



The Singapore Lyric Opera Limited
(Limited by Guarantee and not having a Share Capital)
Registration Number: 199002445Z

Annual Report
Year ended 31 March 2021

Directors' statement

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2021.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS26 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2021 and the financial performance, changes in funds and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Companies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations"), and Singapore Financial Reporting Standards; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Toh Weng Cheong
Hiroshi Kimura
Lee Suan Hiang
Fong Jen Arthur
Sam Yeen Peng
Rolv Stokkmo

Directors' interests

As the Company is limited by guarantee and has no share capital, no director who held office at the end of the financial year had interests in the capital of the Company either at the beginning of the financial year or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangements 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.

The Company has an established policy on conflict of interest and declaration for staff and Board of Directors. The staff and Board of Directors are required to make full disclosure of interests, relationships and holdings that could potentially result in a conflict of interest, and abstain from discussions, and decision making when faced with conflict of interest situations.

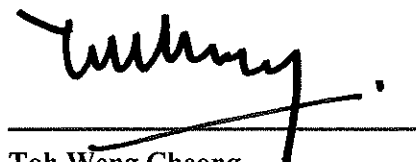
Share options

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

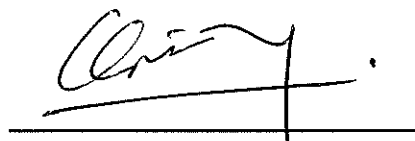
Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



Toh Weng Cheong
Director



Arthur Fong Jen
Director

6 September 2021



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Independent auditors' report

Members of the Company
The Singapore Lyric Opera Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of The Singapore Lyric Opera Limited (the "Company"), which comprise the statement of financial position as at 31 March 2021, the statement of comprehensive income, 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, as set out on pages FS1 to FS26.

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"), 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 2021 and of the financial performance, changes in funds and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the financial statements*" section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *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 contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, the Charities Act and Regulations, and FRSs and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, 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 comprise the directors. Their responsibilities include overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls 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 controls.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required to be kept by the Company have been properly kept in accordance with the provisions of the Companies Act, and the Charities Act and Regulations.

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

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

A handwritten signature in blue ink, appearing to be 'KPMG' followed by a stylized flourish.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
6 September 2021

Statement of financial position
As at 31 March 2021

	Note	2021 \$	2020 \$
Non-current asset			
Plant and equipment	4	23,439	33,575
Right-of-use assets	5	67,519	112,183
		90,958	145,758
Current assets			
Trade and other receivables	6	72,754	129,594
Cash and cash equivalents		1,309,322	810,883
		1,382,076	940,477
Total assets		1,473,034	1,086,235
Funds			
General Fund	7	788,166	555,309
S. R. Nathan Opera Development Fund	7	92,060	92,060
Total funds		880,226	647,369
Non-current liabilities			
Provision for restoration cost	8	19,822	19,822
Lease liabilities	17	19,992	66,298
		39,814	86,120
Current liabilities			
Trade and other payables	9	494,975	300,679
Contract liabilities	10	8,671	8,671
Lease liabilities	17	49,348	43,396
		552,994	352,746
Total liabilities		592,808	438,866
Total funds and liabilities		1,473,034	1,086,235

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

Statement of comprehensive income
 Year ended 31 March 2021

	Note	General Fund		S. R. Nathan Opera Development Fund		Total	
		2021	2020	2021	2020	2021	2020
		\$	\$	\$	\$	\$	\$
Revenue	10	24,092	324,318	-	-	24,092	324,318
Other income	11	779,910	830,023	-	-	779,910	830,023
Production costs		(165,125)	(810,986)	-	-	(165,125)	(810,986)
Staff costs		(174,649)	(176,619)	-	-	(174,649)	(176,619)
Depreciation expenses	4, 5	(60,275)	(62,788)	-	-	(60,275)	(62,788)
Fund-raising expenses		(18,919)	(10,780)	-	-	(18,919)	(10,780)
Other operating expenses		(150,257)	(178,142)	-	-	(150,257)	(178,142)
Finance costs	12	(1,920)	(3,181)	-	-	(1,920)	(3,181)
Profit/(loss) before income tax	13	232,857	(88,155)	-	-	232,857	(88,155)
Income tax expense	14	-	-	-	-	-	-
Profit/(loss) for the year, representing total comprehensive income for the year		232,857	(88,155)	-	-	232,857	(88,155)

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

Statement of changes in funds
Year ended 31 March 2021

	General Fund \$	S. R. Nathan Opera Development Fund \$	Total Funds \$
At 1 April 2019	643,464	92,060	735,524
Loss for the year, representing total comprehensive income for the year	(88,155)	–	(88,155)
At 31 March 2020	<u>555,309</u>	<u>92,060</u>	<u>647,369</u>
At 1 April 2020	555,309	92,060	647,369
Profit for the year, representing total comprehensive income for the year	232,857	–	232,857
At 31 March 2021	<u>788,166</u>	<u>92,060</u>	<u>880,226</u>

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

Statement of cash flows
Year ended 31 March 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Profit/(loss) for the year		232,857	(88,155)
Adjustments for:			
Depreciation of plant and equipment	4	12,786	14,619
Depreciation of right-of-use assets	5	47,489	48,169
Interest expenses	12	1,920	2,763
Unwinding of discount on provision for restoration cost	12	–	418
		295,052	(22,186)
Changes in:			
Trade and other receivables		56,840	22,717
Trade and other payables		194,296	117,026
Contract liabilities		–	(449)
Net cash flow from operating activities		546,188	117,108
Cash flows from investing activity			
Acquisition of plant and equipment		(2,650)	(35,868)
Net cash flow used in investing activity		(2,650)	(35,868)
Cash flows from financing activities			
Payment of lease liabilities		(43,179)	(42,294)
Interest paid		(1,920)	(2,763)
Net cash flow used in financing activities	17	(45,099)	(45,057)
Net increase in cash and cash equivalents		498,439	36,183
Cash and cash equivalents at beginning of the year		810,883	774,700
Cash and cash equivalents at end of the year		1,309,322	810,883

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 6 September 2021.

1 Domicile and activities

The Singapore Lyric Opera Limited (the “Company”) is incorporated in the Republic of Singapore on 22 May 1990 as a company limited by guarantee and is registered as a charity and an approved Institution of a Public Character under the Charities Act, Chapter 37. The address of the Company’s registered office is 90 Goodman Road, #01-07 Goodman Arts Centre, Singapore 439053.

The principal activities of the Company are those relating to the producing, managing and conducting of operatic performances, concerts and other musical and stage entertainment.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (“FRS”). The changes to significant accounting policies are described in note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company’s functional currency.

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2.5 Changes in accounting policies

New standards and amendments

The Company has applied the following FRSs, amendments to and interpretations of FRSs for the first time for the annual period beginning on 1 April 2020:

- *Amendments to References to Conceptual Framework in FRS Standards*
- *Definition of a Business* (Amendments to FRS 103)
- *Definition of Material* (Amendments to FRS 1 and FRS 8)
- *Interest Rate Benchmark Reform* (Amendments to FRS 109, FRS 39 and FRS 107)

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which explains changes in accounting policies.

3.1 Plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When the Company has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located is capitalised as part of plant and equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Production equipment	1 – 2 years
Office equipment	3 years
Furniture and fittings	3 years
Renovations	3 years
Musical instruments	6 – 7 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.2 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially recognised at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised trade and other payables.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred;
 - or
 - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and cash in hand.

3.3 Leases

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

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.4 Impairment

(i) Non-derivative financial assets

The Company recognises loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Company applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Company applies the general approach to provide for ECLs on other financial assets. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost is credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost is deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.5 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or construction obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

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 under short-term cash bonus 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.

3.6 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Restoration cost

Provision for restoration cost relates to the obligation to restore a leased premise to its original condition at the end of the lease period, in accordance with the requirements of the lease arrangement.

3.7 Revenue

Ticket sales for performing arts events

Ticket sales and performance income for performing arts events were recognised upon the completion of the performance or event.

Performance and programmes income

Performance and programmes income for stage performance events were recognised upon the completion of the performance or events.

Music classes and lessons

Course fees were recognised over the service duration of the courses.

Sponsorship and donation income

Sponsorship and donations are recognised as income when the following three criteria are met:

- Entitlement – normally arises when there is control over the rights or other access to the resource, enabling the Company to determine its future application;
- Certainty – when it is virtually certain that the income will be received; and
- Measurement – when the monetary value of the income can be measured with sufficient reliability.

3.8 Government grants

Government grants are recognised initially as grants received in advance at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. Grants that compensate the Company for expenses incurred are recognised in profit or loss as “other income” on a systematic basis in the same periods in which the expenses are recognised.

3.9 Funds

Income and expenditure relating to the main activities of the Company are accounted for through the General Fund in profit or loss.

Income and expenditure relating to the S. R. Nathan Opera Development Fund for contributions received and expenditure incurred for specific purposes are accounted for through the S.R. Nathan Opera Development Fund in profit or loss.

3.10 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 April 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the Company's financial statements.

- *FRS 117 Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to FRS 1)
- *Covid-19-Related Rent Concessions* (Amendment to FRS 116)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to FRS 110 and FRS 28)
- *Reference to the Conceptual Framework* (Amendments to FRS 103)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to FRS 16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to FRS 37)
- *Annual Improvements to FRSs 2018 – 2020*

4 Plant and equipment

Cost	Production equipment \$	Office equipment \$	Furniture and fittings \$	Renovations \$	Musical instruments \$	Total \$
At 1 April 2019	99,234	41,299	9,548	57,111	27,882	235,074
Additions	—	—	9,095	26,773	—	35,868
At 31 March 2020	99,234	41,299	18,643	83,884	27,882	270,942
At 1 April 2020	99,234	41,299	18,643	83,884	27,882	270,942
Additions	—	—	2,650	—	—	2,650
At 31 March 2021	99,234	41,299	21,293	83,884	27,882	273,592
Accumulated depreciation						
At 1 April 2019	99,234	38,641	9,360	48,179	27,334	222,748
Depreciation for the year	—	2,536	830	11,163	90	14,619
At 31 March 2020	99,234	41,177	10,190	59,342	27,424	237,367
At 1 April 2020	99,234	41,177	10,190	59,342	27,424	237,367
Depreciation for the year	—	90	3,682	8,924	90	12,786
At 31 March 2021	99,234	41,267	13,872	68,266	27,514	250,153
Carrying amounts						
At 1 April 2019	—	2,658	188	8,932	548	12,326
At 31 March 2020	—	122	8,453	24,542	458	33,575
At 31 March 2021	—	32	7,421	15,618	368	23,439

5 Right-of-use assets

	Leased property \$	Office equipment \$	Total \$
Cost			
At 1 April 2019	150,172	19,274	169,446
Additions	1,337	–	1,337
At 31 March 2020	<u>151,509</u>	<u>19,274</u>	<u>170,783</u>
At 1 April 2020	151,509	19,274	170,783
Remeasurement of right-of-use assets	2,825	–	2,825
At 31 March 2021	<u>154,334</u>	<u>19,274</u>	<u>173,608</u>
Accumulated depreciation			
At 1 April 2019	10,431	–	10,431
Depreciation for the year	41,160	7,009	48,169
At 31 March 2020	<u>51,591</u>	<u>7,009</u>	<u>58,600</u>
At 1 April 2020	51,591	7,009	58,600
Depreciation for the year	40,480	7,009	47,489
At 31 March 2021	<u>92,071</u>	<u>14,018</u>	<u>106,089</u>
Carrying amounts			
At 31 March 2020	<u>99,918</u>	<u>12,265</u>	<u>112,183</u>
At 31 March 2021	<u>62,263</u>	<u>5,256</u>	<u>67,519</u>

Information about leases for which the Company is a lessee is discussed in Note 17.

6 Trade and other receivables

	2021	2020
	\$	\$
Trade receivables	1,738	–
Refundable deposits	3,710	4,685
Other receivables	25,260	45,328
	30,708	50,013
Prepayments	42,046	79,581
	72,754	129,594

The Company's exposure to credit risk and impairment loss for trade and other receivables are disclosed in Note 15.

7 Funds

The Company has the following funds: General Fund and S. R. Nathan Opera Development Fund.

General Fund

The General Fund was set up for the purpose of receiving contributions and expenditure incurred for the main activities of the Company.

S. R. Nathan Opera Development Fund

The S. R. Nathan Opera Development Fund was set up for the purpose of training young opera and musical talents to become professionals.

8 Provision for restoration cost

	2021	2020
	\$	\$
At beginning of the year	19,822	16,256
Remeasurement of restoration cost	–	3,148
Unwinding of discount	–	418
At end of the year	19,822	19,822

9 Trade and other payables

	2021	2020
	\$	\$
Trade payables	7,165	14,329
Accrued operating expenses	28,412	28,340
Grants received in advance	406,792	125,703
Sponsorship and donation received in advance	52,606	132,307
	494,975	300,679

The Company's exposure to liquidity risk for trade and other payables is disclosed in Note 15.

10 Revenue

	2021	2020
	\$	\$
Ticket sales for performing arts events	4,840	246,820
Performances and programmes income	2,250	39,006
Music classes and lessons	17,002	38,492
	24,092	324,318

Revenue earned by the Company is solely derived in Singapore.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Ticket sales for performing arts events and performances and programmes income

Nature of goods or services	The Company produces, manages and conducts operatic performances, concerts and other musical and stage entertainment.
When revenue is recognised	Revenue is recognised at a point in time when the performances and concerts have been completed.
Significant payment terms	Invoices are issued upon completion of performances and are payable on demand.

Music classes and lessons

Nature of goods or services	The Company provides music classes and lessons for children and youth.
When revenue is recognised	Revenue is recognised over time when classes have been completed.
Significant payment terms	Invoices are issued every quarter in advance.

Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	2021 \$	2020 \$
Trade receivables	1,738	–
Contract liabilities	(8,671)	(8,671)

The contract liabilities relates to deposits collected from customers for music classes and lessons.

11 Other income

	2021 \$	2020 \$
Sponsorships and donations	149,500	143,060
Sponsorships and donations from fund-raising event	95,200	18,900
Operating grants from Cultural Matching Fund	11,274	374,803
Operating grants from a government body	374,488	261,387
Arts housing subsidy from a government body	21,456	22,061
Jobs support scheme grant	100,711	–
Miscellaneous income	27,281	9,812
	<u>779,910</u>	<u>830,023</u>

Tax deductible receipts during the year amounted to \$74,440 (2020: \$200,002).

Jobs support scheme grant recognised in 2021 mainly relate to the wage support from government to support the Company during the period of economic uncertainty due to the Covid-19 pandemic.

12 Finance costs

	2021 \$	2020 \$
Unwinding of discount of provision on restoration cost	–	418
Interest expenses	1,920	2,763
	<u>1,920</u>	<u>3,181</u>

13 Profit before income tax

The following items have been included in arriving at profit before income tax:

	2021	2020
	\$	\$
Contribution to defined contribution plans, included in staff costs	<u>29,913</u>	<u>30,735</u>

14 Income tax expense

There is no tax charge for the current year as the Company is a registered charity with income tax exemption.

15 Financial instruments

Financial risk management

Overview

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing risk.

Risk management framework

Risk management is integral to the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from students who are enrolled in the music classes and lessons conducted by the Company.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The Company does not hold any collateral in respect of its financial assets. Cash and cash equivalents are placed with a bank which is regulated.

Expected credit loss assessment

The Company measures the loss allowances of trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. In the provision matrix, the Company uses the actual historical credit loss experience over the past three years. Management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date as the credit profile of its trade receivables has not changed.

The following table provides information about the exposure to credit risk and ECLs for trade receivables for individual customers as at 31 March:

	Gross carrying amount \$	Impairment loss allowance \$	Credit impaired
2021			
1 – 30 days past due	–	–	No
31 – 90 days past due	1,288	–	No
More than 90 days past due	450	–	No
	<u>1,738</u>	<u>–</u>	
2020			
1 – 30 days past due	–	–	No
31 – 90 days past due	–	–	No
More than 90 days past due	–	–	No
	<u>–</u>	<u>–</u>	

Cash and cash equivalents

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company consider that its cash and cash equivalents have low credit risk based on the external credit rating of the bank. The amount of ECL allowance on cash and cash equivalents is negligible.

Other receivables

Impairment on other receivables has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers other receivables have low credit risk. The amount of the allowance on other receivables was negligible.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The directors are of the opinion that adequate funds will be provided by sponsors, donors and well-wishers of the Company to enable it to meet its operating requirements, on an ongoing basis.

The contractual undiscounted cash outflows of financial liabilities are as follows:

	Carrying amount \$	Cash flows		
		Contractual cash flows \$	Within 1 year \$	Between 2 to 5 years \$
31 March 2021				
Financial liabilities				
Trade and other payables*	35,577	(35,577)	(35,577)	–
Lease liabilities	69,340	(70,362)	(50,284)	(20,078)
	<u>104,917</u>	<u>(105,939)</u>	<u>(85,861)</u>	<u>(20,078)</u>
31 March 2020				
Financial liabilities				
Trade and other payables*	45,669	(45,669)	(45,669)	–
Lease liabilities	109,694	(112,475)	(45,249)	(67,226)
	<u>155,363</u>	<u>(158,144)</u>	<u>(90,918)</u>	<u>(67,226)</u>

* Exclude grant received in advance and sponsorship and donation received in advance

Fair values versus carrying amounts

The carrying amounts of financial assets and financial liabilities are as follows:

	Note	Amortised cost \$	Other financial liabilities \$	Total carrying amount \$
31 March 2021				
Financial assets not measured at fair value				
Trade and other receivables*	5	30,708	–	30,708
Cash and cash equivalents		1,309,322	–	1,309,322
		<u>1,340,030</u>	<u>–</u>	<u>1,340,030</u>
Financial liabilities not measured at fair value				
Trade and other payables**	9	–	35,577	35,577

	Note	Amortised cost \$	Other financial liabilities \$	Total carrying amount \$
31 March 2020				
Financial assets not measured at fair value				
Trade and other receivables*	5	50,013	–	50,013
Cash and cash equivalents		810,883	–	810,883
		<u>860,896</u>	<u>–</u>	<u>860,896</u>
Financial liabilities not measured at fair value				
Trade and other payables**	9	–	45,669	45,669

* Excludes prepayments

** Excludes sponsorship and donation received in advance and grants received in advance

No fair value information for the financial assets and financial liabilities has been presented as the carrying amounts are reasonable approximates of fair value. The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values because of the short period to maturity.

16 Related parties

Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The directors of the Company are considered as key management personnel of the Company.

Key management personnel compensation comprised:

	2021 \$	2020 \$
Short-term employee benefits	55,000	60,000
Post-employment benefits	4,125	4,500
	<u>59,125</u>	<u>64,500</u>

Other related party transactions

	2021 \$	2020 \$
Donations received from directors	4,500	10,400
Donations received from close members of the family of directors	–	22,000
Expenses paid to close members of the family of directors	<u>(2,465)</u>	<u>(67,500)</u>

17 **Leases**

Leases as lessee (FRS 116)

The Company leases an office premise and an office equipment. The lease for the office premise and the office equipment run for a period of 3 years and 6 years respectively, with an option to renew the lease after that date. The Company is restricted from entering into any sub-lease arrangements for both leases.

Information about leases for which the Company is a lessee is presented below.

Terms and conditions of lease liabilities are as follows:

	Nominal interest rate %	Year of maturity	2021		2020	
			Face value \$	Carrying amount \$	Face value \$	Carrying amount \$
Lease liabilities	2.15%	2021 – 2022	70,362	69,340	112,475	109,694

Amounts recognised in profit or loss

	2021	2020
Leases under FRS 116		\$
Interest on lease liabilities	1,920	2,763

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Lease liabilities \$
Balance at 1 April 2019	150,651
Changes from financing cash flows	
- Payment of lease liabilities	(42,294)
- Interest paid	(2,763)
Total changes from financing cash flows	(45,057)
New leases	1,337
Interest expense	2,763
Balance at 31 March 2020	109,694

	Lease liabilities \$
Balance at 1 April 2020	109,694
Changes from financing cash flows	
- Payment of lease liabilities	(43,179)
- Interest paid	(1,920)
Total changes from financing cash flows	(45,099)
Remeasurement of lease liability	2,825
Interest expense	1,920
Balance at 31 March 2021	69,340

Extension options

The property lease contain extension options exercisable by the Company up to one month before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are subjected to evaluation by the lessors, to be applied by the Company before the end of the non-cancellable contract period. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Company assessed that the likelihood of exercising the lease extension option to be low because the Company's operating environment is affected by the outbreak of the COVID-19 pandemic as such is uncertain that the Company will exercise the extension option.

On this basis, the Company did not include the extension feature of the lease in the computing the right-of-use assets and lease liabilities. The Company has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of \$110,000.