

THE MALAY HERITAGE FOUNDATION LTD

Company Registration Number: 199904358R

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2018

CONTENTS**PAGE**

Directors' Statement	1 – 2
Independent Auditor's Report	3 – 5
Statement of Financial Position	6
Statement of Financial Activities	7
Statement of Changes in Funds	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 – 29

DIRECTORS' STATEMENT

For the financial year ended 31 March 2018

The directors present their statement to the members together with the audited financial statements of the Company for the financial year ended 31 March 2018.

1 OPINION OF THE DIRECTORS

In the opinion of the directors,

- (i) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and the financial activities, changes in funds and cash flows of the Company for the financial year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2 DIRECTORS

The directors at the date of this statement are:

Zuraidah Binte Abdullah
Edwin Ignatious M
Dr Lai Ah Eng
Siti Habibah Binte Haji Siraj
Zafilin Bin Abdul Hamid
Zuraida Binte Haji Mohamed Din
Dr Norshahril Bin Saat (Appointed on 1 August 2017)
Alwi Bin Abdul Hafiz (Appointed on 1 August 2017)
Dr Azhar Bin Ibrahim (Appointed on 1 August 2017)
Rahayu Binti Buang (Appointed on 1 August 2017)
Zhulkarnain Bin Abdul Rahim (Appointed on 1 August 2017)

3 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

The Company is limited by guarantee and has no share capital. As such, none of the directors holding office at the end of the financial year are a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The Company is limited by guarantee. As such there are no share capital or debentures. None of the directors holding office at the end of the financial year is a member of the Company except for Zuraidah Binte Abdullah who is a director and also a member at the beginning and at the end of the financial year.

5 SHARE OPTIONS

The Company is limited by guarantee. As such there are no share options or unissued shares under option.

DIRECTORS' STATEMENT
For the financial year ended 31 March 2018

6 AUDITORS

Helmi Talib & Co., have expressed their willingness to accept re-appointment as auditors.

On behalf of the directors



ZURAIDAH BINTE ABDULLAH
Director



ZURAIIDA BINTE HAJI MOHAMED DIN
Director

Date: 25 July 2018



Helmi Talib & Co

Chartered Accountants of Singapore
An Independent Member Firm of IAPA



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE MALAY HERITAGE FOUNDATION LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of THE MALAY HERITAGE FOUNDATION LTD. (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2018, 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 "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 2018 and the financial activities, changes in funds and cash flows of the Company for the financial year ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

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 Those Charged with Governance for Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, 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.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the above regulations to be kept by the Company have been properly kept in accordance with the provisions of those regulations.

During the course of our audit, nothing has come to our attention that causes us to believe that during the financial year, the use of the donation moneys was not in accordance with the objectives of the Company as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations.



HELMI TALIB & CO
Public Accountants and
Chartered Accountants

Singapore

Date: 25 July 2018

Partner-in-charge : Suriyati binti Mohamed Yusof
PAB No. : 01627

THE MALAY HERITAGE FOUNDATION LTD
Company Registration No.: 199904358R

STATEMENT OF FINANCIAL POSITION
As at 31 March 2018

	Note	<u>2018</u> \$	<u>2017</u> \$
Assets			
Current assets			
Cash and cash equivalents	6	2,952,508	2,875,619
Receivables	7	67,272	180,932
Total current assets		<u>3,019,780</u>	<u>3,056,551</u>
Non-current assets			
Heritage materials	8	49,772	49,772
Plant and equipment	9	27,376	50,948
Intangible asset	10	-	14,241
Investments – Held to maturity	11	1,787,759	1,530,188
Total non-current assets		<u>1,864,907</u>	<u>1,645,149</u>
Total assets		<u>4,884,687</u>	<u>4,701,700</u>
Liabilities and Funds			
Liabilities			
Current liabilities			
Payables	12	288,837	108,260
Total current liabilities		<u>288,837</u>	<u>108,260</u>
Total liabilities		<u>288,837</u>	<u>108,260</u>
Funds			
Unrestricted funds			
General fund		510,143	507,733
Total unrestricted funds		<u>510,143</u>	<u>507,733</u>
Restricted funds			
Heritage capital reserve		49,772	49,772
Endowment fund		4,035,935	4,035,935
Total restricted funds		<u>4,085,707</u>	<u>4,085,707</u>
Total funds	13	<u>4,595,850</u>	<u>4,593,440</u>
Total liabilities and funds		<u>4,884,687</u>	<u>4,701,700</u>

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

THE MALAY HERITAGE FOUNDATION LTD
Company Registration No.: 199904358R

STATEMENT OF FINANCIAL ACTIVITIES
For the financial year ended 31 March 2018

	Note	2018		2017
		Unrestricted Funds \$	Restricted Funds \$	Total \$
INCOME				
Income from generated funds				
- Voluntary income		11,760	-	11,760
- Activities for generating funds		230,229	-	230,229
- Investment income		82,620	-	82,620
Income from charitable activities		43,280	-	43,280
Other income		4,367	-	4,367
TOTAL INCOME		<u>372,256</u>	<u>-</u>	<u>372,256</u>
EXPENDITURES				
Cost of charitable activities		(334,957)	-	(334,957)
Governance costs		(34,889)	-	(34,889)
TOTAL EXPENDITURES		<u>(369,846)</u>	<u>-</u>	<u>(422,532)</u>
NET INCOME FOR THE FINANCIAL YEAR	5	<u>2,410</u>	<u>-</u>	<u>2,410</u>
				<u>57,576</u>

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

THE MALAY HERITAGE FOUNDATION LTD
Company Registration No.: 199904358R

STATEMENT OF CHANGES IN FUNDS
For the financial year ended 31 March 2018

	Note	<u>Total Funds</u> \$
Balance as at 31 March 2016	13	4,535,864
Net income, representing total comprehensive income, for the financial year		57,576
Balance as at 31 March 2017	13	<u>4,593,440</u>
Net income, representing total comprehensive income, for the financial year		2,410
Balance as at 31 March 2018		<u><u>4,595,850</u></u>

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

STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Net income for the financial year		2,410	57,576
Adjustments for			
Operating grant		(43,280)	(99,880)
Interest income		(82,620)	(92,139)
(Discount)/premium on amortisation of bonds - net		(7,571)	2,656
Amortisation of intangible asset		14,241	18,986
Depreciation of plant and equipment		23,572	45,277
Total adjustments to profit or loss		(95,658)	(125,100)
Total operating cash flows before movement of working capital		(93,248)	(67,524)
Changes in working capital			
Decrease (increase) in receivables		153,151	(53,978)
Increase in payables		180,577	10,312
Total changes in working capital		333,728	(43,666)
Cash generated from/(used in) operations		240,480	(111,190)
Net cash flows generated from/(used in) operating activities		240,480	(111,190)
Cash flows from investing activities			
Proceeds from sale of investment – held to maturity		250,000	250,000
Purchase of investment – held to maturity		(500,000)	-
Interest received		80,259	82,077
Acquisition of plant and equipment		-	(2,117)
Net cash flows (used in)/generated from investing activities		(169,741)	329,960
Cash flows from financing activities			
Government grant received		6,150	30,040
Net cash flows generated from financing activities		6,150	30,040
Net increase in cash and cash equivalents		76,889	248,810
Cash and cash equivalents at beginning of financial year		2,875,619	2,626,809
Cash and cash equivalents at end of financial year	6	2,952,508	2,875,619
Net cash flows			
Net cash flows generated from/(used in) operating activities		240,480	(111,190)
Net cash flows (used in)/generated from investing activities		(169,741)	329,960
Net cash flows generated from financing activities		6,150	30,040

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

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

1 CORPORATE INFORMATION

The Company was incorporated in Singapore on 28 July 1999 as a company limited by guarantee without a share capital. Each ordinary member undertakes to contribute to the assets of the Company in the event of it being wound up while he is a member, or within one year after he ceases to be a member, for payment of the debts and liabilities of the Company contracted before he ceases to be a member and of the costs, charges and expenses of winding up, such amount as may be required but not exceeding \$1.

The Company is an approved Charity under the Charities Act, (Chapter 37) with effect from 7 September 1999 and has been accorded the status of an Institution of Public Character (IPC) since 29 May 2006. The IPC status has been renewed for the period from 29 May 2017 to 28 May 2020. The IPC number is IPC000595.

The principal activities of the Company are to promote the study and research, and the public's understanding and knowledge, of the historical and socio-cultural developments of the Malay Community in Singapore.

The registered office and the principal place of business of the Company is located at 85 Sultan Gate, Singapore 198501.

The financial statements of the Company for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors as at the date of the Directors' Statement.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the Singapore Companies Act (Cap. 50), the Charities Act (Chapter 37) and Financial Reporting Standards in Singapore (FRSs).

The Company has applied Charities Accounting Standards (CAS) for the presentation of the statement of financial activities which differs from FRS 1 presentation of Statement of Profit or Loss and Other Comprehensive Income.

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards and interpretations of FRSs (INT FRSs) that are effective for annual financial periods beginning on or after 1 April 2017. The adoption of these standards and interpretations did not have any effect on the financial activities or position of the Company.

2.3 Standards issued but not yet effective

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

	<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
FRS 109	: Financial Instruments	1 January 2018
FRS 115	: Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 115	: Effective Date of FRS 115 Clarifications to FRS 115	1 January 2018
INT FRS 122	: Revenue from Contracts with Customers Foreign Currency Transactions and Advance Considerations	1 January 2018
FRS 116	: Leases	1 January 2019
INT FRS 123	: Uncertainty over Income Tax Treatments	1 January 2019

Except for the FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the FRS 109, FRS 115 and FRS 116 are described below.

FRS 109 Financial Instruments

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

The Company plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

The Company has performed a preliminary impact assessment of adopting FRS 109 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Company adopts FRS 109 in 2018.

(a) *Classification and Measurement*

The Company's debt instruments are expected to give rise to cash flows representing solely payments of principal and interest. The Company intends to hold its currently held-to-maturity debt instruments assets amounting to \$1,787,759 to collect contractual cash flows, and accordingly measured at amortised cost when it applies FRS 109. The Company does not expect any significant impact to arise from these changes.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Standards issued but not yet effective (Continued)

FRS 109 Financial Instruments (Continued)

(b) *Impairment*

FRS 109 requires the Company to record expected credit losses on all of its debt instruments and receivables, either on a 12-month or lifetime basis. The Company expects to apply the simplified approach and record lifetime expected losses on all receivables. Upon application of the expected credit loss model, the Company does not expect any significant impact to arise.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers and introduces new contract cost guidance. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on or after 1 January 2018.

The Company has performed a preliminary impact assessment of adopting FRS 115 based on currently available information. This assessment may be subject to changes arising from ongoing analysis until the Company adopts FRS 115 in 2018.

The Company plans to adopt the changes in accounting policies retrospectively to each reporting year presented, using the full retrospective approach. The Company does not expect any significant impact to arise from these changes.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on the statement of financial position 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 exemption for lessees - leases of 'low value' assets and short-term leases which do not contain any purchase options. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Company is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Company expects the adoption of the new standard may result in an increase in total assets and total liabilities, earnings before interest, taxes, depreciation and amortisation (EBITDA) and gearing ratio.

2.4 Functional currency

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be SGD. Donation received, fees and major operating expenses are denominated in SGD.

2.5 Cash and cash equivalents

Cash and cash equivalents comprised of cash on hand, fixed deposits and bank balances which are subjected to an insignificant risk of changes in value. Cash and cash equivalents carried in the statement of financial position is classified and accounted for as loans and receivables under FRS 39.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Financial assets

(a) Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

(b) Regular way purchases and sales of financial assets

All regular way purchases and sales of financial assets are recognised or de-recognised on the trade date i.e. the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned.

(c) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment.

Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

The Company classifies the following financial assets as loans and receivables:

- cash and cash equivalents
- receivables, excluding prepayments

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Financial assets (Continued)

(d) *Derecognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and, where applicable, any cumulative gain or loss that had been recognised in other comprehensive income, is recognised in profit or loss.

2.7 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the financial asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written-off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Heritage materials

Heritage materials purchased by the Company are capitalised and recognised in the statement of financial position at cost, where such cost is reasonably obtainable and reliable. Such items are not depreciated.

2.9 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any impairment. The cost of plant and equipment initially recognised includes its purchase price and any directly attributable costs of bringing the plant and equipment to working condition for its intended use. Subsequent expenditure relating to plant and equipment that has 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. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is calculated on a straight-line basis over their estimated useful lives of the assets as follows:

	<u>Years</u>
Computers	- 3
Office equipment	- 3
Furniture and fixtures	- 5
Renovation	- 8

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the statement of financial activities in the year the asset is derecognised.

2.10 Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives are as follows:

Web portal and mobile application	- 3 years
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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss

2.12 Financial liabilities

(a) *Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

(b) *Subsequent measurement*

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

Financial liabilities include other payables, excluding deferred interest income and rental received in advance.

(c) *Derecognition*

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Government grants

Grants utilised for the purchase of heritage materials are taken to the heritage capital reserve.

Government grants and contributions from other organisations to finance the current financial year's operating expenses are recognised as income in the same financial year when there is reasonable assurance that the grant will be received and the attaching conditions will be complied with. Government grants shall be recognised in statement of financial activities on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

2.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events where it is probable that it will result in an outflow of economic benefits to settle the obligation and the amount of the obligation can be estimated reliably. Where the Company expects some or all of the provision to be reimbursed, the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.15 Employee benefits

(a) *Defined contribution plan*

As required by law, the Company makes contributions to the state pension schemes, the Central Provident Fund (CPF). CPF contributions are recognised as compensation expenses in the same period as the employment that gives rise to the contribution.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they are accrued to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees at the end of the reporting period.

2.16 Endowment fund

This is maintained for funds raised by the Company as well as dollar-for-dollar government matching grants up to \$2 million. Government matching grants are recorded on an accrual basis to match the funds raised by the Company.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the income can be reliably measured, regardless of when the payment is made. Revenue is measured at fair value of consideration received or receivable taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised.

(a) Donations and corporate sponsorship

Income from donations of individuals and corporate sponsorship are accounted for when received, except for committed donations and corporate cash sponsorship that are recorded when the commitments are signed.

(b) Rental income

Revenue arising from rental income from operating lease is recognised on a straight-line basis in accordance with substance of the relevant agreements.

(c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate that takes into account the effective yield on the asset.

(d) Programme income

Revenue from heritage programmes and programme revenue are recognised when programmes are conducted.

2.18 Operating leases

Leases where the lessor effectively retains substantially all the risk and benefit of ownership of the leased assets, are classified as operating leases.

(a) As lessee

Operating lease payments are charged to profit or loss on a straight line basis over the period of the lease term.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(b) As lessor

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 basis as rental income. The accounting policy for rental income is set out in Note 2.17(b). Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgments made in applying accounting policies

The management is of the opinion that there are no significant judgements (other than those involving estimates) that have a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Useful lives of plant and equipment and intangible asset

The useful life of an item of plant and equipment and intangible asset is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Company's plant and equipment and intangible asset as at 31 March 2018 were \$27,376 (2017: \$50,948) and \$NIL (2017: \$14,241), respectively.

4 RELATED PARTY TRANSACTIONS

A related party includes the trustees/office bearers (that is, directors) and key management of the Company. It also includes an entity or person that directly or indirectly controls, is controlled by, or is under common or joint control with these persons. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual. The Board of Directors of the Company are considered as key management personnel.

The Company regards National Heritage Board (NHB) as a related party by virtue of common member.

It is not the practice for the directors/office bearers, or people connected with them, to receive remuneration, or other benefits, from the Company for which they are responsible, or from institutions connected with the Company.

There is no (2017: NIL) compensation paid to the board of directors during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

4 RELATED PARTY TRANSACTIONS (Continued)

Significant related party transactions

	<u>2018</u>	<u>2017</u>
	\$	\$
<i>Related party, National Heritage Board (NHB)</i>		
Rental expense borne by NHB on behalf of the Company	2	2
NHB fee (Accrual)	<u>31,283</u>	<u>29,692</u>

Memorandum of understanding (MOU)

The Company signed an MOU with NHB on 11 March 2009. In accordance with the MOU, NHB will provide for a one-time direct development grant to cover 95% of the development cost and will provide for funds to cover 99% of the recurring operating costs of the Malay Heritage Centre. The Company will contribute the remaining 1% of the operating cost which is paid to NHB as NHB fee.

Tenancy agreement

The tenancy agreement was entered between the Company and NHB on 1 December 2017 in respect of the property situated at 73 Sultan Gate Singapore 198497 and 85 Sultan Gate Singapore 198501 from 1 December 2017 to 30 November 2020 for an annual rent of \$2.

Heritage Project Grant – Warisan.SG

During the previous financial year, the National Heritage Board (NHB) approved the Heritage Project Grant application of The Malay Heritage Foundation amounting to \$10,140. The Company received the amount upon final completion of the project.

There is no grant received from NHB during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

5 DETAILED STATEMENT OF FINANCIAL ACTIVITIES

<u>2018</u>	<u>UNRESTRICTED FUNDS</u>	<u>RESTRICTED FUNDS</u>	<u>TOTAL</u>
	<u>General</u>		
	\$	\$	\$
INCOME			
<i>Income from generated funds</i>			
<i>Voluntary income</i>			
Donations – Tax-Exempt	11,760	-	11,760
	<u>11,760</u>	<u>-</u>	<u>11,760</u>
<i>Activities for generating funds</i>			
Rental income – Gedung Kuning (Fixed)	220,000	-	220,000
Rental income – Gedung Kuning (Variable)	10,229	-	10,229
	<u>230,229</u>	<u>-</u>	<u>230,229</u>
<i>Investment income</i>			
Interest income	82,620	-	82,620
	<u>82,620</u>	<u>-</u>	<u>82,620</u>
<i>Income from charitable activities</i>			
Operating grant	43,280	-	43,280
	<u>43,280</u>	<u>-</u>	<u>43,280</u>
<i>Other income</i>			
Sundry income	3,514	-	3,514
Book Sales	853	-	853
	<u>4,367</u>	<u>-</u>	<u>4,367</u>
TOTAL INCOME	<u>372,256</u>	<u>-</u>	<u>372,256</u>
EXPENDITURES			
<i>Cost of charitable activities</i>			
Corporate planning	(1,170)	-	(1,170)
Depreciation & Amortisation expense	(37,813)	-	(37,813)
Events, programmes - Design for Heritage Markers			
Kampong Glam Conservation	(20,850)	-	(20,850)
Events, programmes - Intern	(59,701)	-	(59,701)
Events, programmes - Project fee	(7,872)	-	(7,872)
Events, programmes - Web Portal Maintenance	(8,080)	-	(8,080)
IT and telecommunication expenses	(2,789)	-	(2,789)
Miscellaneous	(25,345)	-	(25,345)
National Heritage Board fee	(31,285)	-	(31,285)
Rental - Photocopier machine	(2,311)	-	(2,311)
Repair and maintenance	(5,226)	-	(5,226)
Salaries, CPF and other benefits	(132,515)	-	(132,515)
	<u>(334,957)</u>	<u>-</u>	<u>(334,957)</u>
<i>Governance costs</i>			
Accounting fees	(22,256)	-	(22,256)
Audit fees	(6,955)	-	(6,955)
Bank charges	(274)	-	(274)
Secretarial fees	(3,317)	-	(3,317)
Payroll fees	(2,087)	-	(2,087)
	<u>(34,889)</u>	<u>-</u>	<u>(34,889)</u>
TOTAL EXPENDITURES	<u>(369,846)</u>	<u>-</u>	<u>(369,846)</u>
NET INCOME FOR THE FINANCIAL YEAR	<u>2,410</u>	<u>-</u>	<u>2,410</u>

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

5 DETAILED STATEMENT OF FINANCIAL ACTIVITIES (continued)

<u>2017</u>	<u>UNRESTRICTED FUNDS</u>	<u>RESTRICTED FUNDS</u>	<u>TOTAL</u>
	<u>General</u>		
	\$	\$	\$
INCOME			
<i>Income from generated funds</i>			
<u>Voluntary income</u>			
Donations – Tax-Exempt	57,530	-	57,530
Donations – Non-Tax-Exempt	10	-	10
	<u>57,540</u>	<u>-</u>	<u>57,540</u>
<u>Activities for generating funds</u>			
Rental income – Gedung Kuning (Fixed)	204,000	-	204,000
Rental income – Gedung Kuning (Variable)	22,200	-	22,200
	<u>226,200</u>	<u>-</u>	<u>226,200</u>
<u>Investment income</u>			
Interest income	92,139	-	92,139
	<u>92,139</u>	<u>-</u>	<u>92,139</u>
<i>Income from charitable activities</i>			
Operating grant	93,380	-	93,380
National Arts Council Grant	6,500	-	6,500
	<u>99,880</u>	<u>-</u>	<u>99,880</u>
<i>Other income</i>			
Sundry income	2,464	-	2,464
Book Sales	1,885	-	1,885
	<u>4,349</u>	<u>-</u>	<u>4,349</u>
TOTAL INCOME	<u>480,108</u>	<u>-</u>	<u>480,108</u>
EXPENDITURES			
<i>Cost of charitable activities</i>			
Corporate planning	(1,097)	-	(1,097)
Donations & Sponsorship to community partners	(30,000)	-	(30,000)
Depreciation & Amortisation expense	(64,263)	-	(64,263)
Events, programmes - Intern	(37,401)	-	(37,401)
Events, programmes - Masterplan animation	(8,560)	-	(8,560)
Events, programmes - Project fee	(12,550)	-	(12,550)
Events, programmes - Publications of Heritage Series	(26,559)	-	(26,559)
Events, programmes - Training & Workshop	(13,000)	-	(13,000)
Events, programmes - Web Portal Maintenance	(3,600)	-	(3,600)
IT and telecommunication expenses	(2,663)	-	(2,663)
Miscellaneous	(6,186)	-	(6,186)
National Heritage Board fee	(29,692)	-	(29,692)
Rental - Photocopier machine	(2,375)	-	(2,375)
Repair and maintenance	(3,898)	-	(3,898)
Salaries, CPF and other benefits	(145,831)	-	(145,831)
	<u>(387,675)</u>	<u>-</u>	<u>(387,675)</u>
<i>Governance costs</i>			
Accounting fees	(22,256)	-	(22,256)
Audit fees	(8,025)	-	(8,025)
Bank charges	(242)	-	(242)
Secretarial fees	(2,247)	-	(2,247)
Payroll fees	(2,087)	-	(2,087)
	<u>(34,857)</u>	<u>-</u>	<u>(34,857)</u>
TOTAL EXPENDITURES	<u>(422,532)</u>	<u>-</u>	<u>(422,532)</u>
NET INCOME FOR THE FINANCIAL YEAR	<u>57,576</u>	<u>-</u>	<u>57,576</u>

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

6 CASH AND CASH EQUIVALENTS

	<u>2018</u>	<u>2017</u>
	\$	\$
Cash on hand	200	145
Fixed deposits	1,725,207	1,508,416
Cash at banks	1,227,101	1,367,058
	<u>2,952,508</u>	<u>2,875,619</u>

Cash at banks are held in non-interest bearing accounts.

Fixed deposits earn interest at rates ranging from 0.70% to 2.05% (2017: 1.05% to 2.05%) per annum and have maturity periods ranging from 3 to 24 months (2017: 3 to 48 months).

For the purpose of the statement of cash flows, cash and cash equivalents are made up of the balances as shown above.

Cash and cash equivalents are denominated in Singapore Dollar.

7 RECEIVABLES

	<u>2018</u>	<u>2017</u>
	\$	\$
Rental income receivable	-	68,164
Accrued income	41,980	92,530
Interest receivables	17,773	15,412
Deposits	3,162	3,162
Prepayments	4,069	1,043
Other debtors	288	621
	<u>67,272</u>	<u>180,932</u>
Total receivables (excluding prepayments)	63,203	179,889
Add: Cash and cash equivalents (Note 6)	2,952,508	2,875,619
Total loans and receivables	<u>3,015,711</u>	<u>3,055,508</u>

Receivables that are past due but not impaired

The Company has no (2017: \$68,164) receivables that are past due but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period are as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
<u>Receivables that are past due</u>		
Less than 30 days	-	20,596
31 to 60 days	-	37,376
More than 60 days	-	10,192
	<u>-</u>	<u>68,164</u>

Receivables that are past due and impaired

The Company has no (2017: NIL) receivables that are past due and impaired at the end of the reporting period.

Receivables are denominated in Singapore Dollar.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

8 HERITAGE MATERIALS

	<u>2018</u> \$	<u>2017</u> \$
<u>At cost</u>		
Balance at beginning and end of financial year	<u>49,772</u>	<u>49,772</u>

The heritage materials include the museum artifacts such as antique Malay magazines and documents, religious books and other objects which showcase heritage values and culture.

9 PLANT AND EQUIPMENT

	<u>Computers</u> \$	<u>Office equipment</u> \$	<u>Furniture & fixtures</u> \$	<u>Renovation</u> \$	<u>Total</u> \$
Cost					
At 31.03.2016	11,597	934	111,074	191,625	315,230
Additions	2,117	-	-	-	2,117
At 31.03.2017	<u>13,714</u>	<u>934</u>	<u>111,074</u>	<u>191,625</u>	<u>317,347</u>
Additions	-	-	-	-	-
At 31.03.2018	<u>13,714</u>	<u>934</u>	<u>111,074</u>	<u>191,625</u>	<u>317,347</u>
Accumulated depreciation					
At 31.03.2016	9,282	934	90,764	120,142	221,122
Charge for the financial year	1,973	-	19,351	23,953	45,277
At 31.03.2017	<u>11,255</u>	<u>934</u>	<u>110,115</u>	<u>144,095</u>	<u>266,399</u>
Charge for the financial year	1,225	-	575	21,772	23,572
At 31.03.2018	<u>12,480</u>	<u>934</u>	<u>110,690</u>	<u>165,867</u>	<u>289,971</u>
Net carrying amount					
At 31.03.2017	<u>2,459</u>	<u>-</u>	<u>959</u>	<u>47,530</u>	<u>50,948</u>
At 31.03.2018	<u>1,234</u>	<u>-</u>	<u>384</u>	<u>25,758</u>	<u>27,376</u>

10 INTANGIBLE ASSET

	<u>Web portal and mobile application</u> \$
Cost	
At 31.03.2016	56,960
Additions	-
At 31.03.2017	<u>56,960</u>
Additions	-
At 31.03.2018	<u>56,960</u>
Accumulated amortisation	
At 31.03.2016	23,733
Charge for the financial year	18,986
At 31.03.2017	<u>42,719</u>
Charge for the financial year	14,241
At 31.03.2018	<u>56,960</u>
Net carrying amount	
At 31.03.2017	<u>14,241</u>
At 31.03.2018	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

11 INVESTMENTS – HELD TO MATURITY

	<u>2018</u> \$	<u>2017</u> \$
<u>Non-current</u> Bonds (quoted)	<u>1,787,759</u>	<u>1,530,188</u>

Financial assets classified as held-to-maturity investments are stated at amortised cost.

As at 31 March 2018, the quoted bonds have fair values amounting to \$1,757,910 (2017: \$1,530,448), with coupon rates ranging from 2.950% to 4.250% (2017: 2.950% to 5.375%) per annum and maturity dates ranging from 2022 to 2049 (2017: 2021 to 2049).

Investments held-to-maturity are denominated in Singapore Dollar.

12 PAYABLES

	<u>2018</u> \$	<u>2017</u> \$
Accrued expenses	50,219	51,622
Rental security deposit	126,000	52,500
Rental received in advance	105,000	-
Accounts payable – external party	1,962	482
Deferred interest income	2,598	308
Others	3,058	3,348
	<u>288,837</u>	<u>108,260</u>
Total financial liabilities carried at amortised cost (excluding deferred interest income and rental received in advance)	<u>181,239</u>	<u>107,952</u>

Payables are denominated in Singapore Dollar.

THE MALAY HERITAGE FOUNDATION LTD
Company Registration No.: 199904358R

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

13 FUNDS

	UNRESTRICTED FUNDS	RESTRICTED FUNDS			TOTAL
	General Fund	Heritage Capital Reserve	Endowment Fund	Subtotal	
	\$	\$	\$	\$	\$
Balance at 31 March 2016	450,157	49,772	4,035,935	4,085,707	4,535,864
Net income for the financial year	57,576	-	-	-	57,576
Balance at 31 March 2017	507,733	49,772	4,035,935	4,085,707	4,593,440
Net income for the financial year	2,410	-	-	-	2,410
Balance at 31 March 2018	510,143	49,772	4,035,935	4,085,707	4,595,850

(a) *Heritage Capital Reserve*

The Heritage Capital Reserve comprises grants received and utilised for the purchase of heritage materials.

(b) *Endowment Fund*

The Endowment fund is maintained for funds raised by the Company as well as dollar-for-dollar government matching grants up to \$2 million. The Company may, at the discretion of its directors, use the Endowment Funds for any purposes, including for investments, provided that it is incidental, necessary, beneficial or conducive to the attainment of the objects of the Company as stated in the Constitution.

NOTES TO THE FINANCIAL STATEMENTS
 For the financial year ended 31 March 2018

14 INCOME TAX

The Company is a registered Charity and its income is exempted from income tax.

15 TAX-EXEMPT RECEIPTS

During the financial year, the Company issued tax-exempt receipts for donations collected amounting to \$11,760 (2017: \$57,530).

16 OPERATING LEASE COMMITMENTS

(a) *As lessee*

(i) The Company has renewed lease agreements with National Heritage Board for the lease of 73 Sultan Gate, Singapore 198497 and 85 Sultan Gate, Singapore 198501 from 1 December 2017 to 30 November 2020 for annual rent of \$2.

(ii) The Company has also entered into non-cancellable operating lease commitments as a lessee on its photocopier machine.

The lease of the photocopier machine has a tenure of 5 years.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 March 2018 amounted to \$2,311 (2017: \$2,375).

The payable non-cancellable operating leases as of 31 March are as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Within one financial year	2,160	2,160
Within two to five financial years	6,900	9,060
	<u>9,060</u>	<u>11,220</u>

(b) *As lessor*

The Company has entered into non-cancellable operating lease commitments as a lessor on the premises at 73 Sultan Gate, Singapore 198497. The lease has a renewed tenure commencing from 30 November 2017 to 29 November 2020.

The lessee is required to pay fixed annual increase to the lease payments and contingent rents computed based on their gross sales achieved during the lease period. The lease has renewal term for another 3 years.

Rental income and contingent rent income recognised in profit or loss for the financial year ended 31 March 2018 amounted to \$220,000 (2017: \$204,000) and \$10,229 (2017: \$22,200) respectively.

The receivable non-cancellable operating leases as of 31 March are as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Within one financial year	147,000	170,000
Within two to five financial years	420,000	-
	<u>567,000</u>	<u>170,000</u>

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

17 FINANCIAL INSTRUMENTS

(a) *Financial risk management objectives and policies*

The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The Company has no significant exposure to market risk. The board policies for managing these risks are summarised below.

There has been no change to the Company's exposures to these financial risks or the manner in which it manages and measures the risks.

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 risk arises primarily from cash and cash equivalents, receivables and investments – held to maturity.

For financial assets that is cash and cash equivalents and receivables, the management minimises credit risk by dealing exclusively with reputable tenant and financial institutions with high credit ratings. In addition the Company has a policy to ensure that they minimise their credit risk in investments – held to maturity by dealing only with reputable fund managers and ensure that they invest in accordance to the Company's objectives.

Exposure to credit risk

The carrying amount of cash and cash equivalents, receivables and investments – held to maturity represent the Company's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

Credit risk concentration profile

The Company has no (2017: NIL) concentration of credit risk with any single counterparty.

Financial assets that are neither past due nor impaired

Receivables that are neither past due nor impaired are receivables with good payment record with the Company. Cash and cash equivalents and investments – held to maturity that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 7 to the financial statements.

Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

In the management of liquidity risk, the management monitors and maintains a level of cash and cash equivalents deemed adequate by the management to meet its operating expense at all time.

At the end of the reporting period, the Company has non-derivative financial liabilities that are payables amounting to \$181,239 (2017: \$107,952) which will mature within 1 year or less or repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

17 FINANCIAL INSTRUMENTS (Continued)

(b) Fair values of financial assets and financial liabilities

The fair value of financial assets and financial liabilities reported in the statement of financial position approximates the carrying amounts of those assets and liabilities, as these are short term in nature except for investments – held to maturity.

During the financial year, no amount (2017: NIL) has been recognised in profit or loss in relation to the changes in fair value of financial assets or financial liabilities, estimated using a valuation technique.

The Company has no fair value measurement hierarchy recognised in the statement of financial position as at the end of the reporting period.

Investments – Held to maturity

Fair value is determined directly by reference to their published market bid price at the end of the reporting period. The fair value of investments – held to maturity is disclosed on Note 11.

18 MANAGEMENT OF RESERVES

The Company regards its unrestricted general fund as its reserves. The Company's reserve policy requires it to maintain sufficient reserve to ensure long term financial sustainability and continuity for the purpose of operating effective programmes. This includes transfer between funds.

The Company's overall strategy remains unchanged from the previous financial year.

The Company is not subject to any externally imposed capital requirements.