INTERCULTURAL THEATRE INSTITUTE LTD.

[UEN 200818680E]
[IPC000687]

[A Company limited by guarantee and not having share capital]
[Incorporated in the Republic of Singapore]

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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Fiducia LLP
[UEN: T10LL0955L]
Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre, #08-01
Singapore 408571
T: (65) 6846.8376
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DIRECTORS' STATEMENT

The directors 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 2018.

In the opinion of the directors,

a) the financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018, and of the financial performance, changes in funds and cash flows of the Company for the financial year then 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 statement are:

Mahizhnan Arunachalam
Kwok Kian Woon Anthony
Chew Kheng Chuan
Tan Tarn How
Loh Chay Koon Winfred (Appointed on 2 July 2018)

Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Other matters

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

Independent auditors

The independent auditors, Messrs. Fiducia LLP, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

Chew Kheng Chuan
Director

Mahizhnan Arunachalam
Director

Singapore, 2 6 SEP 2018

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Independent auditor's report to the members of:

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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Intercultural Theatre Institute Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2018, and the statement of financial activities, statement of changes in funds and statement of cash flows 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, Chapter 50 ("the Companies Act"), the Charities Act, Chapter 37 and other relevant regulations ("the Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31March 2018, and of the financial activities, changes in funds and cash flows of the Company for the financial year then 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 Matter

The financial statement of the Company for the financial year ended 31 March 2017 was audited by a firm of auditors other than Messrs. Fiducia LLP who expressed an unmodified opinion on those statements on 26 July 2017.

Other information

Management is responsible for the other information. The other information comprises the Directors' Statement, but does not include the financial statements and our auditor's report thereon.

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

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(CONT'D)

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Other information (cont'd)

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

Responsibilities of Management and Those Charged with Governance 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- 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.

- 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 those charged with governance 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.

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Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provision 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 Charities (Institution of a Public Character) Regulations; and

(b) the Company has not complied with the requirements of Regulations 15 of the Charities (Institutions of a Public Character) Regulations

Fiducia LLP

Fiducia LLP
Public Accountants and
Chartered Accountants
Singapore, 26 SEP 2018

Partner-in-charge: Soo Hon Weng
PAB No.: 01089

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018 S$	2017 S$
INCOME			
Income from generating funds	5	1,710,426	1,710,322
Income from charitable activities	5	476,634	439,786
Other income	6	31,771	27,583
Total income		2,218,831	2,177,691
EXPENDITURE			
Cost of generating funds	7	(49,823)	(37,320)
Cost of charitable activities	7	(1,391,835)	(1,177,230)
Administrative expenses	7	(775,966)	(996,935)
Total expenditure		(2,217,624)	(2,211,485)
NET INCOME / (EXPENDITURE) FOR THE FINANCIAL YEAR		1,207	(33,794)
FUNDS BROUGHT FORWARD		468,758	502,552
FUNDS CARRIED FORWARD		469,965	468,758

The accompanying notes form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	2018 S$	2017 S$
ASSETS			
Current assets			
Cash and cash equivalents	8	316,823	136,588
Trade and other receivables	9	828,021	901,781
		1,144,844	1,038,369
Non-current assets			
Trade and other receivables	9	421,647	148,453
Plant and equipment	10	35,691	57,709
		457,338	206,162
Total assets		1,602,182	1,244,531
LIABILITY			
Current liabilities			
Trade and other payables	11	651,960	601,949
Total liabilities		651,960	601,949
NET ASSETS		950,222	642,582
FUNDS			
Unrestricted fund			
General fund	12	469,965	468,758
Restricted fund			
Mobius Fund	12	480,257	173,824
TOTAL FUNDS		950,222	642,582

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2018	Note	General fund S$	Scholarship fund S$	Restricted fund S$	Total funds S$
Balance at beginning of financial year		468,758	0	173,824	642,582
Mobius fund reserve	12	0	0	306,433	306,433
Net income for the financial year		1,207	0	0	1,207
Balance at end of financial year		469,965	0	480,257	950,222

2017	Note	General fund S$	Scholarship fund S$	Restricted fund S$	Total funds S$
Balance at beginning of financial year		502,552	45,136	0	547,688
Mobius fund reserve	12	0	0	173,824	173,824
Scholarship fund reserve	12	0	(45,136)	0	(45,136)
Net expenditure for the financial year		(33,794)	0	0	(33,794)
Balance at end of financial year		468,758	0	173,824	642,582

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018 S$	2017 S$
Cash flows from operating activities			
Net income / (expenditure) for the financial year		1,207	(33,794)
Adjustments for:			
- Bad debts written off	7	0	98,541
- Depreciation of plant and equipment	10	22,018	26,428
- Impairment loss on trade receivables	7	0	91,982
Operating cash flow before changes in working capital		23,225	183,157
Changes in working capital			
- Trade and other receivables		(199,434)	(482,764)
- Trade and other payables		87,511	53,555
Net cash used in operating activities		(88,698)	(246,052)
Cash flows from investing activity			
Purchase of plant and equipment	10	0	(1,444)
Net cash used in investing activity		0	(1,444)
Cash flows from financing activities			
Payments from scholarship fund		0	(45,136)
Proceeds from Mobius fund		306,433	173,824
(Repayment to) / advances from director		(37,500)	50,000
Net cash generated from financing activities		268,933	178,688
Net increase/(decrease) in cash and cash equivalents		180,235	(68,808)
Cash and cash equivalents at beginning of financial year		136,588	205,396
Cash and cash equivalents at end of financial year	8	316,823	136,588

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

1. General information

Intercultural Theatre Institute Ltd. ("the Company") is incorporated and domiciled in Singapore. The registered office and principal place of operation of the Company is located at No. 11 Upper Wilkie Road, Singapore 228120.

The Company is 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 31 March 2018, the Company has 2 (2017: 2) members.

The Company is registered as a charity under the Charities Act (Chapter 37) on 17 November 2009 and is granted Institution of a Public Character ("IPC") status for the period from 1 January 2017 to 31 December 2019.

The principal activities of the Company are to promote education and training in theatre, performance and performing arts; to provide research in theatre, theatre training, performance training,; to present, promote, exhibit, direct, manage, produce, compose, choreograph and design public performances of theatrical works, dramas, plays, musicals and other allied fined arts productions.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRSs"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar ("S$"), which is the Company's functional currency.

The preparation of the financial statements in conformity with FRSs requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.1.1 Interpretations and amendments to published standards effective in 2017

On 1 April 2017, the Company adopted the new or revised FRSs and Interpretations to FRSs ("INT FRSs") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRSs and INT FRSs.

The adoption of these new or amended FRSs and INT FRSs did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the current or prior financial year.

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

2.1.2 Standards issued but not yet effective

The Company has not adopted the following standards and interpretations that were issued but not yet effective:

FRSs	Effective date	Title
FRS 109	1.1.2018	Financial instruments
FRS 115	1.1.2018	Revenue from Contracts with Customers
FRS 116	1.1.2019	Leases

Except for FRS 109 and FRS 116, the management expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of the initial application. The nature of the impending changes in accounting policy on adoption of the FRS109 and FRS 116 are described below.

FRS 109 Financial instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. The Company is currently assessing the impact of FRS 109 and plans to adopt the new standard on the required effective date.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees - leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019. The Management is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Management expects the adoption of the new standard will result in increase in total assets and total liabilities.

2.2 Income recognition

Income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measure reliably, regardless of when the payment is made. Income is measure at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties.

The following specific recognition criteria must also be met before income is recognised:

2.2.1 Rendering of services

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

2.2.2 Donations

Donations are recognised in the statement of financial activities upon receipt. Donations subject to donor-imposed conditions that specify the time period in which the expenditure can take place are accounted for as deferred income and recognised as a liability until that financial period in which the Company is allowed by the condition to expend the income.

2. Significant accounting policies (Cont'd)

2.2 Income recognition (Cont'd)

2.2.3 Course / workshop fees

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

2.2.4 Other income

Other income is recognised on when earned.

2.2.5 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.3 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the conditions attached to the grants will be complied with.

2.4 Cost and expense recognition

All expenditures are accounted for on accrual basis, aggregated under the respective areas. Direct costs are attributed to the activity where possible. Where costs and expenses are not wholly attributable to an activity, they are apportioned on a basis consistent with the use of resources.

2.5 Employee benefits

2.5.1 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund ("CPF"), on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contribution has been paid. The Company's contribution to defined contribution plans are recognised as employee compensation expense when they are due.

2.5.2 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2. Significant accounting policies (Cont'd)

2.6 Operating leases

As lessee

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the statement of financial activities on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by the way of penalty is recognised as an expense in the period in which termination takes place.

Rental on operating lease is charged to statement of financial activities.

As lessor

Leases where the Company retains substantially all the risks and rewards of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2.7 Financial assets

2.7.1 Classification

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables are classified within "Trade and other receivables" and "Cash and cash equivalents" on the statement of financial position.

2.7.2 Recognition and derecognition

Usual 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 sale of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to the statement of financial activities.

2.7.3 Impairment

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments is considered indicators that the receivable is impaired. An allowance for impairment of loans and receivables are recognised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

2. Significant accounting policies (Cont'd)

2.7 Financial assets (cont'd)

2.7.3 Impairment (cont'd)

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the amount becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in statement of financial activities.

The allowance for impairment loss account is reduced through the statement of financial activities in a subsequent period when the amount of impairment losses decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions that are subject to an insignificant risk of changes in value.

2.9 Plant and equipment

2.9.1 Measurement

All items of plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of plant and equipment initially recognised includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2.9.2 Depreciation

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Air Conditioner	5 years
Computer	3 years
Furniture and fittings	10 years
Office equipment	10 years
Production lighting and stage equipment	10 years
Renovation	5 years

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in the statement of financial activities in the financial year in which the changes arise.

2. Significant accounting policies (Cont'd)

2.9 Plant and equipment (Cont'd)

2.9.3 Subsequent expenditure

Subsequent expenditures relating to plant and equipment that have already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repairs and maintenance expenses in statement of financial activities during the financial year in which it is incurred.

2.9.4 Disposal

On disposal of an item of plant and equipment, the difference between the net disposals proceeds and its carrying amount is taken to the statement of financial activities.

2.10 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever there is any objective evidence or indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of the assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the statement of financial activities.

An impairment loss for an asset is reversed if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the statement of financial activities.

2.11 Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument and are classified according to the substance of the contractual arrangements entered into. All interest related charges are recognised in the statement of financial activities. Financial liabilities include "Trade and other payables".

Financial liabilities are derecognised when the obligations under the liability are discharged, cancelled or expires. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of financial activities.

2. Significant accounting policies (Cont'd)

2.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2.13 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.14 Fund

Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purpose, if any, by action of the Board of Directors. Externally restricted funds may only be utilised in accordance with the purposes for which they are established. The Board of Directors retains full control over the use of unrestricted funds for any of the Company's purposes.

3. Critical accounting estimates, assumptions and judgements

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.

3.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.1.1 Impairment of trade receivables and loan to students

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for receivable with similar credit risk characteristics. If the present value of estimated future cash flows decrease by 10% from management's estimates, the Company's allowance for impairment will increase by $95,000 (2017:increase by $89,000).

3.2 Critical judgments in applying the entity's accounting policies

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

3. Critical accounting estimates, assumptions and judgements (Cont'd)

3.2 Critical judgments in applying the entity's accounting policies (Cont'd)

3.2.1 Government grants

Government grants to meet operating expenses are recognised as income in the income and expenditure statement on the accrual basis in the year these operating expenses were incurred and there is reasonable assurance that the Company will comply with the conditions attached to it. For certain grants, the government agencies reserve the right to withdraw, withhold or reduce the amount of any funds approved but not yet disbursed or to call for the refund of all funds which have been disbursed to the Company if the conditions are not met.

4. Income tax

The Company has been registered as a charity under the Charities Act and is exempt from income tax under Section 13(1)(zm) of the Income Tax Act. No provision for income tax is required to be made in the financial statements.

5. Income

	2018 S$	2017 S$
Income from generating funds		
Voluntary income		
- Bursary income	7,500	5,000
- Cultural Matching fund (CMF)	171,827	372,791
- CMF – Capacity Building	217,800	113,259
- Donations (Tax exempt)	184,167	209,500
- Foundations	51,000	57,000
- National Arts Council grant	600,000	600,000
- Sponsorships	327,137	142,000
- Others	1,861	7,492
Generating funds		
- Consultancy & management services	84,000	139,000
- Curriculum licences	0	16,813
- Rental income from studios	31,729	37,759
- Ticket revenue	15,571	5,900
- Other income	13,460	0
- Workshop fee	4,374	3,808
	1,710,426	1,710,322
Income from charitable activities		
Course fee	476,634	439,786

6. Other income

	2018 S$	2017 S$
Bad debts recovered	13,864	5,327
Government credit scheme	17,075	21,590
Interest received	832	666
	31,771	27,583

7. Expenditure

		2018	2017
		S$	S$
Cost of generating funds			
Fundraising expenses		49,518	36,505
Fundraising meetings		305	719
Others		0	96
		49,823	37,320
Cost of charitable activities			
Bursary expenses		7,500	6,854
Class presentations		2,066	12,050
Conferences & seminars		35,928	550
Course materials		3,653	23,095
CPE/other registration		8,230	3,625
Graduation productions		150,098	115,953
Rental of training space		174,741	145,617
Scholarship expenses		283,310	226,000
Salaries and wages *		422,113	443,763
Staff benefits		132,872	155,866
Student's recruitment		150,216	10,798
Upkeep of training space		14,894	16,372
Others		6,214	16,687
		1,391,835	1,177,230
Administrative expenses			
Audit fees		7,500	5,000
Bad debts written off		0	98,541
Bank charges		387	493
Business meetings		741	660
Collaterals		394	181
Depreciation of plant and equipment	10	22,018	26,428
Internet, phone, fax & server		5,296	5,212
Insurance – office		400	400
Impairment loss on trade receivables	9	0	91,982
Marketing service		150,618	174,467
Office rental		17,914	14,928
Office supplies		12	226
Postage & courier		58	85
Printing and stationery		1,585	1,230
Rental of copier		2,580	2,599
Salaries and wages *		553,909	525,512
Staff benefits		2,390	2,398
Secretarial fees		740	570
Transport and travelling		83	186
Upkeep of premises		2,134	3,673
Water and electricity		7,195	6,093
Others		12	36,071
		775,966	996,935

* Details of salaries and wages presented under cost of charitable activities and administrative expenses follows:

7. Expenditure (Cont'd)

	2018 S$	2017 S$
Curriculum & teaching staff		
- Salaries	305,359	379,302
- CPF	26,256	26,445
- SDF	1,419	627
- FWL	1,823	534
- Withholding tax	7,465	5,328
- Fees for short term teachers	79,791	31,527
	422,113	442,763
Administrative staff		
- Salaries	483,200	458,292
- Fees	720	0
- CPF	69,064	66,351
- SDF	925	869
	553,909	525,512

8. Cash and cash equivalents

	2018 S$	2017 S$
Cash in hand	51	86
Cash at banks	316,772	136,502
	316,823	136,588

At the reporting date, the carrying amounts of cash and cash equivalents approximated their fair values.

9. Trade and other receivables

	2018 S$	2017 S$
Current assets		
Trade receivables – course fee receivable	600,830	927,527
Less: Allowance for impairment on trade receivables	(72,564)	(183,102)
	528,266	744,425
Other receivables		
Deposit	16,554	20,193
GST receivables	14,153	9,421
Prepayments	160,246	9,485
Rental deposit	17,100	9,600
Other receivables	91,702	108,657
	828,021	901,781

	2018 S$	2017 S$
Non-current assets		
Other receivables		
Mobius fund – loans to students	421,647	148,453

Trade receivables are non-interest bearing. Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments.

9. Trade and other receivables (Cont'd)

Trade receivables that were determined to be impaired at the end of the reporting date relate to debtors that were in significant financial difficulties and had defaulted on payments. These receivables were not secured by any collateral or credit enhancements.

Included in the other receivables was an amount of S$79,627 (2017: $101,972) 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 are 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.

Movement in allowance for impairment of trade receivables:

	Note	2018 S$	2017 S$
At beginning of the year		183,102	91,120
Allowance written off		(110,538)	0
Allowance made	7	0	91,982
At the end of the year		72,564	183,102

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

10. Plant and equipment

2018	Balance at beginning of the year S$	Additions S$	Written off S$	Balance at end of the year S$
At cost				
Air conditioner	10,362	0	0	10,362
Computer	23,470	0	(10,117)	13,353
Furniture and fittings	21,744	0	(8,867)	12,877
Office equipment	7,504	0	(783)	6,721
Production lighting and stage equipment	40,810	0	0	40,810
Renovation	283,641	0	(175,816)	107,825
	387,531	0	(195,583)	191,948

2018	Balance at beginning of the year S$	Depreciation S$	Written off S$	Balance at end of the year S$
Accumulated depreciation				
Air conditioner	10,362	0	0	10,362
Computer	22,099	889	(10,117)	12,871
Furniture and fittings	21,744	0	(8,867)	12,877
Office equipment	5,001	313	(783)	4,531
Production lighting and stage equipment	33,828	1,330	0	35,158
Renovation	236,788	19,486	(175,816)	80,458
	329,822	22,018	(195,583)	156,257

10. Plant and equipment (Cont'd)

	Balance at beginning of the year S$	Balance at end of the year S$
Carrying amount		
Air conditioner	0	0
Computer	1,371	482
Furniture and fittings	0	0
Office equipment	2,503	2,190
Production lighting and stage equipment	6,982	5,652
Renovation	46,853	27,367
	57,709	35,691

2017	Balance at beginning of the year S$	Additions S$	(Disposals) S$	Balance at end of the year S$
At cost				
Air conditioner	10,362	0	0	10,362
Computer	22,026	1,444	0	23,470
Furniture and fittings	21,744	0	0	21,744
Office equipment	7,504	0	0	7,504
Production lighting and stage equipment	40,810	0	0	40,810
Renovation	283,641	0	0	283,641
	386,087	1,444	0	387,531

	Balance at beginning of the year S$	Depreciation S$	(Disposals/ Written back/off) S$	Balance at end of the year S$
Accumulated depreciation				
Air conditioner	9,842	520	0	10,362
Computer	20,372	1,727	0	22,099
Furniture and fittings	21,744	0	0	21,744
Office equipment	4,689	312	0	5,001
Production lighting and stage equipment	32,499	1,329	0	33,828
Renovation	214,248	22,540	0	236,788
	303,394	26,428	0	329,822

	Balance at beginning of the year S$	Balance at end of the year S$
Carrying amount		
Air conditioner	520	0
Computer	1,654	1,371
Furniture and fittings	0	0
Office equipment	2,815	2,503
Production lighting and stage equipment	8,311	6,982
Renovation	69,393	46,853
	82,693	57,709

11. Trade and other payables

	2018 S$	2017 S$
Trade payables	239,092	267,976
Other payables		
Accruals	10,846	10,719
Amounts due to directors	12,500	50,000
Deferred income	236,843	255,934
ITI scholarships	136,205	0
Others	16,474	17,320
	651,960	601,949

Trade payables are interest-free, unsecured and payable within 30 days' term (2017: 30 days' term).

The amounts due to directors are non-trade in nature, unsecured, non-interest bearing and is repayable on demand.

Deferred income represents cash received in advance from students for tuition fees.

ITI scholarships pertains to the Cultural Matching Fund received for financial assistance of students.

At the reporting date, the carrying amounts of trade and other payables approximated their fair values.

12. Funds

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.

Restricted fund

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 year, the Company received funds and donations amounting to $306,433 (2017:$173,824).

Scholarship fund

The fund was established to assist needy students to complete their training despite financial difficulties. The remaining fund balance of $45,136 was combined with the Mobius Fund in 2017.

13. Related party transactions

The following transactions took place between the Company and its related parties during the financial year at terms agreed between the parties:

	2018 S$	2017 S$
Transaction with a related Company with common directors		
- Rental and maintenance expenses	(192,655)	(172,689)
- Consultancy/Management services	72,000	71,500
- Curriculum Licenses income	0	16,813

The key management personnel compensation for the financial year follows:

	2018 S$	2017 S$
Salaries and bonuses	312,000	310,025
CPF Contributions	33,600	33,840
	345,600	343,865

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

	2018 No. of personnel	2017 No. of personnel
Remuneration band		
Below S$100,000	1	1
S$100,001 to $200,000	2	2

14. Operating lease commitment

As at the reporting date, the Company has commitment for future minimum lease payments in respect of leasing of premises under non-cancellable operating leases as follows:

As lessee:

	2018 S$	2017 S$
Not later than one year	113,400	253,954
Later than one year but not later than five years	60,150	19,200
	173,550	273,154

As lessor:

	2018 S$	2017 S$
Not later than one year	23,244	25,894
Later than one year but not later than five years	0	23,244
	23,244	49,138

15. Tax exempt receipts

Donors are granted tax deductions for their donations made to the Company for the financial year is as follows:

	2018 S$	2017 S$
Tax-exempt receipts issued for donations collected	687,799	465,674

16. Financial risk management

The Company's activities expose it mainly to credit risk and liquidity risk.

Risk management is determined and carried out by the Board of Directors. The Board provides written principles for overall risk management.

16.1 Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risks arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Company minimise credit risks by dealing exclusively with credit worthy counter parties.

It is the Company's policy that trade receivables balances are monitored on an on-going basis to minimize the Company's exposure to bad debts.

The table below is an analysis of the trade receivables:

	2018 S$	2017 S$
Not past due and not impaired	540	0
Past due but not impaired	527,726	744,425
Past due and impaired	72,564	183,102
	600,830	927,527

The aging of receivables that are past due but not impaired is as follows:

	2018 S$	2017 S$
Less than 30 days	2,744	15,037
31 to 60 days	0	953
More than 61 days	524,982	728,435
	527,726	744,425

The aging of receivables that are past due and individually impaired is as follows:

	2018 S$	2017 S$
Nominal amount from the student	145,267	255,807
Less: Allowance for impairment	(72,564)	(183,102)
	72,703	72,705

16.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations due to shortage of funds. The Company's exposure to liquidity risk arise primarily from the mismatches of the maturities of financial assets or liabilities.

16. Financial risk management (Cont'd)

16.2 Liquidity risk (Cont'd)

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

2018	Within one year S$	Later than one year but not later than five years S$	Total S$
Financial assets			
Cash and cash equivalents	316,823	0	316,823
Trade and other receivables (excluding prepayments and GST receivables)	653,622	421,647	1,075,269
Loan and receivables	970,445	421,647	1,392,092
Financial liabilities			
Trade and other payables (excluding deferred income)	(415,117)	0	(415,117)
Financial liabilities carried at amortised cost	(415,117)	0	(415,117)
Net total net financial assets	555,328	421,647	976,975

2017	Within one year S$	Later than one year but not later than five years S$	Total S$
Financial assets			
Cash and cash equivalents	136,588	0	136,588
Trade and other receivables (excluding prepayments and GST receivables)	882,875	148,453	1,031,328
Loan and receivables	1,019,463	148,453	1,167,916
Financial liabilities			
Trade and other payables (excluding deferred income)	(346,015)	0	(346,015)
Financial liabilities carried at amortised cost	(346,015)	0	(346,015)
Net total net financial assets	673,448	148,453	821,901

17. Fair value

Trade and other receivables and trade and other payables

The carrying amounts of the financial assets and liabilities recorded in the financial statements of the Company approximate their fair values due to their short-term nature.

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.

18. Reserve position and policy

The Company's reserves position for financial year ended 31 March 2018 and 31 March 2017 is as follows:

		2018	2017	Increase / (Decrease)
		S$'000	S$'000	%
A	Unrestricted funds			
	General fund	470	469	0.2
B	Restricted			
	Restricted fund	480	174	175.9
C	Endowment funds	N/A	N/A	N/A
D	Total funds	950	643	47.7
E	Total annual operating expenditure	2,218	2,211	0.32
F	Ratio of reserves to annual operating expenditure (A/E)	0.21	0.21	N/A

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 charitable activities and Governance and other operating and administration expenditure.

The Company's reserve policy is as follows:

The Company's policy is to maintain a financial reserve of $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.

19. Conflict of interest policy

Whenever a member of the Board member is 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.

20. Comparative figures

The financial statements of the Company for the financial year ended 31 March 2018 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 26 July 2017.

Certain line items have been reclassified on the face of the statement of financial activities and the statement of financial position for consistency. Since the amounts are reclassifications within the statement of financial activities and the statement of financial position, this reclassification did not have any effect on the statement of cash flow.

The reclassification made to the financial statements for the year ended 31 March 2017 are summarised as follows:

	As previously classified S$	Reclassifications S$	As reclassified S$
Statement of financial activities			
Income			
Income from generating funds	0	1,710,322	1,710,322
Income from charitable activity	0	439,786	439,786
Revenue	643,066	(643,066)	0
Other income	1,534,625	(1,507,042)	27,583
	2,177,691	0	2,177,691
Expenditure			
Cost of generating funds	0	(37,320)	(37,320)
Cost of charitable activity	0	(1,177,230)	(1,177,230)
Administrative expenses	0	(996,935)	(996,935)
Cost of service	(806,827)	806,827	0
Depreciation of plant and equipment	(26,428)	26,428	0
Employee benefit expenses	(932,421)	932,421	0
Other expenses	(445,809)	445,809	0
	(2,211,485)	0	(2,211,485)

	As previously classified S$	Reclassifications S$	As reclassified S$
Statement of financial position			
Current assets			
Trade and other receivables	1,050,234	(148,453)	901,781
Non-current assets			
Trade and other receivables	0	148,453	148,453

21. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 26 SEP 2018