

# **INTERCULTURAL THEATRE INSTITUTE LTD.**

(Incorporated in Singapore)

UEN: 200818680E

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

### **HMS ASSURANCE**

**Public Accountants and Chartered Accountants**

59 Ubi Avenue 1, #05-06 Bizlink Centre

Singapore 408938

Tel (Office): +65 6635 6786

E-mail: [hmsaudit@hmsassurance.com.sg](mailto:hmsaudit@hmsassurance.com.sg)

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The directors are pleased to present their statement to the members together with the audited financial statements of Intercultural Theatre Institute Ltd. (the "Company") for the financial year ended 31 March 2023.

**Opinion of the Directors**

In the opinion of the directors,

- (a) 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 2023 and the financial performance, changes in funds and cash flows of the Company for the year ended; and
- (b) 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:

Mahizhnan Arunachalam  
Chew Kheng Chuan  
Low Chay Koon Winifred  
Mohamed Nazry Bin Bahrawi  
Andrew Nai Soo Kuang (appointed on 1 August 2022)  
Jean Tay Inn (appointed on 1 February 2023)

**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 directors 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**

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 directors have received or have become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the directors or with a firm of which the directors are members, or with a Company in which the directors have 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**

The independent auditors, HMS Assurance, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment.

On Behalf of the Board of Directors,



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Mahizhnan Arunachalam  
Director



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Andrew Nai Soō Kuang  
Director

Singapore

**28 SEP 2023**



# HMS ASSURANCE

Public Accountants & Chartered Accountants

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTERCULTURAL THEATRE INSTITUTE LTD.**  
**UEN: 200818680E**

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## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

We have audited the accompanying financial statements of **INTERCULTURAL THEATRE INSTITUTE LTD.** ("the Company"), which comprise the Statement of Financial Position as at **31 March 2023**, and the Statement of Comprehensive Income, Statement of Changes in Funds and Statement of Cash Flows of the Company for the 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 Companies 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 2023, and of the financial performance, changes in funds and cash flows of the Company for the 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 Auditors' 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 as 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 Companies Act, the Charities Act and Regulations 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, 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' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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.



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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 to be kept by the Company have been properly kept in accordance with the provisions of the Companies 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 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 (Fundraising Expenses) of the Charities (Institutions of a Public Character) Regulations.

**HMS ASSURANCE**

HMS ASSURANCE  
PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS  
SINGAPORE

**28 SEP 2023**

	Note	2023 S\$	2022 S\$
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Plant and Equipment	8	309,232	470,797
Trade and Other Receivables	6	1,411,901	1,191,410
<b>Total Non-Current Assets</b>		<b>1,721,133</b>	<b>1,662,207</b>
<b>Current Assets</b>			
Cash and Cash Equivalents	7	995,727	1,739,667
Trade and Other Receivables	6	891,847	814,456
<b>Total Current Assets</b>		<b>1,887,574</b>	<b>2,554,123</b>
<b>Total Assets</b>		<b>3,608,707</b>	<b>4,216,330</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds</b>			
General Fund – Unrestricted	21	1,960,248	2,668,293
Mobius Fund – Restricted	21	1,451,993	1,206,670
<b>Total Funds</b>		<b>3,412,241</b>	<b>3,874,963</b>
<b>Current Liabilities</b>			
Trade and Other Payables	9	133,966	244,638
Contract Liabilities	10	62,500	96,729
<b>Total Current Liabilities</b>		<b>196,466</b>	<b>341,367</b>
<b>Total Funds and Liabilities</b>		<b>3,608,707</b>	<b>4,216,330</b>

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



	<u>Note</u>	<u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
<b>Income</b>			
Income from Generated Funds	10	1,158,223	1,239,209
Income from Charitable Activities	10	345,276	388,316
Other Income	11	70,337	332,380
<b>Total Income</b>		<b>1,573,836</b>	<b>1,959,905</b>
<b>Less: Expenditure</b>			
Cost of Charitable Activities	15	1,177,653	994,655
Administrative Expenses	15	883,995	826,812
Cost of Generating Funds	15	27,431	199
<b>Total Expenses</b>		<b>2,089,079</b>	<b>1,821,666</b>
<b>Net Income/(Loss) Representing Total Comprehensive Income for the Year</b>		<b>(515,243)</b>	<b>138,239</b>

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

	General Fund - Unrestricted S\$	Mobius Fund - Restricted (Note 20) S\$	Total Funds S\$
Balance as at 31 March 2021	2,530,054	1,206,670	3,736,724
Total Comprehensive Surplus for the Financial Year	138,239	-	138,239
Balance as at 31 March 2022	2,668,293	1,206,670	3,874,963
Total Comprehensive Surplus/(Loss) for the Financial Year	(515,243)	-	(515,243)
Income for the year	-	52,521	52,521
Transferred during the year	(192,802)	192,802	-
Balance as at 31 March 2023	1,960,248	1,451,993	3,412,241

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

	2023 S\$	2022 S\$
<b>Cash Flows from Operating Activities</b>		
Net Income/(Loss)	(515,243)	138,239
Adjustments:		
Gain on Disposal of Plant and Equipment	(28,316)	-
Depreciation	114,214	64,523
Interest Income	(602)	(1,115)
<b>Operating Cash Flows before Working Capital Changes</b>	<b>(429,947)</b>	<b>201,647</b>
<b>Working Capital Changes</b>		
(Increase)/Decrease in Trade and Other Receivables	(297,882)	(297,756)
Increase/(Decrease) in Trade and Other Payables and Contract Liabilities	(144,901)	351
Cash Generated From/(Used In) Operations	(872,730)	(95,758)
Interest Received	602	1,115
<b>Net Cash Generated From/(Used In) Operating Activities</b>	<b>(872,128)</b>	<b>(94,643)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Plant and Equipment	(18,718)	(514,680)
Proceeds from Disposal of Plant and Equipment	94,385	-
<b>Net Cash Flows Used In Investing Activities</b>	<b>75,667</b>	<b>(514,680)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from Mobius Fund	52,521	-
<b>Net Cash Generated from Financing Activities</b>	<b>52,521</b>	<b>-</b>
Net Changes in Cash and Cash Equivalents	(743,940)	(609,323)
Cash and Cash Equivalents at Beginning of Year	1,739,667	2,348,990
<b>Cash and Cash Equivalents at End of Year</b>	<b>995,727</b>	<b>1,739,667</b>

The annexed notes form an integral part of the 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 Intercultural Theatre Institute Ltd. (the "Company"), incorporated in Singapore, for the financial year ended 31 March 2023 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 business of the Company is located at No. 11 Upper Wilkie Road, Singapore 228120.

The Company is a public company limited by guarantee whereby each member of the Company undertakes to meet the debts and liabilities of the Company in the event of its liquidation. As at March 2023, the Company has 3 (2022: 3) members.

The Company is registered as a charity under the Charities Act on 17 November 2009. It has been accorded as an Institution of Public Character ("IPC") status until 24 February 2024.

The principal activities of the Company consist of the following:

- To promote education and training in theatre, performance and performing arts;
- To provide research in theatre, theatre training, performance, performance training, performing arts and performing arts training;
- To present, promote, exhibit, direct, manage, produce, compose, choreograph and design public performances of theatrical works, dramas, plays, musicals, and other allied fine arts entertainment;
- And to identify, nurture, develop and promote talented actors, singers, dancers, musicians, and students in the aforesaid fields.

## **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.

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 on-going 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.

**2. Significant Accounting Policies – continued**

**(a) Basis of Preparation – continued**

**Impact of COVID-19**

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Company's operations are in Singapore, which had been affected by the spread of COVID-19 in 2020. Set out below is the impact of COVID-19 on the Company's financial performance reflected in this set of financial statements for the year ended 31 March 2023:

- The Company has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- Border closures, production stoppages and workplace closures have resulted in periods where the Company's operations were temporarily suspended to adhere to the respective governments' movement control measures. These had impacted operations in 2020, though there is no significant negative impact on the Company's financial performance.

The Company has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets and provisions for onerous contracts, if any, as at 31 March 2023. The significant estimates and judgement applied on impairment is disclosed in notes to the financial statements.

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Company cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 March 2023. If the situation persists beyond management's current expectations, the Company's assets may be subject to further write downs in the subsequent financial periods.

The Company has carried out the following to maintain its operations:

- reached out to donors and supporters;
- moved some classes online and conducted classes with masks on;
- reduced non-essential expenditure and deferred discretionary spending.

However, there is still uncertainty over the future development of the outbreak and how it would impact the Company's operations. The Company has prepared financial forecasts for the next twelve months from the date of authorisation of the financial statements taking into consideration COVID-19's estimated impact on the operations.

These financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate.

**2. Significant Accounting Policies – continued**

**(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).

**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 an insignificant risk of change in value and net of bank overdrafts. Bank overdrafts are presented as current borrowings on the Statement of Financial Position.

**(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.

**2. Significant Accounting Policies – continued**

**(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 tickets***

Revenue from sale of goods is recognised when the Company has rendered the services.

***Rental Income***

Rental income from operating leases on leased property is recognised on a straight-line basis over the lease term.

***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.

***Donations***

Donations are recognised on receipt basis. Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

***Rendering of services***

Revenue from consultancy and management services is recognised over the period in which the services are performed or rendered.

***Course/ Workshop fees***

For the main training program, income will be recognised over the period when the services are rendered, (i.e. monthly basis). Students will be invoiced before the commencement of each semester for the entire semester.

**(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) 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.

### (i) 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”.



## 2. Significant Accounting Policies – continued

### (i) Financial Assets – continued

#### *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”.

### (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 are 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) 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.

## 2. Significant Accounting Policies – continued

### (k) Impairment of Assets – continued

#### ***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.

### (l) Leases

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.

#### **a) 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.

#### **Right-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 re-measurement 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.

## 2. Significant Accounting Policies – continued

### (I) Leases – continued

#### Right-of-use assets – continued

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. The accounting policy for impairment is disclosed in Note 2 “Impairment of Assets”.

The Company's right-of-use assets are presented in the notes to the financial statements.

#### 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. 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 re-measured 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.

The Company's lease liabilities are presented in the notes to the financial statements.

#### Short-Term Leases and Leases of Low-Value Assets

The Company applies the short-term lease recognition exemption to its short term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

#### **b) As Lessor**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Company's investment properties is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**2. Significant Accounting Policies – continued****(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 equity 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 year 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.

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:

	<u>Years</u>
Air Conditioner	5
Computer	1-3
Furniture and Fittings	10
Office Equipment	10
Production Lighting and Stage Equipment	10
Renovation	5

The residual values, if any, and useful lives of plant and equipment are reviewed and adjusted as appropriate at the each Statement of Financial Position date. The useful lives and depreciation method are reviewed at each financial year-end to ensure that the method and year 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.

### **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**

##### **Provision for expected credit losses ("ECL") of trade receivables and loans to students**

The provision is based on the Company's historical observed default rates and will adjust historical credit loss experience with forward-looking information. The provision is based on days past due for groupings of various customer segments that have similar loss patterns. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

##### **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 1-10 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:

<b>Description</b>	<b>Annual periods commencing on</b>
FRS 17 Insurance Contracts	1 January 2023
Amendments to:	
- FRS 1 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)	
- FRS 1 Presentation of Financial Statements and SFRS(I) Practice Statement 2 (Disclosure of Accounting Policies)	
- FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)	
- FRS 12 Deferred Tax related to Assets and Liabilities arising from a Single	
Amendments to:	1 January 2024
- FRS 1 Presentation of Financial Statements (Non-current Liabilities with Covenants)	
Amendments to:	To be determined
FRS 10 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	

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 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

<b>Description</b>	<b>Annual periods commencing on</b>
Amendments to:	1 January 2022
- SFRS(I) 3 Business Combinations (Reference to the Conceptual Framework)	
- SFRS(I) 1-16 Property, Plant and Equipment (Proceeds before Intended Use)	
- SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)	
Annual improvements to SFRS(I)s 2018-2020	

**6. Trade and Other Receivables**

	<b>2023</b>	<b>2022</b>
	<b>S\$</b>	<b>S\$</b>
<b>Current Assets</b>		
<b>Trade Receivables</b>		
Third Parties	1,103,971	1,022,690
Less: Allowance for Doubtful Accounts	(321,734)	(321,734)
<b>Net Trade Receivables</b>	<b>782,237</b>	<b>700,956</b>
Deposits	81,190	91,537
GST Receivables	-	12,115
Prepayments	21,293	2,121
Others	7,127	7,727
	<b>891,847</b>	<b>814,456</b>
<b>Non-Current Assets</b>		
Mobius Fund – Loan to Students	1,411,901	1,191,410

**Movement of Allowance for Doubtful Accounts**

	<b>2023</b>	<b>2022</b>
	<b>S\$</b>	<b>S\$</b>
Beginning of Financial Year	321,734	248,835
Allowance for the Financial Year and Adjustments	-	72,899
End of Financial Year	<b>321,734</b>	<b>321,734</b>

At the reporting date, the carrying amounts of trade and other receivables approximate their fair values.

Trade Receivables age analysis as at year ends are as follows:

	<b>2023</b>	<b>2022</b>
	<b>S\$</b>	<b>S\$</b>
Not past due and not impaired	-	-
<u>Past due but not impaired:</u>		
Past due by less than 30 days	3,104	-
Past due between 31 to 60 days	14,444	-
Past due by more than 60 days	764,689	700,956
Past due and impaired	321,734	321,734
	<b>1,103,971</b>	<b>1,022,690</b>
Trade receivables that are past due and individually impaired are:		
Nominal amount from students	321,734	321,734
Less: Allowance for Doubtful Accounts	(321,734)	(321,734)
	<b>-</b>	<b>-</b>

**6. Trade and Other Receivables – continued**

Trade receivables are non-interest bearing and denominated in Singapore Dollars. Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables were not secured by any collateral or credit enhancements.

Included in the other receivables was an amount of S\$1,600 (2022: S\$1,600) related to advances to the students which are non-interest bearing, unsecured and repayable on demand.

The Mobius Fund receivables are unsecured and non-interest bearing up till one year after the student's graduation. Simple interest rate of 3% is charged on the outstanding receivables amounts with repayment expected to be made within a period of 10 years after the student's graduation.

**7. Cash and Cash Equivalents**

	<b>2023</b>	<b>2022</b>
	<b>S\$</b>	<b>S\$</b>
Cash and Cash Equivalents comprises:		
Cash at Bank	995,540	1,739,341
Cash in Hand	187	326
	<u>995,727</u>	<u>1,739,667</u>

Cash and cash equivalents are denominated in Singapore Dollars.

**8. Plant and Equipment**

	Air Conditioner S\$	Computer S\$	Furniture and Fittings S\$	Renovation S\$	Office Equipment S\$	Production Lighting and Stage Equipment S\$	Total S\$
<b>COST</b>							
As at 31 March 2021	10,362	25,206	12,877	139,755	7,253	40,810	236,263
Additions	31,970	1,612	-	481,098	-	-	514,680
Disposal	-	-	-	-	-	-	-
As at 31 March 2022	42,332	26,818	12,877	620,853	7,253	40,810	750,943
Additions	-	10,425	893	7,400	-	-	18,718
Disposal	-	-	-	(94,385)	-	-	(94,385)
As at 31 March 2023	42,332	37,243	13,770	533,868	7,253	40,810	675,276
<b>ACCUMULATED DEPRECIATION</b>							
As at 31 March 2021	10,362	20,675	12,877	126,985	5,576	39,148	215,623
Charge for the Year	3,197	5,134	-	54,496	366	1,330	64,523
Disposal	-	-	-	-	-	-	-
As at 31 March 2022	13,559	25,809	12,877	181,481	5,942	40,478	280,146
Charge for the Year	6,394	3,233	90	103,799	366	332	114,214
Disposal	-	-	-	(28,316)	-	-	(28,316)
As at 31 March 2023	19,953	29,042	12,967	256,964	6,308	40,810	366,044
<b>NET CARRYING VALUE</b>							
As at 31 March 2023	22,379	8,201	803	276,904	945	-	309,232
As at 31 March 2022	28,773	1,009	-	439,372	1,311	332	470,797



**9. Trade and Other Payables**

	<b>2023</b>	<b>2022</b>
	<b>S\$</b>	<b>S\$</b>
<b>Trade Payables</b>		
GST Payable	13,580	-
Third Parties	19,107	11,137
Related Party	73,025	197,880
<b>Total Trade Payables</b>	<b>105,712</b>	<b>209,017</b>
<b>Other Payables</b>		
Accruals	7,100	14,567
Deposit received from sub-tenant	5,581	3,085
Others	15,573	17,969
<b>Total Other Payables</b>	<b>28,254</b>	<b>35,621</b>
<b>Total Trade and Other Payables</b>	<b>133,966</b>	<b>244,638</b>

The trade payables are denominated in Singapore Dollars, with credit terms ranging 30 to 60 days.

**10. Income**

	<b>2023</b>	<b>2022</b>
	<b>S\$</b>	<b>S\$</b>
<b>Income from Generated Funds</b>		
Donations from Individuals <sup>(a)</sup>	210,085	225,232
Donations from Foundations <sup>(a)</sup>	125,000	113,000
Donations from Corporations <sup>(a)</sup>	5,288	1,000
Donations - Others <sup>(a)</sup>	2,192	502
Consultancy and Management Services <sup>(a)</sup>	46,500	54,000
Rental Income from Studios <sup>(a)</sup>	58,680	27,393
Sponsorships <sup>(a)</sup>	12,311	3,827
Bursary Income <sup>(a)</sup>	20,000	-
Ticket Revenue <sup>(a)</sup>	13,779	4,688
Other Income <sup>(a)</sup>	422	177
Workshop Fees <sup>(a)</sup>	8,232	1,178
Conferences	-	610
Cultural Matching Fund (CMF)	315,734	336,197
CMF – Capacity Building	-	11,405
National Arts Council (NAC) Grant	340,000	460,000
<b>Total Income from Generated Funds</b>	<b>1,158,223</b>	<b>1,239,209</b>
<b>Income from Charitable Activities</b>		
Course Fees <sup>(a)</sup>	345,276	388,316
<b>Total Income from Charitable Activities</b>	<b>345,276</b>	<b>388,316</b>

<sup>(a)</sup> Total revenue from contracts with customers is S\$847,764 (2022: S\$819,313).

**10. Income – continued**

	<b>2023</b>	<b>2022</b>
	<b>S\$</b>	<b>S\$</b>
Timing of transfer of services		
- At a point in time	455,988	376,997
- Over time	391,776	442,316
<b>Total</b>	<b>847,764</b>	<b>819,313</b>

	<b>2023</b>	<b>2022</b>
	<b>S\$</b>	<b>S\$</b>
<b>Contract Liabilities</b>		
Amounts received in advance for sponsorship and school fees for course enrolment	62,500	96,729
(i) Income recognised in relation to contract liabilities		
Revenue recognised in current period that was included in contract liabilities balance at the beginning of financial year	96,729	97,103

The contract liabilities relate to the course fee and sponsorship income for the unsatisfied performance obligation in providing to be held and courses to be conducted. Revenue will be recognised when services are rendered over the course period.

(ii) Significant Change in Contract Liabilities

The contract liabilities have decreased due to the recognition of income pertaining to the satisfied performance obligation for the sponsorship received in the prior year.

**11. Other Income**

	<b>2023</b>	<b>2022</b>
	<b>S\$</b>	<b>S\$</b>
Bad Debts Recovered	2,271	46,503
Government Grants	39,068	48,317
Interest	602	1,115
Miscellaneous Revenue	80	-
Gain on Disposal of Plant and Equipment	28,316	
Insurance Reimbursed Medical Expenses	-	18,903
Job Support Scheme	-	157,177
ACRP Operating Grant	-	35,000
Rental Waivers	-	25,365
	<b>70,337</b>	<b>332,380</b>

**12. Income Tax**

The Company has been registered as a charity under the Charities Act since 17 November 2009 and is exempted from income tax under the Income Tax Act. Accordingly, no provision for income tax has been made in the financial statements.

**13. Salaries and Wages**

	<b>2023</b>	<b>2022</b>
	<b>S\$</b>	<b>S\$</b>
<b>Curriculum and Teaching Staff</b>		
Salaries	433,021	415,049
CPF	36,186	40,706
SDF	908	868
FWL	656	119
Withholding Tax	13,178	3,071
Fees for Short Term Teachers	78,773	40,062
<b>Total Salaries and Wages for Curriculum and Teaching Staff</b>	<b>562,722</b>	<b>499,875</b>
<b>Administrative Staff</b>		
Salaries	451,687	479,000
CPF	59,298	62,595
SDF	877	915
<b>Total Salaries and Wages for Administrative Staff</b>	<b>511,862</b>	<b>542,510</b>
<b>Total Salaries and Wages</b>	<b>1,074,584</b>	<b>1,042,385</b>

**14. Tax-Exempt Receipts**

During the financial year, the Company issued tax-exempt receipts for donations totalling S\$371,046 (2022: S\$348,838) pursuant to its Institutions of a Public Character ("IPC") status.

**15. Expenditure**

	<b>2023</b>	<b>2022</b>
	<b>S\$</b>	<b>S\$</b>
<b>Cost of Charitable Activities</b>		
Class Presentations	10,938	2,937
Conferences and Seminars	-	3,378
Course Materials	4,083	1,079
Research and Documentation	6,250	12,000
Workshops and Lectures	-	-
CPE/Other Registrations	3,000	6,370
Graduation Productions	121,336	100,818
Interpreter	34,700	6,750
Rental of Training Space	115,450	167,352
Equipment and Maintenance	13,590	2,061
Salaries and Wages (Note 13)	562,722	499,875
Student Welfare	3,066	366
Scholarship	147,600	91,300
Staff Benefits	122,222	80,161
Student's Recruitment	1,232	3,050
Upkeep of Training Space	25,753	11,441
FPS Insurance for Course Fees	3,000	3,000
Student Medical Insurance	2,230	1,437
Transport	280	1,230
Others	201	50
<b>Total Cost of Charitable Activities</b>	<b>1,177,653</b>	<b>994,655</b>
<b>Administrative Expenses</b>		
Audit Fees	8,315	9,020
Bad Debts	-	68,130
Bank Charges	385	709
Filing and Stamp Fees	10	-
Business Meetings	-	84
Collaterals	245	-
Depreciation (Note 8)	114,214	64,523
Insurance – Office	2,600	1,500
Internet, Phone, Fax, and Server	5,365	8,432
Marketing Services	2,227	852
Software Subscription	1,051	1,832
Office Rental	15,990	15,988
Office Supplies	54	257
Postage and Courier	6	53
Printing and Stationery	2,063	1,717
Rental of Copier	2,460	2,460
Salaries and Wages (Note 13)	511,862	542,510
Secretarial Fees	1,042	740
Staff Benefits	8,468	6,259
Transport and Travelling	556	322
Upkeep of Premises	8,890	5,028
Water and Electricity	1,768	1,953
Rental and Maintenance (Administrative)	196,374	94,186
Late Fees and Fines	-	200
Others	50	57
<b>Total Administrative Expenses</b>	<b>883,995</b>	<b>826,812</b>
<b>Cost of Generating Funds</b>		
Thanksgiving Expenses	27,431	199
<b>Total Cost of Generating Funds</b>	<b>27,431</b>	<b>199</b>
<b>Total Expenses</b>	<b>2,089,079</b>	<b>1,821,666</b>

**16. Related Party Transactions**

During the financial year, the following significant related party transactions took place between the Company and its related parties at the terms agreed between the parties:

Company with common directors and control

	<b>2023</b>	<b>2022</b>
	<b>S\$</b>	<b>S\$</b>
Rental and Maintenance Expense	-	74,999
Proceeds from Sale of Plant and Equipment	(94,385)	-
Consultancy and Management Services	(36,000)	(54,000)

The Company's key management personnel received the following remuneration during the financial year:

	<b>2023</b>	<b>2022</b>
	<b>S\$</b>	<b>S\$</b>
Short-Term Benefits – Salaries and Bonuses	90,000	93,750
Post-Employment Benefits – CPF Contributions	11,430	12,878
	<u>101,430</u>	<u>106,628</u>

The remuneration bands of the three highest paid staff are as follows:

	<b>2023</b>	<b>2022</b>
S\$50,001 to S\$100,000	<u>1</u>	<u>1</u>
S\$100,001 to S\$200,000	<u>2</u>	<u>2</u>

**17. 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.

*Mobius Fund – loan to students*

The carrying amounts of the non-current financial assets approximate their fair values as they are subject to interest rates close to market rate.

**17. Financial Instruments – continued**

**(b) Classification of Financial Instruments**

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

	<b>Assets at Amortized Cost S\$</b>	<b>Liabilities at Amortized Cost S\$</b>	<b>Non- Financial Assets S\$</b>	<b>Total S\$</b>
<b>2022</b>				
<b>Assets</b>				
Cash and Cash Equivalents	1,739,667	-	-	1,739,667
Trade and Other Receivables (Current)	720,798	-	93,658	814,456
<b>Liabilities</b>				
Trade and Other Payables	-	244,638	-	244,638
Contract Liabilities	-	96,729	-	96,729
<b>2023</b>				
<b>Assets</b>				
Cash and Cash Equivalents	995,727	-	-	995,727
Trade and Other Receivables (Current)	789,364	-	102,483	891,847
<b>Liabilities</b>				
Trade and Other Payables	-	133,966	-	133,966
Contract Liabilities	-	62,500	-	62,500

## 18. 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 shareholders. The table below analyses the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows.

	2022			2023		
	Carrying Amount S\$	Contractual Cash Flows S\$	Within One Year or On Demand S\$	Carrying Amount S\$	Contractual Cash Flows S\$	Within One Year or On Demand S\$
<b>Financial assets</b>						
Cash and Cash Equivalents	1,739,667	1,739,667	1,739,667	995,727	995,727	995,727
Trade and Other Receivables	720,798	720,798	720,798	789,364	789,364	789,364
Total Undiscounted Financial Assets	2,460,465	2,460,465	2,460,465	1,785,091	1,785,091	1,785,091
<b>Financial Liabilities</b>						
Total Undiscounted Financial Liabilities	341,367	341,367	341,367	196,466	196,466	196,466
Total Net Undiscounted Financial Assets/ (Liabilities)	2,119,098	2,119,098	2,119,098	1,588,625	1,588,625	1,588,625

### *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.
- (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 120 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.

**18. Financial Risk Management – continued**

***Credit Risk – continued***

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 120 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:

<b>Category</b>	<b>Definition of category</b>	<b>Basis for recognising expected credit loss (ECL)</b>
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >60 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >120 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



18. Financial Risk Management - continued

Credit Risk – continued

(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:

	Category	12-month or Lifetime ECL	Gross Carrying Amount S\$	Loss Allowance S\$	Net Carrying Amount S\$
<b>2022</b>					
Trade Receivables (Note 6)	Note X	Lifetime ECL (simplified)	1,022,690	(321,734)	700,956
Deposits (Note 6)	I	12-month ECL	91,537	-	91,537
GST Receivables (Note 6)	I	12-month ECL	12,115	-	12,115
Prepayment (Note 6)	I	12-month ECL	2,121	-	2,121
<b>2023</b>					
Trade Receivables (Note 6)	Note X	Lifetime ECL (simplified)	1,103,971	(321,734)	782,237
Deposits (Note 6)	I	12-month ECL	81,190	-	81,190
Prepayment (Note 6)	I	12-month ECL	21,293	-	21,293

Trade Receivables (Note X)

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 the policies disclosed in Note 6. Accordingly, the credit risk profile is presented based on their past due status, and the ECL provided for the estimated total gross carrying amount at default for trade receivables past due by more than 60 days is an amount of S\$321,734 (2022: S\$321,734).

Information regarding loss allowance movement of Trade Receivables is disclosed in Note 6.

Deposits, Prepayment, Grant Receivables, GST Receivables

The Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

**19. 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 serve its objectives. In order to maintain or achieve an optimal capital structure, the Company may obtain new borrowings 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 since last year.

The gearing ratio is calculated as debt divided by total capital. Debt comprises of trade and other payables plus contract liabilities. Total capital is calculated as total funds plus debt.

	<b>2023</b>	<b>2022</b>
	<b>S\$</b>	<b>S\$</b>
Debt	196,466	341,367
Total Funds	3,412,241	3,874,963
Total Capital	<b>3,608,707</b>	<b>4,216,330</b>
Gearing Ratio	5.44%	8.10%

**20. Funds**

**(a) Unrestricted Funds**

The accumulated unrestricted fund represents the accumulated income of the Company. It is for the purpose of meeting the expenditure in accordance with the objectives of the Company.

**(b) Restricted Funds**

*Mobius Fund*

The fund was established in 2016 to provide loans to students who required financial assistance with course fees and living expenses. The loans are unsecured and non-interest bearing up till one year after the student's graduation. Simple interest of 3% is charged on the outstanding loan amounts with repayment expected with a period of 10 years after the student's graduation. During the financial year, the Company received donations amounting to S\$20,000 (2022: S\$NIL).

	<b>2023</b>	<b>2022</b>
	<b>S\$</b>	<b>S\$</b>
Balance At Beginning Of The Year	1,206,670	1,206,670
<b>Movement During The Year</b>		
Donation and Other Income	52,521	-
Transfer from General Fund	192,802	-
Balance At The End Of The Year	<b>1,451,993</b>	<b>1,206,670</b>

**21. Reservation Position and Policy**

The Company's reserves position for the financial year ended 31 March 2022 and 31 March 2023 is as follows:

	2022 S\$	2023 S\$	Increase/ (Decrease) %
A General Fund – Unrestricted	2,668,293	1,960,248	(26.5)
B Mobius Fund – Restricted	1,206,670	1,451,993	20.3
C Endowment Fund	-	-	-
D Total Funds	3,874,963	3,412,241	(11.9)
E Total Annual Operating Expenditure	1,821,666	2,089,079	14.7
F Ratio of Reserves to Annual Operating Expenditure (A/E)	1.46	0.94	(35.6)

Reference:

- C. An endowment fund consists of assets, funds, or properties that are held in perpetuity which produce annual income flow for a foundation to spend as grants.
- D. Total funds include unrestricted, restricted / designated and endowment funds.
- E. Total annual operating expenditure includes expenditure related to cost of generating funds, cost of charitable activities and administrative expenditure.

The Company's reserve policy is as follows:

The Company's policy is to maintain a financial reserve of S\$500,000 in unrestricted funds and cash so long as the financial situation allows. If there are more unrestricted funds in cash or cash equivalents, a reserve fund will be established, and available for use in designated circumstances to be defined by the Board, and on approval by the Board.

**22. Conflict of Interest Policy**

Whenever a member of the Board in any way, directly or indirectly, has an interest in a transaction or project or other matter to be discussed at a meeting, the member shall disclose the nature of his interests before the discussion on the matters begins.

The member concerned should not participate in the discussion or vote on the matter, and should also offer to withdraw from the meeting and the Board shall decide if this should be accepted.

**23. Impact of COVID-19**

The COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020. A circuit breaker was declared in April 2020. The financial statements have been prepared based on conditions that existed at 31 March 2023, and having considered those events that occurred subsequent after that date which may provide evidence of conditions that existed at year end. No adjustments have been made to the financial statements for impact on the assets and liabilities reported by the Company. The impact of COVID-19 on the Company's future results, cash flows and financial condition remains uncertain as at the date of these financial statements as it is not practicable to reliably determine its quantitative effect.