

**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 2019**

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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 2019.

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 2019, 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)  
Mohamad Nazry Bin Bahrawi (Appointed on 1 August 2019)

## **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,



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Chew Kheng Chuan  
Director



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Mahizhnan Arunachalam  
Director

Singapore, **19 SEP 2019**

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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 2019, and the statement of financial activities, statement of changes in funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the 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 31 March 2019, and of the financial performance, 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 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.

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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(CONT'D)

Independent auditor's report to the members of:

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### **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.

Those charged with governance comprises the directors. Their 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:

- 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.

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Independent auditor's report to the members of:

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

- 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.

### **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 financial 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**  
Public Accountants and  
Chartered Accountants

Singapore, 19 SEP 2019

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

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**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED  
31 MARCH 2019**

	Note	2019 S\$	2018 S\$
<b>INCOME</b>			
Income from generating funds	5	1,681,105	1,710,426
Income from charitable activities	5	348,122	476,634
Other income	6	22,916	31,771
Total income		<u>2,052,143</u>	<u>2,218,831</u>
<b>EXPENDITURE</b>			
Cost of generating funds	7	(25,588)	(49,823)
Cost of charitable activities	7	(1,187,528)	(1,391,835)
Administrative expenses	7	(830,072)	(775,966)
Total expenditure		<u>(2,043,188)</u>	<u>(2,217,624)</u>
<b>NET INCOME FOR THE FINANCIAL YEAR</b>		<u>8,955</u>	<u>1,207</u>
<b>FUNDS BROUGHT FORWARD</b>		<u>469,965</u>	<u>468,758</u>
<b>FUNDS CARRIED FORWARD</b>		<u>478,920</u>	<u>469,965</u>

The accompanying notes form an integral part of these financial statements

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019**

	Note	2019 S\$	2018 S\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	213,487	316,823
Trade and other receivables	9	<u>823,872</u>	<u>828,021</u>
		<u>1,037,359</u>	<u>1,144,844</u>
<b>Non-current assets</b>			
Trade and other receivables	9	578,912	421,647
Plant and equipment	10	<u>42,457</u>	<u>35,691</u>
		<u>621,369</u>	<u>457,338</u>
<b>Total assets</b>		<u>1,658,728</u>	<u>1,602,182</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	313,376	415,117
Contract liabilities	5	<u>251,120</u>	<u>236,843</u>
<b>Total liabilities</b>		<u>564,496</u>	<u>651,960</u>
<b>NET ASSETS</b>		<u>1,094,232</u>	<u>950,222</u>
<b>FUNDS</b>			
<b>Unrestricted fund</b>			
General fund	12	<u>478,920</u>	<u>469,965</u>
<b>Restricted fund</b>			
Mobius Fund	12	<u>615,312</u>	<u>480,257</u>
<b>TOTAL FUNDS</b>		<u>1,094,232</u>	<u>950,222</u>

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



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**STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

<b>2019</b>	Note	General fund S\$	Restricted fund S\$	Total funds S\$
<b>Balance at beginning of financial year</b>		469,965	480,257	950,222
Mobius fund reserve	12	0	135,055	135,055
Net income for the financial year		<u>8,955</u>	<u>0</u>	<u>8,955</u>
<b>Balance at end of financial year</b>		<u><u>478,920</u></u>	<u><u>615,312</u></u>	<u><u>1,094,232</u></u>
<b>2018</b>	Note	General fund S\$	Restricted fund S\$	Total funds S\$
<b>Balance at beginning of financial year</b>		468,758	173,824	642,582
Mobius fund reserve	12	0	306,433	306,433
Net income for the financial year		<u>1,207</u>	<u>0</u>	<u>1,207</u>
<b>Balance at end of financial year</b>		<u><u>469,965</u></u>	<u><u>480,257</u></u>	<u><u>950,222</u></u>

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

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**STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

	Note	2019 S\$	2018 S\$
<b>Cash flows from operating activities</b>			
Net income for the financial year		8,955	1,207
Adjustments for:			
- Bad debts written off	7	92,879	0
- Depreciation	10	28,373	22,018
- Interest income	6	(833)	(832)
Operating cash flow before changes in working capital		<u>129,374</u>	<u>22,393</u>
Changes in working capital			
- Trade and other receivables		(245,995)	(199,434)
- Trade and other payables		<u>(87,464)</u>	<u>87,511</u>
Cash generated from operations		<u>(204,085)</u>	<u>(89,530)</u>
Interest received		833	832
<b>Net cash used in operating activities</b>		<u>(203,252)</u>	<u>(88,698)</u>
<b>Cash flows from investing activity</b>			
Purchase of plant and equipment, representing net cash used in investing activity	10	<u>(35,139)</u>	<u>0</u>
<b>Cash flows from financing activities</b>			
Proceeds from Mobius fund		135,055	306,433
Repayment to amounts due to director		0	(37,500)
<b>Net cash generated from financing activities</b>		<u>135,055</u>	<u>268,933</u>
<b>Net (decrease) /increase in cash and cash equivalents</b>		(103,336)	180,235
Cash and cash equivalents at beginning of financial year		<u>316,823</u>	<u>136,588</u>
<b>Cash and cash equivalents at end of financial year</b>	8	<u>213,487</u>	<u>316,823</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

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 2019, the Company has 2 (2018: 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 fine 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. Functional currency is the currency of the primary economic environment in which the Company operates. All financial information presented are denominated in Singapore Dollar unless otherwise stated.

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 2018**

On 1 April 2018, 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)**

2.1.1 Interpretations and amendments to published standards effective in 2018 (Cont'd)

The nature of the adoption of these new or amended FRSs changes in accounting policy on adoption of FRS 109 is described below:

a. Adoption of FRS 109 Financial Instruments

The Company has adopted the new standard retrospectively from 1 March 2018, in line with the transition provision permitted under the standards. Comparatives for financial year ended 2018 are not restated and the Company has not recognised any difference between the carrying amounts at 31 March 2018 and 1 April 2018 in the opening retained earnings.

The accounting policies for financial instruments under FRS 109 are disclosed in Note 2.7.

In summary, upon the adoption of FRS 109, the Company had the following required or elected reclassifications as at 1 April 2018:

FRS 39 measurement category	S\$	FRS 109 measurement category		
		FVPL S\$	FVOCI S\$	Amortised cost S\$
<u>Loans and receivables</u>				
Cash and cash equivalent	316,823	0	0	316,823
Trade and other receivables	1,075,269	0	0	1,075,269
		0	0	1,392,092

Impairment of financial assets

The Company has the following financial assets subject to the expected credit loss impairment model under FRS 109:

- Cash and cash equivalent; and
- Trade and other receivables

The impairment methodology for each of these classes of financial assets under FRS 109 are disclosed in Note 2.7.

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## 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 relevant new/revised FRS, INT FRS and amendments to FRSs that were issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 116 <i>Leases</i>	1 January 2019
Amendments to FRS 19 <i>Employee benefits</i> (Plan amendments, curtailment or settlement)	1 January 2019
Amendments to FRS 109 <i>Financial instruments</i> (Prepayment features with negative compensation)	1 January 2019

Except for 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 FRS 116 are described below.

#### 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

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 and 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 income recognised is the amount allocated to the satisfied performance obligation.

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

#### 2.2.1 Rendering of services

Revenue from consultancy & management 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 invoiced before the commencement of each semester for the entire semester.

#### 2.2.4 Ticket revenue

Revenue from ticket sales is recognised when the tickets sold to the customer. (i.e. at the point in time).

#### 2.2.5 Other income

Other income is recognised on when earned.

#### 2.2.6 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 The accounting for financial assets before 1 April 2018 under FRS 39 are as follows:

#### Loans and receivables

- Cash and cash equivalents
- Trade and other receivables

Cash and cash equivalents and trade and other receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using effective interest method, less accumulated impairment losses.

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 and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets are reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2.7.2 The accounting for financial assets from 1 April 2018 under FRS 109 are as follows:

The Company classifies its financial assets into the following measurement categories:

- Amortised cost

The classification of debt instruments 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 assets.

## **2. Significant accounting policies (Cont'd)**

### **2.7 Financial assets (Cont'd)**

2.7.2 The accounting for financial assets from 1 April 2018 under FRS 109 are as follows:

#### 2.7.2.1 At initial recognition

At initial recognition, the Company measures a financial assets 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 assets.

#### 2.7.2.2 At subsequent measurement

##### Debt measurement

Debt instruments of the Company mainly comprise of cash and cash equivalents and trade and other receivables.

There are three prescribed subsequent measurement categories, depending on the Company's business model in managing the assets and the cash flow characteristics of the assets. The Company managed these group of financial assets by collecting the contractual cash flows and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

The Company assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For trade receivables, the Company applied the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For cash and cash equivalents and other receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

### **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. Significant accounting policies (Cont'd)**

### **2.9 Plant and equipment (Cont'd)**

#### 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.

#### 2.9.3 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.

## **2. Significant accounting policies (Cont'd)**

### **2.10 Impairment of non-financial assets (Cont'd)**

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.

### **2.12 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 Funds**

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

#### **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 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 are 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.

#### **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.

##### Government grants

Government grants to meet operating expenses are recognised as income in the income and expenditure statement on the accrual basis in the financial 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 from generating funds**

(a) Revenue from contracts with customers

Disaggregation of revenue from contracts with customers

	2019	2018
	S\$	S\$
<b>Income from generating funds</b>		
Voluntary income		
- Bursary income	5,000	7,500
- Donations (Tax exempt)	117,980	184,167
- Foundations	97,000	51,000
- Sponsorships	205,382	327,137
- Others	1,676	1,861
Generating funds		
- Consultancy & management services	89,500	84,000
- Rental income from studios	28,790	31,729
- Ticket revenue	11,091	15,571
- Other income	10,000	13,460
- Workshop fee	2,491	4,374
	<u>568,910</u>	<u>720,799</u>

(b) Government grants

<b>Income from generating funds</b>		
Voluntary income		
- Cultural Matching fund (CMF)	467,195	171,827
- CMF – Capacity Building	45,000	217,800
- National Arts Council grant	600,000	600,000
	<u>1,112,195</u>	<u>989,627</u>
<b>Total income from generating funds</b>	<u>1,681,105</u>	<u>1,710,426</u>

**Income from charitable activities**

Course fee	<u>348,122</u>	<u>476,634</u>
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(c) Contract liabilities

	31 March 2019	1 April 2018
	S\$	S\$
Amounts received in advance for sponsorship and school fees for course enrolment	<u>251,120</u>	<u>236,843</u>

(i) Income recognised in relation to contract liabilities

		2018
		S\$
Revenue recognised in current period that was included in contract liabilities balance at the beginning of the financial year		<u>236,843</u>

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. There is no significant changes in contract liabilities balances.

**6. Other income**

	2019 S\$	2018 S\$
Bad debts recovered	11,873	13,864
Government credit scheme	10,165	17,075
Interest received	833	832
Miscellaneous Revenue	45	0
	<u>22,916</u>	<u>31,771</u>

**7. Expenditure**

	Note	2019 S\$	2018 S\$
<b>Cost of generating funds</b>			
Fundraising expenses		25,046	49,518
Fundraising meetings		542	305
		<u>25,588</u>	<u>49,823</u>
<b>Cost of charitable activities</b>			
Bursary expenses		5,000	7,500
Class presentations		2,736	2,066
Conferences & seminars		1,175	35,928
Course materials		9,712	3,653
CPE/other registration		3,085	8,230
Graduation productions		129,161	150,098
Interpreter		33,200	0
Rental of training space		174,741	174,741
Scholarship expenses		140,580	283,310
Salaries and wages *		452,194	422,113
Staff benefits		165,346	132,872
Student's recruitment		46,805	150,216
Upkeep of training space		15,711	14,894
Others		8,082	6,214
		<u>1,187,528</u>	<u>1,391,835</u>
<b>Administrative expenses</b>			
Audit fees		7,000	7,500
Bad debts written off	13	92,879	0
Bank charges		495	387
Business meetings		277	741
Collaterals		152	394
Depreciation	10	28,373	22,018
Internet, phone, fax & server		7,189	5,296
Insurance – office		400	400
Marketing service		153,160	150,618
Office rental		17,914	17,914
Office supplies		100	12
Postage & courier		48	58
Printing and stationery		1,919	1,585
Rental of copier		2,580	2,580
Salaries and wages *		504,350	553,909
Staff benefits		2,463	2,390
Secretarial fees		960	740
Balance brought forward		<u>820,259</u>	<u>766,542</u>

**7. Expenditure (Cont'd)**

	2019 S\$	2018 S\$
Balance carried forward	820,259	766,542
Transport and travelling	142	83
Upkeep of premises	1,747	2,134
Water and electricity	7,370	7,195
Others	554	12
	<u>830,072</u>	<u>775,966</u>

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

	2019 S\$	2018 S\$
Curriculum & teaching staff		
- Salaries	342,607	305,359
- CPF	23,786	26,256
- SDF	796	1,419
- FWL	1,853	1,823
- Withholding tax	3,070	7,465
- Fees for short term teachers	80,082	79,791
	<u>452,194</u>	<u>422,113</u>
Administrative staff		
- Salaries	445,470	483,200
- Fees	720	720
- CPF	57,305	69,064
- SDF	855	925
	<u>504,350</u>	<u>553,909</u>

**8. Cash and cash equivalents**

	2019 S\$	2018 S\$
Cash in hand	159	51
Cash at banks	213,328	316,772
	<u>213,487</u>	<u>316,823</u>

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

**9. Trade and other receivables**

	2019 S\$	2018 S\$
<b>Current assets</b>		
Trade receivables		
- Third parties	581,372	445,408
- Related party	<u>20,626</u>	<u>155,422</u>
	601,998	600,830
Less: Allowance for impairment on trade receivables	<u>(72,564)</u>	<u>(72,564)</u>
	529,434	528,266
Other receivables		
Deposit	17,393	16,554
GST receivables	18,142	14,153
Prepayments	154,879	160,246
Rental deposit	17,100	17,100
Other receivables	<u>86,924</u>	<u>91,702</u>
	<u>823,872</u>	<u>828,021</u>
	2019 S\$	2018 S\$
<b>Non-current assets</b>		
Other receivables		
Mobius fund – loans to students	<u>578,912</u>	<u>421,647</u>

Trade receivables are non-interest bearing. 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\$75,943 (2018: S\$79,627) 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 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:

	2019 S\$	2018 S\$
At beginning of the financial year	72,564	183,102
Allowance written off	<u>0</u>	<u>(110,538)</u>
At the end of the financial year	<u>72,564</u>	<u>72,564</u>

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

**10. Plant and equipment**

	Balance at beginning of the financial year S\$	Additions S\$	(Written off) S\$	Balance at end of the financial year S\$
<b>2019</b>				
<b>At cost</b>				
Air conditioner	10,362	0	0	10,362
Computer	13,353	3,209	(719)	15,843
Furniture and fittings	12,877	0	0	12,877
Office equipment	6,721	0	0	6,721
Production lighting and stage equipment	40,810	0	0	40,810
Renovation	107,825	31,930	0	139,755
	<u>191,948</u>	<u>35,139</u>	<u>(719)</u>	<u>226,368</u>
	Balance at beginning of the financial year S\$	Depreciation S\$	(Written off) S\$	Balance at end of the financial year S\$
<b>Accumulated depreciation</b>				
Air conditioner	10,362	0	0	10,362
Computer	12,871	1,551	(719)	13,703
Furniture and fittings	12,877	0	0	12,877
Office equipment	4,531	313	0	4,844
Production lighting and stage equipment	35,158	1,330	0	36,488
Renovation	80,458	25,179	0	105,637
	<u>156,257</u>	<u>28,373</u>	<u>(719)</u>	<u>183,911</u>
	Balance at beginning of the financial year S\$			Balance at end of the financial year S\$
<b>Carrying amount</b>				
Air conditioner	0			0
Computer	482			2,140
Furniture and fittings	0			0
Office equipment	2,190			1,877
Production lighting and stage equipment	5,652			4,322
Renovation	27,367			34,118
	<u>35,691</u>			<u>42,457</u>



**10. Plant and equipment (Cont'd)**

	Balance at beginning of the financial year S\$	Additions S\$	(Written off) S\$	Balance at end of the financial year S\$
<b>2018</b>				
<b>At cost</b>				
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
	<u>387,531</u>	<u>0</u>	<u>(195,583)</u>	<u>191,948</u>
	Balance at beginning of the financial year S\$	Depreciation S\$	(Written off) S\$	Balance at end of the financial year S\$
<b>Accumulated depreciation</b>				
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
	<u>329,822</u>	<u>22,018</u>	<u>(195,583)</u>	<u>156,257</u>
	Balance at beginning of the financial year S\$			Balance at end of the financial year S\$
<b>Carrying amount</b>				
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
	<u>57,709</u>			<u>35,691</u>

## 11. Trade and other payables

	2019 S\$	2018 S\$
Trade payables		
- Third parties	18,850	18,210
- Related party	<u>226,422</u>	<u>220,882</u>
	245,272	239,092
Other payables		
Accruals	10,800	10,846
Amounts due to directors	12,500	12,500
ITI scholarships	31,205	136,205
Others	<u>13,599</u>	<u>16,474</u>
	<u>313,376</u>	<u>415,117</u>

Trade payables are interest-free, unsecured and payable within 30 days' term (2018: 30 days' term).

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

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 financial year, the Company received funds and donations amounting to S\$135,055 (2018: S\$306,433).

## 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:

	Note	2019 S\$	2018 S\$
<u>Transaction with a related Company with common directors and control</u>			
- Bad debts written off	7	92,879	0
- Rental and maintenance expenses		(192,655)	(192,655)
- Consultancy/Management services		<u>72,000</u>	<u>72,000</u>

**13. Related party transactions (Cont'd)**

The key management personnel compensation for the financial year are as follows:

	2019 S\$	2018 S\$
Salaries and bonuses	312,000	312,000
CPF Contributions	29,520	33,600
	<u>341,520</u>	<u>345,600</u>

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

	2019 No. of personnel	2018 No. of personnel
Remuneration band		
S\$50,001 to S\$100,000	0	1
S\$100,001 to S\$200,000	<u>3</u>	<u>2</u>

**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:

	2019 S\$	2018 S\$
Not later than one year	172,532	113,400
Later than one year but not later than five years	0	60,150
	<u>172,532</u>	<u>173,550</u>

As lessor:

	2019 S\$	2018 S\$
Not later than one year	<u>28,790</u>	<u>23,244</u>

**15. Tax exempt receipts**

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

	2019 S\$	2018 S\$
Tax-exempt receipts issued for donations collected	<u>470,524</u>	<u>687,799</u>

**16. Financial instruments by category**

	2019 S\$
Financial assets, at amortised cost	1,443,250
Financial liability, at amortised cost	<u>313,376</u>
	2018 S\$
Loans and receivables	1,392,092
Financial liability, at amortised cost	<u>415,117</u>

**17. Financial risk management**

The Company is exposed to various financial risks arising from its operations. The key financial risks include credit risk and liquidity risk. The Company's Board of Directors (BOD) reviews and agrees policies and procedures for the management of these risks.

The following describes the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks:

**17.1 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 Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing 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 or there is significant difficulty of the counterparty.

The table below is an analysis of the trade receivables:

	2019 S\$	2018 S\$
Not past due and not impaired	161,706	540
Past due but not impaired	295,025	455,023
Past due and impaired	<u>145,267</u>	<u>145,267</u>
	<u>601,998</u>	<u>600,830</u>

**17. Financial risk management (Cont'd)**

**17.1 Credit risk (Cont'd)**

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

	2019 S\$	2018 S\$
Less than 30 days	0	2,744
31 to 60 days	0	0
More than 61 days	295,025	452,279
	295,025	455,023

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

	2019 S\$	2018 S\$
Nominal amount from the students	145,267	145,267
Less: Allowance for impairment	(72,564)	(72,564)
	72,703	72,703

**Other 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.

**17.2 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.

The Board monitors and ensures that the Company maintains a level of cash and cash equivalents deemed adequate to finance the Company's operations.

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

	Within one year S\$	Later than one year S\$	Total S\$
<b>2019</b>			
<b>Financial assets measured at amortised cost</b>			
Cash and cash equivalents	213,487	0	213,487
Trade and other receivables (excluding prepayments and GST receivables)	650,851	578,912	1,229,763
	864,338	578,912	1,443,250
<b>Financial liabilities measured at amortised cost</b>			
Trade and other payables	(313,376)	0	(313,376)
<b>Net total net financial assets</b>	550,962	578,912	1,129,874

**17. Financial risk management (Cont'd)**

**17.2 Liquidity risk (Cont'd)**

	Within one year S\$	Later than one year S\$	Total S\$
<b>2018</b>			
<b>Financial assets</b>			
Cash and cash equivalents	316,823	0	316,823
Trade and other receivables (excluding prepayments and GST receivables)	<u>653,622</u>	<u>421,647</u>	<u>1,075,269</u>
Loan and receivables	<u>970,445</u>	<u>421,647</u>	<u>1,392,092</u>
<b>Financial liabilities measured at amortised cost</b>			
Trade and other payables	<u>(415,117)</u>	<u>0</u>	<u>(415,117)</u>
<b>Net total net financial assets</b>	<u>555,328</u>	<u>421,647</u>	<u>976,975</u>

**18. 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.

**19. Reserve position and policy**

The Company's reserves position for financial year ended 31 March 2019 and 31 March 2018 is as follows:

		2019	2018	Increase / (Decrease)
		S\$'000	S\$'000	%
A	Unrestricted funds			
	General fund	479	470	1.91
B	Restricted			
	Restricted fund	615	480	28.13
C	Endowment funds	N/A	N/A	N/A
D	Total funds	1,094	950	15.16
E	Total annual operating expenditure	2,043	2,218	(7.89)
F	Ratio of reserves to annual operating expenditure (A/E)	0.23	0.21	

**19. Reserve position and policy (Cont'd)**

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 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.

**20. 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.

**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 **19 SEP 2019**