapore 408938
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**Contents**

The Directors are pleased to present their statement to the members together with the audited financial statements of The Teng Ensemble Ltd ("the Company") for the financial year ended 31 March 2020.

**Opinion of the Directors**

In our opinion,

(i) the accompanying Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Funds and Statement of Cash Flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2020 and the results, changes in funds and cash flows of the Company for the year then 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 report are:

Zhang Rengui Gerald

Samuel Wong Shengmiao

Yang Ji Wei

Lee Kwok Cheong

Daniel Seah Chin Aun

Teo Marie Elaine

Tham Chee Soon

Teo Kah Chee, Rachel

Wong Su Yen

**Arrangements to Enable Directors to Acquire Shares or Debentures**

Neither at the end of the financial year nor at any time during the year did there subsist any arrangement whose object is to enable the director of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or other body corporate.

**Directors' Interest in Shares or Debentures**

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

**Directors' Contractual Benefits**

Since the end of the previous financial year, no director has received or has become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a Company in which the director has a substantial financial interest, other than those disclosed in the financial statements.

**Options**

No option to take up unissued shares of the Company was granted during the financial year. There were no shares issued during the year by virtue of the exercise of options to take up unissued shares of the Company whether granted before or during the financial year. There were no unissued shares of the Company under option as at the end of the financial year.

**Independent Auditors**

HMS ASSURANCE have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

SAMUEL WONG SHENGMIAO
Director

YANG JI WEI
Director

Singapore

1 1 SEP 2020

**HMS ASSURANCE**

Public Accountants & Chartered Accountants

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TENG ENSEMBLE LTD**
**UEN: 201502077Z**

## REPORT ON AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

We have audited the accompanying financial statements of **THE TENG ENSEMBLE LTD** ("the Company"), which comprise of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Funds and Statement of Cash Flows of the Company for the year ended **31 March 2020**, and Notes to the Financial Statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, the Charities Act, Chapter 37 (the "Acts"), other relevant regulations and the Singapore Financial Reporting Standards ("FRS") so as to give a true and fair view of the state of affairs of the Company as at 31 March 2020, and of the results, changes in funds and cash flows of the Company for the financial year ended on that date.

### BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### OTHER INFORMATION

Management is responsible for the other information. The other information comprises the Directors' Statement set out on Pages 2 and 3.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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## 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 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.

In preparing the financial statements, the 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.

## AUDITORS' RESPONSIBILITY 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 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 skepticism 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.

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- 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 Management 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 Acts to be kept by the Company have been properly kept in accordance with the provisions of the Acts.

During the course of our audit, nothing has come to our attention that causes us to believe that during the 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.

HMS ASSURANCE

**HMS ASSURANCE**
**PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS**
**SINGAPORE**

11 SEP 2020

| | Notes | 31 March 2020 S$ | 31 March 2019 S$ |
|---|---|---|---|
| **Income** | 6 | 2,861,715 | 1,882,340 |
| **Less: Expenses** | | | |
| Depreciation of Plant and Equipment | 8 | 37,347 | 18,163 |
| Depreciation of Right-of-Use-Assets | 18 | 74,784 | - |
| Employment Expenses | | 658,968 | 592,900 |
| Gifts and Entertainment | | 30,383 | 12,769 |
| Lease Interest | | 13,869 | - |
| Musician and Related Fees | | 143,983 | 224,730 |
| Other Operating Expenses | | 275,197 | 201,785 |
| Professional Fees | | 26,063 | 48,839 |
| Rental | | 4,352 | 86,609 |
| Travelling and Transport | | 1,893 | 16,040 |
| Videographer and Related Expenses | | 57,962 | 83,646 |
| Workshops and Training | | 7,300 | 1,483 |
| Grading Expenses | | 107,133 | 38,179 |
| Instructor, Conductor and Editor Fees | | 159,379 | 63,456 |
| **Total Expenses** | | 1,598,613 | 1,388,599 |
| **Profit before Taxation** | | **1,263,102** | **493,741** |
| Taxation | 7 | - | - |
| **Profit after Taxation** | | **1,263,102** | **493,741** |
| Other Comprehensive Income | | - | - |
| **Total Comprehensive Income** | | **1,263,102** | **493,741** |

The annexed notes form an integral part of the Audited Financial Statements

| | Notes | 31 March 2020 S$ | 31 March 2019 S$ |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Plant and Equipment | 8 | 77,330 | 39,098 |
| Right-of-Use-Assets | 18 | 149,568 | - |
| | | 226,898 | 39,098 |
| **Current Assets** | | | |
| Trade and Other Receivables | 9 | 11,893 | 83,268 |
| Cash and Cash Equivalents | 10 | 2,835,843 | 1,484,397 |
| **Total Current Assets** | | 2,847,736 | 1,567,665 |
| **Total Assets** | | 3,074,634 | 1,606,763 |
| **Non-Current Liabilities** | | | |
| Lease Liabilities | 19 | 80,609 | - |
| **Current Liabilities** | | | |
| Other Payables and Accruals | 11 | 61,492 | 15,554 |
| Lease Liabilities | 19 | 78,222 | - |
| | | 139,714 | 15,554 |
| Net Current Assets | | 2,708,022 | 1,552,111 |
| **Net Assets** | | **2,854,311** | **1,591,209** |
| **Funds** | | | |
| Accumulated Funds | | **2,854,311** | **1,591,209** |

| | Accumulated Funds S$ |
|---|---|
| **Balance at 31 March 2018** | **1,097,468** |
| Total Comprehensive Income | 493,741 |
| **Balance at 31 March 2019** | **1,591,209** |
| Total Comprehensive Income | 1,263,102 |
| **Balance at 31 March 2020** | **2,854,311** |

The annexed notes form an integral part of the Audited Financial Statements

| | Note | 31 March 2020 S$ | 31 March 2019 S$ |
|---|---|---|---|
| **Cash flows from Operating Activities** | | | |
| Profit before Taxation | | 1,263,102 | 493,741 |
| **Adjustments:** | | | |
| Depreciation of Plant and Equipment | **8** | 37,347 | 18,163 |
| Depreciation of Right-of-Use-Assets | **18** | 74,784 | - |
| Lease Interest | | 13,869 | - |
| | | 126,000 | 18,163 |
| **Operating Cash flows before Working Capital Changes** | | 1,389,102 | 511,904 |
| **Working Capital Changes** | | | |
| (Increase) / Decrease in Trade and Other Receivables | | 71,375 | (59,943) |
| Increase / (Decrease) in Other Payables and Accruals | | 45,938 | (11,526) |
| **Cash Generated from Operating Activities** | | 1,506,415 | 440,435 |
| Tax Paid | | - | - |
| Lease Interest | | (13,869) | - |
| **Net Cash flows Generated from Operating Activities** | | 1,492,546 | 440,435 |
| **Cash flows from Investing Activities** | | | |
| Purchase of Plant and Equipment | **8** | (75,579) | (18,666) |
| **Net Cash flows Used in Investing Activities** | | (75,579) | (18,666) |
| **Cash flows from Financing Activities** | | | |
| Right-of-Use-Assets | | (224,352) | - |
| Lease Liabilities | | 158,831 | - |
| **Net Cash flows Used in Financing Activities** | | (65,521) | - |
| **Net Changes in Cash and Cash equivalents** | | 1,351,446 | 421,769 |
| Cash and Cash Equivalents at beginning of financial year | | 1,484,397 | 1,062,628 |
| **Net Cash and Cash Equivalents at end of financial year** | **10** | **2,835,843** | **1,484,397** |

The annexed notes form an integral part of the Audited Financial Statements

These notes form an integral part of and should be read in conjunction with the accompanying financial statements:

## 1. Corporate Information

The financial statements of the Company incorporated in Singapore, for the financial year ended 31 March 2020 were authorized for issue in accordance with a resolution of the directors on the date of this set of financial statements.

The registered office and principal place of operations of the Company is located at 1 Straits Boulevard #11-03E Singapore Chinese Cultural Centre, Singapore 018906.

The principal activities of the Company are those of arts consultancy including performance arts and conducting musical performances.

The Company has been registered as a Charity with effect from 9 September 2015. With effect from 1 December 2017, the Company has been approved as an Institution of Public Character ("IPC"), up to 30 November 2020.

## 2. Significant Accounting Policies

### (a) Basis of Preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS) as required by the Companies Act and the Charities Act, Chapter 37 (the "Acts").

The financial statements of the Company are prepared in accordance with historical cost basis except for certain financial assets and financial liabilities which are measured at fair value.

The preparation of financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The accounting policies have been consistently applied by the Company.

### (b) Related Party

A party is considered to be related to the Company if:

(a) The party, directly or indirectly through one or more intermediaries,
  - (i) controls, is controlled by, or is under common control with, the Company;
  - (ii) has an interest in the Company that gives it significant influence over the Company; or
  - (iii) has joint control over the Company;

(b) The party is an associated company;

(c) The party is a jointly-controlled entity;

(d) The party is a member of the key management personnel of the Group or its parent;

(e) The party is a close member of the family of any individual referred to in (a) or (d);

(f) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

## 2. Significant Accounting Policies – continued

### (b) Related Party – continued

***Key Management Personnel***

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors are considered key management personnel.

### (c) Cash and Cash Equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to insignificant risk of change in value, net of bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

### (d) Financial Instruments

Financial assets and financial liabilities are recognized when contracted for.

### (e) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Management's best estimate of the expenditure required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### (f) Revenue Recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

**Sales of Goods** – Revenue is recognized according to the above recognition criteria.

**Commercial Engagements** – Revenue from rendering of the services is recognised when the services have been performed and rendered, in accordance with the above recognition criteria.

**Government Grants**

Government grants are 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.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

### (g) Employee Benefits

*Pension Obligations*

The Company contributes to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore. The Company's contributions to CPF are charged to the Statement of Comprehensive Income in the period to which the contributions relate.

*Employee Leave Entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for unconsumed leave as a result of services rendered by employees up to the Statement of Financial Position date.

## 2. Significant Accounting Policies – continued

### (h) Financial Assets

***Classification and Measurement***

The Company classifies its financial assets in the following measurement categories: • Amortised cost; • Fair value through other comprehensive income (FVOCI); and • Fair value through profit or loss (FVPL).

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

***At Initial Recognition***

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

***At Subsequent Measurement***

***Debt Instruments***

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, listed and unlisted debt securities. There are three subsequent measurement categories, depending on the Company's business model for managing the asset and the cash flow characteristics of the asset:

• Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

• FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

• FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains and losses".

***Equity Investments***

The Company subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses", except for those equity securities which are not held for trading.

The Company has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Company considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains / losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

## 2. Significant Accounting Policies – continued

### (i) Income Taxes

As a Charity, the Company is exempt from tax on income and gains falling within Section 13U (1) of the Income Tax Act to the extent that these are applied to its charitable objects.

### (j) Financial Liabilities

The Company's financial liabilities include trade and other payables.
Financial liabilities are recognized when the Company becomes a party to the contractual agreements of the instrument. All interest related charges is recognized as an expense in "finance costs" in the Statement of Comprehensive Income.

Borrowings are recognized initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortized cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit and loss over the period of borrowings using effective interest method.

Borrowings which are due to be settled within twelve months after the Statement of Financial Position date are in current borrowings in the Statement of Financial Position even though the original terms were for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the Statement of Financial Position date. Borrowings to be settled within the Company's normal operating cycle are considered as current. Other borrowings due to be settled more than twelve months after the Statement of Financial Position date are included in the non-current borrowings in the Statement of Financial Position.

Equity instruments issued by the Company, if any, are recorded at the proceeds received, net of direct issue costs. Trade and other payables are initially measured at fair value, and subsequently measured at amortized cost, using the effective interest method.

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expired. 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 recognized in the Statement of Comprehensive Income.

### (k) Functional Currency and Foreign Currency Transaction

*Functional Currency*

Items included in the financial statements in the Company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The financial statements of the Company are presented in Singapore Dollars ("SGD"), which is the functional currency.

*Foreign Currency Transaction*

Transactions in foreign currencies are measured in SGD and recorded at exchange rates approximating those ruling at transaction dates. Foreign currency monetary assets and liabilities are measured using the exchange rates ruling at Statement of Financial Position date. Non-monetary assets and liabilities are measured using the exchange rates ruling at the transaction dates. All resultant exchange differences are recognized in the Statement of Comprehensive Income.

## 2. Significant Accounting Policies – continued

### (l) Impairment of Assets

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

For trade receivables, lease receivables and contract assets, the Company applies the simplified approach permitted by the FRS109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

***Recognition and Derecognition***

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

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

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss. On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset. Trade receivables that are factored out to banks and other financial institutions with recourse to the Company are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

***Offsetting of Financial Instruments***

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise other payables, accruals and lease liabilities.

### (m) Plant and Equipment

The cost of plant and equipment comprises its purchase price and any directly attributable costs of bringing the plant and equipment to working condition for its intended use. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from funds of any gains/ losses on qualifying cash flows hedges of foreign currency purchases of plant and equipment, if any.

Subsequent expenditure relating to the plant and equipment that has already been recognized is added to the carrying amount of the plant and equipment when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing plant and equipment, will flow to the enterprise. All other subsequent expenditure is recognized as an expense in the financial period in which it is incurred. When plant and equipment are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the Statement of Comprehensive Income.

## 2. Significant Accounting Policies – continued

### (m) Plant and Equipment – continued

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated on the straight line method so as to write off the cost of the plant and equipment over their estimated useful lives. The estimated useful lives are as follows:

| | |
|---|---|
| Musical Instruments | 3-5 years |
| Computers | 3 years |
| Sound and Lighting | 3 years |
| Renovation | 3 years |
| Furniture and Fittings | 3 years |
| Right-of-Use-Assets | 3 years |

The residual values, if any, and useful lives of plant and equipment are reviewed and adjusted as appropriate at each Statement of Financial Position date. The useful lives and depreciation method are reviewed at each financial period-end to ensure that the method and financial period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefit embodied in the items of plant and equipment. Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

Land and buildings are revalued by independent professional valuers on a triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset

Increases in carrying amounts arising from revaluation, including currency translation differences are recognised in other comprehensive income, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in profit or loss. Decreases in carrying amounts that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases in carrying amounts are recognised in profit or loss.

### (n) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating lease.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs.

Contingent rentals are recognized as expenses in the periods in which they are incurred. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

## 3. Critical Accounting Estimates, Assumptions and Judgments

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Critical Accounting Estimates and Assumptions

**Impairment of Assets at Amortized Cost**

Management reviews its assets at amortized cost for objective evidence of impairment annually. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, Management has made judgments as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, Management has made judgments as to whether an impairment loss should be recorded as an expense. In determining this, Management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

**Depreciation of Plant and Equipment**

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 5 years. Changes in the expected level of usage and technological developments could impact the useful economic lives and the residual values, if any, of these assets; therefore future depreciation charges could be revised.

**Impairment of Plant and Equipment**

The Management determines whether plant and equipment are impaired at least on an annual basis. This requires an estimation of the expected future cash flows from the plant and equipment.

## 4. New Accounting Standards and Interpretations Not Yet Adopted

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 |
|---|---|
| Amendments to References to the Conceptual Framework in FRS Standards | 1 January 2020 |
| Amendments to FRS 1 and FRS 8 Definition of Material | 1 January 2020 |
| 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 |
| Amendments to FRS 103 Definition of a Business | 1 January 2020 |
| Amendments to FRS 109, FRS 39 and FRS 107 Interest Rate Benchmark Reform | 1 January 2020 |
| FRS 117 Insurance Contracts | 1 January 2021 |

The management expects that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

## 5. New Accounting Standards and Interpretations Adopted

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 April 2019, as follows:

- FRS 116 Leases
- INT FRS 123 Uncertainty over Income Tax Treatments
- Amendments to FRS 19 Plan Amendment, Curtailment or Settlement
- Amendments to FRS 28 Long-term Interests in Associates and Joint Ventures
- Amendments to FRS 109 Prepayment Features with Negative Compensation
- Annual Improvements to FRSs (March 2018)

Except for the adoption of FRS 116 Leases, the adoption of these standards did not have any material effect on the financial performance or position of the Company.

FRS 116 Leases supersedes FRS 17 Leases, INT FRS 104 Determining whether an Arrangement contains a Lease, INT FRS 15 Operating Leases-Incentives and INT FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position. The Company adopted FRS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained earnings.

The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of initial application.

The effect of adopting FRS 116 as at 1 April 2019 was an increase/(decrease) in Rights-of-Use-Assets and Lease Liabilities of S$224,352 respectively.

The Company has lease contracts for buildings. Before the adoption of FRS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. The accounting policy prior to 1 April 2019 is disclosed in the policy note for Leases.

**5. New Accounting Standards and Interpretations Adopted – continued**

Upon adoption of FRS 116, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 April 2019 is disclosed in Note 2 Leases. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

(a) Leases previously classified as finance leases
The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under FRS 17). The requirements of FRS 116 were applied to these leases from 1 April 2019.

(b) Leases previously accounted for as operating leases
The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for the leases were recognised based on the carrying amount as if the standard had always been applied, using the incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:
• used a single discount rate to a portfolio of leases with reasonably similar characteristics;
• relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
• applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
• excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
• used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 April 2019:
• right-of-use assets of S$224,352 were recognised and presented;
• additional lease liabilities of S$224,352 were recognised; and
• Comparative information is not restated.

## 6. Income

| | 31 March 2020 S$ | 31 March 2019 S$ |
|---|---|---|
| Commercial Engagements | 182,211 | 165,496 |
| Income – CD Sales | 2,100 | 1,370 |
| Income – Examination Fee | 161,161 | 148,057 |
| Income – Sales of Score Book | 24,809 | 48,234 |
| Donations and Grants | 2,476,453 | 1,513,139 |
| Commission Income | - | 5,950 |
| Other Income | 14,981 | 94 |
| | 2,861,715 | 1,882,340 |

## 7. Taxation

As a Charity, the Company is exempt from tax on income and gains falling within Section 13U (1) of the Income Tax Act to the extent that these are applied to its charitable objects.

## 8. Plant and Equipment

| | Musical Instruments S$ | Computers S$ | Sound and Lighting S$ | Renovation S$ | Furniture and Fittings S$ | Total S$ |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 31 March 2018 | 43,592 | 9,524 | - | - | - | 53,116 |
| Additions | 7,399 | 1,399 | 853 | 680 | 8,335 | 18,666 |
| At 31 March 2019 | 50,991 | 10,923 | 853 | 680 | 8,335 | 71,782 |
| Additions | 5,083 | 11,348 | 3,818 | 55,330 | - | 75,579 |
| At 31 March 2020 | 56,074 | 22,271 | 4,671 | 56,010 | 8,335 | 147,361 |
| **Accumulated Depreciation** | | | | | | |
| At 31 March 2018 | 11,968 | 2,553 | - | - | - | 14,521 |
| Charge for the financial year | 14,462 | 3,213 | 237 | 19 | 232 | 18,163 |
| At 31 March 2019 | 26,430 | 5,766 | 237 | 19 | 232 | 32,684 |
| Charge for the financial year | 16,343 | 7,108 | 747 | 10,371 | 2,778 | 37,347 |
| At 31 March 2020 | 42,773 | 12,874 | 984 | 10,390 | 3,010 | 70,031 |
| **Net Book Value** | | | | | | |
| At 31 March 2019 | **24,561** | **5,157** | **616** | **661** | **8,103** | **39,098** |
| At 31 March 2020 | **13,301** | **9,397** | **3,687** | **45,620** | **5,325** | **77,330** |

## 9. Trade & Other Receivables

| | 31 March 2020<br>S$ | 31 March 2019<br>S$ |
|---|---|---|
| Trade Receivables | 7,709 | 50,382 |
| Prepayments and Deposits | 4,184 | 32,886 |
| | 11,893 | 83,268 |

Trade Receivables are denominated in Singapore Dollars. The credit period for trade receivables is between 0 – 30 days. No interest is charged on the trade receivables.

## 10. Cash and Cash Equivalents

| | 31 March 2020<br>S$ | 31 March 2019<br>S$ |
|---|---|---|
| Cash and Cash Equivalents comprises: | | |
| Cash at Bank | 2,535,843 | 1,484,397 |
| Time Deposit | 300,000 | - |
| | 2,835,843 | 1,484,397 |

Cash and cash equivalents are denominated in Singapore Dollars.

Time deposits are made for periods of 12 months, with interest rates of 2.22%.

## 11. Other Payables and Accruals

| | 31 March 2020<br>S$ | 31 March 2019<br>S$ |
|---|---|---|
| Accruals | 43,425 | 3,852 |
| CPF Payable | 18,067 | 11,702 |
| | 61,492 | 15,554 |

## 12. Financial Risk Management

The main risks arising from the Company's financial instruments are summarised as follows:

**Liquidity Risk**

Liquidity risk arises in the general funding of the Company's business activities. It includes the risks of not being able to fund the business activities at settlement dates and liquidate assets in a timely manner at a reasonable price. The Company manages its liquidity risk by placing its cash and cash equivalents with reputable banks and financing its business activities through the use of funds from the members.

The following table presents the maturity profiles of the financial liabilities:

| | On Demand or within 1 year<br>S$ | Within 2 to 5 years<br>S$ |
|---|---|---|
| **31 March 2019** | | |
| Other Payables and Accruals | 15,554 | - |
| Lease Liabilities | - | - |
| **31 March 2020** | | |
| Other Payables and Accruals | 61,492 | - |
| Lease Liabilities | 78,222 | 80,609 |

**Credit Risk**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a loss to the Company. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position. For cash and cash equivalents, the Company minimizes credit risk by dealing exclusively with high credit rating counterparties.

(a) As at the year ends, the Company has no significant concentration of credit risk.

## 12. Financial Risk Management – continued

### Credit Risk– continued

(b) The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. The Company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days or there is significant difficulty of the counterparty.

To minimise credit risk, the Company has developed and maintained the Company's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Company's own trading records to rate its major customers and other debtors.

The Company considers available reasonable and supportive forward-looking information which includes the following indicators: Internal credit rating; External credit rating; Actual/expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations; Actual/expected significant changes in the operating results of the debtor; Significant increases in credit risk on other financial instruments of the same debtor; Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 60 days past due in making contractual payment. The Company determined that its financial assets are credit-impaired when: there is significant difficulty of the debtor; a breach of contract, such as a default or past due event; it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; there is a disappearance of an active market for that financial asset because of financial difficulty

The Company categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

(c) The Company's current credit risk grading framework comprises the following categories:

| Category | Definition of category | Basis for recognising expected credit loss (ECL) |
|---|---|---|
| I | Counterparty has a low risk of default and does not have any past-due amounts. | 12-month ECL |
| II | Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition. | Lifetime ECL – not credit-impaired |
| III | Amount is >60 days past due or there is evidence indicating the asset is credit-impaired (in default). | Lifetime ECL – credit-impaired |
| IV | There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery. | Amount is written off |

(d) The table below details the credit quality of the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

| | 12-month or lifetime ECL | Gross carrying amount (S$) | Loss allowance (S$) | Net carrying amount (S$) |
|---|---|---|---|---|
| **31 March 2020** | | | | |
| Trade Receivables (Note 9) | Lifetime ECL (simplified) | 7,709 | - | 7,709 |
| **31 March 2019** | | | | |
| Trade Receivables (Note 9) | Lifetime ECL (simplified) | 50,382 | - | 50,382 |

Category: For trade receivables, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Company determines the ECL by using a provision matrix. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

Loss allowance: The trade receivables are not overdue. ECL rate of amounts not past due is 0%, hence there is no loss allowance recognised.

## 13. Financial Instruments

### (a) Fair Values

The carrying amount of the financial assets and financial liabilities approximate their fair values. The Company does not anticipate that the carrying amounts recorded at Statement of Financial Position date would be significantly different from the values that would eventually be received or settled.

### (b) Classification of Financial Instruments

The following tables set out the classification of financial instruments at the end of the reporting period:

| | Assets at Amortized Cost S$ | Liabilities at Amortized Cost S$ | Non-Financial Assets S$ | Total S$ |
|---|---|---|---|---|
| **31 March 2019** | | | | |
| **Assets** | | | | |
| Plant and Equipment | - | - | 39,098 | 39,098 |
| Right-of-Use-Assets | - | - | - | - |
| Trade and Other Receivables | 50,382 | - | 32,886 | 83,268 |
| Cash and Cash Equivalents | 1,484,397 | - | - | 1,484,397 |
| **Liabilities** | | | | |
| Lease Liabilities | - | - | - | - |
| Other Payables and Accruals | - | 15,554 | - | 15,554 |
| **31 March 2020** | | | | |
| **Assets** | | | | |
| Plant and Equipment | - | - | 77,330 | 77,330 |
| Right-of-Use-Assets | - | - | 149,568 | 149,568 |
| Trade and Other Receivables | 7,709 | - | 4,184 | 11,893 |
| Cash and Cash Equivalents | 2,835,843 | - | - | 2,835,843 |
| **Liabilities** | | | | |
| Lease Liabilities | - | 158,831 | - | 158,831 |
| Other Payables and Accruals | - | 61,492 | - | 61,492 |

## 14. Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize its value.

In order to maintain or achieve an optimal capital structure, the Company may adjust obtain new borrowings, obtain capital contributions from members or sell assets to reduce borrowings.

The Company is not subject to externally imposed capital requirements. The Management monitors capital based on a gearing ratio. There has been no change in the objectives, policies and processes during the year.

The Management monitors capital risk using a gearing ratio. The gearing ratio is calculated as debt divided by total capital. Debt comprises of other payables and accruals plus lease liabilities. Total capital is calculated as total Funds plus debt. The gearing ratio is as follows:

| | 31 March 2020<br>S$ | 31 March 2019<br>S$ |
|---|---|---|
| Debt | 220,323 | 15,554 |
| Total Funds | 2,854,311 | 1,591,209 |
| Total Capital | 3,074,634 | 1,606,763 |
| Gearing Ratio (%) | 7.2% | 0.97% |

## 15. Related Party Transactions

In addition to those related party information disclosed elsewhere in the financial statements, the following are significant transactions between the Company and related parties that took place at terms agreed between the parties during the financial period:

| **Key Management Remuneration** | 31 March 2020<br>S$ | 31 March 2019<br>S$ |
|---|---|---|
| Salaries, wages and other short-term benefits | 217,585 | 215,870 |
| CPF contributions | 26,588 | 26,299 |

## 16. Accumulated Fund

Income and expenditure relating to the main activities of the Company are accounted for through the Statement of Comprehensive Income and the net income is transferred to Accumulated Fund.

## 17. Tax-Exempt Receipts

The Company issued tax-exempt receipts for donations collected for the year ended 31 March 2020, amounting to $778,758 (2019: $816,750).

## 18. Right-of-Use-Assets

| | S$ |
|---|---|
| **Cost** | |
| At 31 March 2018 and 31 March 2019 | - |
| Additions | 224,352 |
| At 31 March 2020 | 224,352 |
| **Accumulated Depreciation** | |
| At 31 March 2018 and 31 March 2019 | - |
| Charge for the financial year | 74,784 |
| At 31 March 2020 | 74,784 |
| **Net Book Value** | |
| At 31 March 2019 | - |
| At 31 March 2020 | **149,568** |

## 19. Lease Liabilities

(a) The Company (as a lessee) has lease contracts for buildings. The Company's obligations under these leases are secured by the lessor's title to the leased assets. The Company is restricted from assigning and subleasing the leased assets.

(b) The carrying amounts of lease liabilities are disclosed below for 31 March 2020 (31 March 2019: NIL) and the maturity analysis of lease liabilities is disclosed in Note 12.

| | 31 March 2020<br>S$ |
|---|---|
| **Non-Current Liabilities** | |
| Amounts due for settlement after 12 months | 80,609 |
| **Current Liabilities** | |
| Amounts due for settlement within12 months | 78,222 |

(c) Amounts recognised in profit or loss:

| | 31 March 2020<br>S$ |
|---|---|
| Depreciation of Right-of-Use-Assets | 74,784 |
| Lease Interest Expense | 13,869 |
| Lease expense not capitalised (short-term or low value assets) | - |
| Total amount recognised in profit or loss | 88,653 |