



COMPOSERS AND AUTHORS SOCIETY OF SINGAPORE LIMITED

*Guardian of Copyright Music*

Association of Copyright Music

COMPOSERS AND AUTHORS SOCIETY OF SINGAPORE LIMITED

# ANNUAL REPORT

## 2017

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# MESSAGE FROM THE CEO:

## 1. Revenue

COMPASS achieved total revenue of more than \$24.7 million for the year 2017, an all-time high again for the company and close to 7.1% increase from the previous fiscal year. We have recorded 24 years of consecutive growth since 1993. Overall it was an excellent performance in the context of a low-tier economic growth of slightly more than 3%.

Incomes arising from the local market grew at a healthy pace of 5.4%. Overseas revenue, however, recorded a sharp increase of about 62%, mainly from Taiwan and China - an encouraging sign that members are doing well regionally.

Renewals of existing licences recorded a modest increase of 2.4% indicating that the entertainment business sector has stabilised following a decline in the previous year. New Business, however, has significantly improved, recording an increase of \$1.2 million of new businesses owing to increased effort by the Licensing Department in revisiting areas that were licensed.

Once-off permits continued its growth path over the last few years albeit at a slower pace – 6.3%. There were more popular concerts suggesting a sustained interest in “live” music performances.

New Media’s income registered an increase of more than 75% despite the withdrawal of performing rights (including the publisher shares) by major US and UK societies. Most digital licences now require COMPASS to make claims from the list of works submitted by licensees. IT system has been upgraded to expedite the process and accuracy of identifying works under our administration.

Broadcast and Cable TV recorded a decrease of 16% without MIO TV income which has failed to pay. The declining revenue from StarHub has also contributed to the decrease.

Mechanical royalties, after registering a respectable 151% increase in 2016, declined this year by 69%.

Investment income continued to increase over the previous fiscal year by more than 7.6% with returns coming from bonds and agreements entered with banks to generate interest from our current account maintained with them.

## 2. Expenditure

The total expenditure for the year 2017 was about \$3.16 million about 14% less than in the previous year and 14.4% less than the amount allocated in the budget. This is despite the significant increase in maintenance and depreciation for the new office premise. Consequently, the expense to collection ratio is at an extraordinary low rate of 12.8% - a significant achievement.

## 3. Net Distributable Income

The Society's net distributable income for the year is about 12.7% more than in previous year's which is commendable despite a significant loss in licensing repertoire in the fast-growing New Media.

## 4. Licensing Activities

The Ministry of Law and Intellectual Property Office of Singapore launched a major exercise in October 2016 to review the Copyright Act. There are 16 major proposed changes.

COMPASS has given its detailed feedback to the Government on the proposed changes in the copyright regime. In addition, COMPASS has asked for greater clarity on the legal obligations of satellite broadcasters up-linking their signals from Singapore.

We had a round of meeting with Government officials concerning our feedback.

## 5. Membership

New members are continually admitted. The membership strength as at 31st December 2017 is 2446 members (updated 2016: 2226). This represents an increase of 224 new members during the year, comprising of 218 writers, 6 publishers and 1 successorship. The breakdown of members is as follows:-

	<b>Writer</b>	<b>Publisher</b>
Associate	1,772	53
Full	591	29
<b>Total</b>	<b>2,363</b>	<b>82</b>

## **6. Member and Public Relations Activities**

### **A) COMPASS Awards**

The 22nd COMPASS Awards was successfully held on 3 September 2017 at Resorts World Sentosa for the fifth year running. The Guest of Honour was Mr Tan Chuan-Jin (f.k.a. Minister for Social and Family Development, n.k.a. Speaker of Parliament). This year's programming was an interesting mix with Dick Lee, Taufik, Charlie Lim, Tat Tong and Daphne Khoo, along with Md Raffee (The Vasantham Boyz), Law Wai Lun and Elaine Chan.

### **B) Going Local @ Paragon, Timbre+ and Barber Shop**

COMPASS held periodic performance sessions at Timbre+ (3 sessions), Barber Shop (3 sessions) and finally at Paragon (17 sessions). The premise of the project is to promote local songs in local establishments. Response has been better this year with larger audiences.

### **C) Yellow Ribbon Project Songwriting Competition 2017**

The annual Yellow Ribbon Project Songwriting Competition 2017 led by COMPASS was held in Singapore Prison Service (Changi) from March to June. The programme has now gained popularity and is much anticipated by participants. The premise of the programme is to encourage participants to create heartfelt songs to their families and loved ones and this year's theme is 'Beyond Here' suggested by Singapore Prison Service.

The programme has been so successful with the adult male and teen clusters in the past that SCORE has decided to extend the programme in 2017 to the female clusters as well.

With the inclusion of the female participants in 2017, they managed to bag the Top and Runner-up positions of the competition and were the crowd favourites.



## **E) Songwriting Camp (Collaboration with Funkie Monkeys Music)**

This is a dual-faceted event comprising of a songwriting competition with mentorship as well as a symposium the following day. This is the second year in which COMPASS has collaborated with FM Music and the event is supported by Noise Singapore (NAC) as well as mm2. The songs from 2016 were pitched to regional (mandarin) artistes and songwriters from the camp have since published songs in albums of regional artistes such as Andy Lau, Stefanie Sun, BE4 and various other Taiwanese and Chinese artists. The mentors for 2017 included Benjamin Lim (A&R, Lyricist, Composer, Producer – Taiwan), Alex Ni (Songwriter / Producer – Taiwan), Jessica Chang (Creative Executive – Warner Chappell Taiwan), Monica Lee (President, Warner Chappell Asia-Pacific). The competitors are young fresh faces to the industry and the standard for 2017 was further raised as compared to 2016. The participants in 2017 comprised of new and younger faces as compared to 2016 and the quality of 2017's entries seem to have a marked improvement with a finished complete element to the songs.

## **F) Sponsorships**

In Year 2017 COMPASS supported numerous music events and projects. Local music societies and individuals continue to write in to request for assistance in their music projects. There is now more awareness of the availability of funding / sponsorships by other organisations (eg: National Arts Council) and hence, the amount of sponsorship requests are capped modestly at \$174,793.20 compared with \$369,541.99 in 2016.

## **7. ISO 9000 Certification**

Our ISO certification was renewed following audit on 17th Feb 2017. COMPASS still remained the only collective society in Asia to achieve ISO 9000.

## **8. MISASIA & IT**

Stage 1 of MISASIA 2.0 has been successfully implemented at COMPASS and is able to better cope with the increased expectations of the users. The other modules are being continually updated and tested before implementation.

## **9. Conclusion**

Singapore's economy in 2018 is expected to remain buoyant and recording modest growth of 3%, same as in 2017. COMPASS is expected to do well with relatively good financial results. Its public branding remains solid with sound corporate governance in place incorporating proper checks and balances. Overall, the picture for COMPASS in 2018 remains excellent.

# BOARD OF DIRECTORS

(1<sup>ST</sup> JANUARY 2017 – 31<sup>ST</sup> DECEMBER 2017)

## WRITER DIRECTORS 作家董事



**Mr. Jeremy Ian Monteiro**



**Mr. Chang Kwai Ming** (Dec'd: 1939 - 2017)  
Chairman: Special Elected Director who represented  
genre of serious/classical music



**Mr. Melvin S. Ferdinands**



**Mr. Eddino Abdul Hadi**



**Mr. Mohamed Noor Mohamed Yusofe**  
Special Elected Director representing genre of Malay music



**Dr. Liang Wern Fook**

## PUBLISHER DIRECTORS 出版商董事



**Ms Sharon Chua**  
Sony Music Publishing



**Mr. Andrew Wong**  
Forward Music Publishing



**Mr. Chong Yun Xiang**  
Touch Music Publishing

## CEO & Director 總裁兼董事



**Dr. Edmund Lam**

## Independent Director 獨立董事



**Mr. Choo Thiam Siew**



# Composition of Standing Committees 2017

The standing Committees are formed to help guide and propose recommendations to the Council on areas under their respective charge.

## Management Committee 管理委员会

### Terms of Reference

1. To oversee the appointment of senior management and their remuneration packages.
2. To review and endorse recommendations proposed by CEO on major staff matters like annual wage increment, performance bonus, welfare benefits.
3. To review and endorse recommendations proposed by the CEO on annual budget and major expenditures.

Chairman Chang Kwai Ming

Members Jeremy Monteiro  
Yusnor Ef  
Melvin Ferdinands  
Sharon Chua  
(Sony Music)

## Public & Member Relations Committee 会员与公共关系委员会

1. To help enhance the public image of COMPASS through directing various activities, such as, song-writing competitions, public musical events, newsletters, event sponsorships.
2. To review and make recommendations on applications for music and event sponsorships.
3. To review and recommend membership applications.
4. To review and make recommendations on matters related to Members' welfare benefits.

Chairman Melvin Ferdinands

Members Chang Kwai Ming  
Liang Wern Fook  
Yusnor Ef  
Jeremy Ian Monteiro  
Eddino Abdul Hadi

## Licensing & Distribution Committee 税收与分派制度委员会

1. To review and make recommendations on proposed changes to the distribution rules.
2. To review and make recommendations on major licensing matters referred by the CEO & Director.
3. To review and propose follow-up actions on complaints and disputes involving Members and Licensees that could not be resolved at management level.

Chairman Jeremy Monteiro

Members Chang Kwai Ming  
Melvin Ferdinands  
Andrew Wong  
(Forward Music)  
Sharon Chua  
(Sony Music)  
Ang Jun Yang  
(Touch Music)

# HIGHLIGHTS OF THE YEAR



## 22<sup>nd</sup> COMPASS AWARDS PRESENTATION 2017







**TAT TONG**  
(COMPOSER & LYRICIST)

**TOP LOCAL ENGLISH POP SONG**  
22ND COMPASS AWARDS PRESENTATION 2017



**LEE SHIH SHIONG**  
(COMPOSER)

**TOP LOCAL CHINESE POP SONG**  
22ND COMPASS AWARDS PRESENTATION 2017



**TAUFIK BATISAH**  
(COMPOSER & LYRICIST)

**TOP LOCAL MALAY POP SONG**  
22ND COMPASS AWARDS PRESENTATION 2017

## COMPASS AWARD RECIPIENTS



**ALEX OH (L) & JOE NG (R)**

**TOP LOCAL SOUNDTRACK**  
22ND COMPASS AWARDS PRESENTATION 2017



**ERIC CHIRYOKU**

**TOP LOCAL INSTRUMENTAL CONTEMPORARY**  
22ND COMPASS AWARDS PRESENTATION 2017



**DAPHNE KHOO**

**YOUNG SONGWRITER OF THE YEAR**  
22ND COMPASS AWARDS PRESENTATION 2017



CHARLIE LIM

YOUNG SONGWRITER OF THE YEAR  
22ND COMPASS AWARDS PRESENTATION 2017



HYPE 2 PTE LTD

TOP LOCAL PUBLISHER OF THE YEAR  
22ND COMPASS AWARDS PRESENTATION 2017

## COMPASS AWARD RECIPIENTS



UNIVERSAL MUSIC PUBLISHING PTE LTD  
(Represented by: Ms Eunice Chow, A&R/Licensing Manager)

TOP PUBLISHER (OVERALL) OF THE YEAR  
22ND COMPASS AWARDS PRESENTATION 2017



JJ LIN

TOP LOCAL SONGWRITER OF THE YEAR  
TOP LOCAL ARTISTE OF THE YEAR  
22ND COMPASS AWARDS PRESENTATION 2017



ELAINE CHAN

ARTISTIC EXCELLENCE AWARD  
22ND COMPASS AWARDS PRESENTATION 2017





LAW WAI LUN

ARTISTIC EXCELLENCE AWARD  
22ND COMPASS AWARDS PRESENTATION 2017



YEO POH CHUAN

ARTISTIC EXCELLENCE AWARD  
22ND COMPASS AWARDS PRESENTATION 2017



ZUBIR BIN ABDULLAH

MERITORIOUS AWARD  
22ND COMPASS AWARDS PRESENTATION 2017

## COMPASS AWARD RECIPIENTS



DR TAY TEOW KIAT

MERITORIOUS AWARD  
22ND COMPASS AWARDS PRESENTATION 2017



SIN KWOK TOONG

MERITORIOUS AWARD  
22ND COMPASS AWARDS PRESENTATION 2017



MOHAMED RAFFEE BIN SYED YAKOB

WINGS OF EXCELLENCE AWARD  
22ND COMPASS AWARDS PRESENTATION 2017

## AWARD RECIPIENTS



DICK LEE

LIFETIME ACHIEVEMENT AWARD  
22ND COMPASS AWARDS PRESENTATION 2017



EDDINO BIN ABDUL HADI

PATRON OF MUSIC  
22ND COMPASS AWARDS PRESENTATION 2017



# GOING LOCAL 2017



## PARAGON



## TIMBRE+



## BARBER SHOP BY TIMBRE





# MUSIC SOCIETEA

## 1<sup>ST</sup> SESSION: 小寒 (XIAOHAN) & ZAHARIAN OSMAN



## 2<sup>ND</sup> SESSION: DICK LEE



## 3<sup>RD</sup> SESSION: 何維健 (DERRICK HOH)



# YELLOW RIBBON SONGWRITING COMPETITION 2017



## FUNKIE MONKIES: THE PROFESSIONAL SONGWRITING CAMP









# Support for Choral Music

(Young Singers Choir / National Theatre Children's Choir)



# Support for Jazz

(Jazz Association, Singapore)



JAZZ ASSOCIATION (SINGAPORE) PRESENTS

**THE LION CITY YOUTH JAZZ FESTIVAL**

FEATURING THE JAZZ ASSOCIATION OF SINGAPORE YOUTH ORCHESTRA, JazzyO! & MENTORS

**MUSIC DIRECTOR:** JEREMY MONTEIRO  
**ARTISTIC DIRECTOR:** BENNY GOLSON  
**GUEST MUSICIANS:** FRITZ K. PERSON

**MENTORS:** TONY LAARFOS, ANDREW LIM, FREDAN LIM, EIROU NAMAHARA, DAVID STRICK, ALEX SPURIN, THOMAS SERRATANA

VICTORIA THEATRE | 27<sup>TH</sup> MAY 7:30PM | TICKETS AVAILABLE AT SISTIC.COM.SG (\$10, \$75 AND \$40 (GENERAL ADULT TICKETS @ 20%)) | FOR ENQUIRIES CALL 64832001

ORGANIZED AND PRODUCED BY THE JAZZ ASSOCIATION (SINGAPORE) LIMITED IN ASSOCIATION WITH LASALLE COLLEGE OF THE ARTS

OFFICIAL SPONSORS: COSSAN, EFG, AsiaPRVeriz, LASALLE, S.B.E. SINGAPORE EDUCATION



# 2017 SPONSORSHIPS

NO.	APPLICANT	PROJECT / EVENT	AMOUNT
1	Jiu Jian	Jiu Jian With Luv Concert 2017	3,000.00
2	Falling Feathers (JJ Ong)	Sound Recording Production Grant	5,000.00
3	Kraton Music Publishing and Arts	Gagasan Seminars (3 sessions)	2,000.00
4	NTU Music Express	Music Express 23	2,000.00
5	Bel-Voce Music and Arts Centre	Ngian Hong & Friends Concert	2,000.00
6	NTU Impresario	Impresario 2017	1,500.00
7	Tan Zhaohe	Sound Recording Production Grant	5,000.00
8	PERKAMUS	Activities for 2017	55,000.00
9	Republic Polytechnic	Mobile Music Making (M3)	1,000.00
10	Singapore Polytechnic	COMPASS Silver Medal (DMAT)	500.00
11	Metro Philharmonic Society	Ocean of Songs 2017	2,000.00
12	Musicians Society in Singapore	New Melodies in Chinese Music	2,000.00
13	Association of Composers (Sg)	A Feast of Melodious Songs	3,000.00
14	InTune Music	InTune Music 10th Anniversary Concert	5,000.00
15	TAS Theatre Company Sg Ltd	Masterpiece of Lee Ngoh Wah	1,000.00
16	Ngee Ann Polytechnic	Book Prize 2015 / 2016 / 2017 (Mass Comm)	200.00
17	National Theatre Club	In Hearts and Arts	3,000.00
18	Singapore Children's Society	Charity Fundraiser Jun 2017	385.20
19	Melo Art Choir	Stay True To My Heart	2,000.00
20	MUST	Regional Songwriting Camp	3,208.00
21	Guzheng Association	Picturesque 江山如画	3,000.00
22	Mediacorp Pte Ltd	Anugerah Planet Muzik 2017	40,000.00
23	SPH Berita Harian	Berita Harian Annual Awards Dinner 2017	2,000.00
24	NUS	The Dream Composition	1,000.00
25	Choral Association (Singapore)	6th International Chinese Choral Festival	2,000.00
26	Vibrant Music	Vibrant's Ballad 2	2,000.00
27	Meter Field Music Studio	The Meter Music Choir 20th Anniversary Concert	3,000.00
28	Iman's League (Shahreil)	Iman's League Album Tour - Indo & Australia	2,000.00
29	Khair Yasin	Pelajari Cara Gaya Mencipta Seni Kata & Lagu Irama Dondang Khayas / Learn The Techniques of Writing The Rythm of Dondang Music Khayas	3,000.00





# **FINANCIAL STATEMENT**

**(FOR THE YEAR ENDED 2017)**

- Directors' Report
- Statement by Directors
- Independent Auditors' Report
- Statement of Financial Position
- Statement of Comprehensive Income
- Statement of Cash Flows
- Notes to the Financial Statements



**Composers and Authors Society of Singapore Limited**  
**Registration Number: 198701730Z**  
(A Company Limited by Guarantee)

Annual Report  
Year ended 31 December 2017

## **Directors' statement**

On behalf of all the directors of Composers and Authors Society of Singapore Limited, we are pleased to submit this annual report to the members together with the audited financial statements for the financial year ended 31 December 2017.

In our opinion:

- a. the financial statements set out on pages FS1 to FS18 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and the financial performance, changes in funds and reserves, 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 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:

Melvin Stuart Ferdinands  
Mohd Noor Bin Mohd Yusofe  
Jeremy Ian Monteiro  
Liang Wern Fook  
Eddino Bin Abdul Hadi  
Chua Khah Suan  
Wong Fai  
Chong Yun Xiang (Appointed on 30 June 2017)  
Choo Thiam Siew @ Ang Thiam Siew  
Lam Kin Hong Edmund

## **Directors' interests**

As the Company is a company limited by guarantee and has no share capital, the statutory information required to be disclosed by the directors under Section 201(6)(g) and Section 201(12) of the Companies Act, Chapter 50 does not apply.

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

### **Share options**

As the Company is a company limited by guarantee and has no share capital, the statutory information required to be disclosed under Section 201(12) of the Companies Act, Chapter 50 does not apply.

### **Auditors**

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

On behalf of the Board of Directors



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**Melvin Stuart Ferdinands**  
*Director*



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**Lam Kin Hong Edmund**  
*Director*

28 May 2018



## Independent auditors' report

Members of the Company  
Composers and Authors Society

### Report on the audit of the financial statements

#### *Opinion*

We have audited the financial statements of Composers and Authors Society ('the Company'), which comprise the statement of financial position as at 31 December 2017, the statements of profit or loss and other comprehensive income, changes in funds and reserves, and 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 FS18.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') 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 December 2017 and of the financial performance, changes in funds and reserves 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 Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

*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 by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

A handwritten signature in black ink, appearing to read 'KPMG LLP', is written over the printed name.

**KPMG LLP**  
*Public Accountants and*  
*Chartered Accountants*

**Singapore**  
28 May 2018

**Statement of financial position**  
**As at 31 December 2017**

	Note	2017	2016
		\$	\$
<b>Assets</b>			
Property, plant and equipment	5	11,695,972	11,748,379
Other investments	6	13,500,500	11,750,500
<b>Non-current assets</b>		25,196,472	23,498,879
Other investments	6	750,000	1,751,000
Other receivables	7	198,631	190,744
Prepayments		16,426	307,837
Cash and cash equivalents		41,585,901	37,293,427
<b>Current assets</b>		42,550,958	39,543,008
<b>Total assets</b>		67,747,430	63,041,887
<b>Funds attributable to members</b>			
Reserve fund	8	900,394	1,151,043
Retained surplus		343,030	339,486
<b>Total funds</b>		1,243,424	1,490,529
<b>Liabilities</b>			
Trade and other payables	9	66,504,006	61,551,358
<b>Current liabilities/Total liabilities</b>		66,504,006	61,551,358
<b>Total equity and liabilities</b>		67,747,430	63,041,887

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

**Statement of profit or loss and other comprehensive income**  
**Year ended 31 December 2017**

	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
Revenue	10	23,931,322	22,214,792
Other income		949,522	5,859,602
Depreciation of property, plant and equipment		(269,208)	(246,373)
Operating expenses		(965,073)	(1,984,583)
Staff costs		(2,213,809)	(2,204,231)
Royalty distribution to members		(21,429,210)	(22,472,207)
<b>Surplus from operations before tax</b>	11	3,544	1,167,000
Tax expense	12	–	–
<b>Surplus for the year</b>		<b>3,544</b>	<b>1,167,000</b>

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

**Statement of changes in funds and reserves**  
**Year ended 31 December 2017**

	<b>Reserve fund</b>	<b>Retained surplus</b>	<b>Total</b>
	\$	\$	\$
At 1 January 2016	6,043	317,486	323,529
<b>Total comprehensive income for the year</b>	–		
Surplus for the year		1,167,000	1,167,000
Total comprehensive income for the year	–	1,167,000	1,167,000
<b>Transactions with members</b>			–
Transfer to reserve fund	1,145,000	(1,145,000)	
	1,145,000	(1,145,000)	–
At 31 December	1,151,043	339,486	1,490,529
2016 At 1 January	1,151,043	339,486	1,490,529
2017			
<b>Total comprehensive income for the year</b>			
Surplus for the year		3,544	3,544
Total comprehensive income for the year		3,544	3,544
<b>Transactions with members</b>			–
Utilisation of reserve fund	(250,649)		(250,649)
	(250,649)	–	(250,649)
At 31 December 2017	900,394	343,030	1,243,424

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

**Statement of cash flows**

**Year ended 31 December 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Surplus for the year	3,544	1,167,000
Adjustments for:		
Depreciation of property, plant and equipment	269,208	246,373
Impairment loss on property, plant and equipment	—	757,886
Interest income	(889,522)	(878,400)
Gain on disposal of asset held for sale	—	(4,983,309)
	(616,770)	(3,690,450)
Change in other receivables including prepayments	291,411	3,296
Change in trade and other payables	4,952,648	5,814,237
<b>Net cash from operating activities</b>	4,627,289	2,127,083
<b>Cash flows from investing activities</b>		
Interest received	881,635	855,406
Acquisition of property, plant and equipment	(216,801)	(20,215)
Proceed from disposal of other investments	1,751,000	1,000,000
Proceed from disposal of asset held for sale	—	6,435,000
Purchase of other investments	(2,500,000)	(2,000,000)
<b>Net cash (used in)/from investing activities</b>	(84,166)	6,270,191
<b>Cash flows from financing activity</b>		
Utilisation of reserve fund	(250,649)	—
<b>Net cash used in financing activity</b>	(250,649)	—
<b>Net increase in cash and cash equivalents</b>	4,292,474	8,397,274
Cash and cash equivalents at 1 January	37,293,427	28,896,153
<b>Cash and cash equivalents at 31 December</b>	41,585,901	37,293,427

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 28 May 2018.

### **1 Domicile and activities**

Composers and Authors Society of Singapore Limited (the “Company”) is incorporated in the Republic of Singapore as a company limited by guarantee. The address of the Company’s registered office is 60 Paya Lebar Road, #12-48 Paya Lebar Square, Singapore 089675.

The principal activities of the Company are those relating to the licensing of public performances and broadcast use of music under its control.

### **2 Company limited by guarantee**

The Company does not have a share capital. It is limited by guarantee, the liability of each of the 2,446 members as at 31 December 2017 (2016: 2,227) being an amount not exceeding \$10.

### **3 Basis of preparation**

#### **3.1 Statement of compliance**

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

#### **3.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

#### **3.3 Functional and presentation currency**

These financial statements are presented in Singapore dollars, which is the Company’s functional currency. All financial information are presented in Singapore dollars, unless otherwise stated.

#### **3.4 Use of estimates and judgements**

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.

There are no critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following note:

- Note 5 – property, plant and equipment

## **4 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### **4.1 Property, plant and equipment**

#### ***Recognition and measurement***

Items of property, 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. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

#### ***Subsequent costs***

The cost of replacing a component of an item of property, 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 property, 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 property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the asset is completed and ready for use. Assets under construction are not depreciated.

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

Leasehold land and building - 99 years  
Renovations - 7 years  
Furniture, fittings and office equipment - 7 years  
Motor vehicles - 7 years  
Computer equipment - 5 years

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

#### 4.2 Intangible assets

Expenditure on computer software is recognised in profit or loss as incurred.

#### 4.3 Assets held for sale

Non-current assets comprising assets that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Company's accounting policies. Thereafter, the assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale are not depreciated.

#### 4.4 Financial instruments

##### ***Non-derivative financial assets***

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

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

The Company classifies non-derivative financial assets into the following categories: held-to-maturity financial assets and loans and receivables.

*Held-to-maturity financial assets*

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets comprise debt

securities. *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise other receivables and cash and cash equivalents.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash and bank balances.

*Non-derivative financial liabilities*

The Company initially recognises all financial liabilities on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

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

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables.

## ***Share capital***

### *Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

## 4.5 Leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

## 4.6 Impairment

### ***Non-derivative financial assets***

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security.

### *Loans and receivables and held-to-maturity investments*

The Company considers evidence of impairment for loans and receivables and held-to-maturity investments at a specific asset level. All individually significant loans and receivables and held-to-maturity are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investments. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

### ***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 or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a *pro rata* basis.

In respect of other assets, 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 or amortisation, if no impairment loss had been recognised.

#### 4.7 Employee benefits

##### ***Defined contribution plans***

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive 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 services are rendered by employees.

##### ***Short-term 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 or profit-sharing plans 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.

#### 4.8 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.

#### 4.9 Revenue recognition

Revenue from licence and permit fees are recognised in accordance with the substance of the agreement. In some cases, licence fee to be received is contingent on the occurrence of a future event. Such revenue is recognised when recovery of the consideration is probable and the amount of revenue can be measured reliably.

Interest income from bank deposits and held-to-maturity investments is accrued on a time-apportioned basis on the principal outstanding and at the rate applicable.

#### 4.10 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity and the Company intends to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

#### 4.11 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Company in future financial periods, the Company is assessing the transition option and the potential impact on its financial statements, and to implement these standards.

## 5 Property, plant and equipment

	Leasehold land and building \$	Renovations \$	Furniture, fittings and office equipment \$	Motor vehicles \$	Computer equipment \$	Total \$
<b>Cost</b>						
At 1 January 2016	12,110,800	523,692	6,124	97,188	257,787	12,995,591
Additions	–	–	1,701	–	18,514	20,215
At 31 December 2016	12,110,800	523,692	7,825	97,188	276,301	13,015,806
Additions	–	–	5,201	–	211,600	216,801
At 31 December 2017	12,110,800	523,692	13,026	97,188	487,901	13,232,607
<b>Accumulated depreciation and impairment losses</b>						
At 1 January 2016	30,583	15,947	3,984	76,361	136,293	263,168
Charge for the year	122,331	74,813	810	13,886	34,533	246,373
Impairment loss	757,886	–	–	–	–	757,886
At 31 December 2016	910,800	90,760	4,794	90,247	170,826	1,267,427
Charge for the year	113,131	74,813	1,037	6,941	73,286	269,208
At 31 December 2017	1,023,931	165,573	5,831	97,188	244,112	1,536,635
<b>Carrying amounts</b>						
At 1 January 2016	12,080,217	507,745	2,140	20,827	121,494	12,732,423
At 31 December 2016	11,200,000	432,932	3,031	6,941	105,475	11,748,379
At 31 December 2017	11,086,869	358,119	7,195		243,789	11,695,972

***Impairment of property, plant and equipment***

Impairment losses would be made by the Company for property, plant and equipment whenever there is objective evidence that the assets are impaired.

The recoverable amounts could change significantly as a result of changes in market conditions and management's assessment. An increase in the impairment losses would decrease the reported profit and decrease the carrying value of the property, plant and equipment.

<b>6 Other investments</b>	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Non-current financial assets</b>		
Held-to-maturity investments	13,500,500	11,750,500
<b>Current financial assets</b>		
Held-to-maturity investments	750,000	1,751,000
	14,250,500	13,501,500
	14,250,500	13,501,500

Held-to-maturity investments have stated interest rates of 3.4% to 6.2% (2016: 3.4% to 6.2%) per annum and mature in 1 to 6 years.

The Company's exposure to interest rate risk related to other investments is disclosed in note 15.

**7 Other receivables**

	<b>2017</b>	<b>2016</b>
	\$	\$
Deposits	2,530	2,530
Interest receivable	196,101	188,214
	198,631	190,744
	198,631	190,744

The Company's exposure to credit risk related to other receivables is disclosed in note 15.

**8 Reserve fund**

	<b>2017</b>	<b>2016</b>
	\$	\$
Capital Fund	6,043	6,043
COMPASS Music Development Fund	894,351	1,145,000
	900,394	1,151,043
	900,394	1,151,043

The reserve fund comprises of amounts set aside by the Board of Directors for computerisation of the operations of the Company and a Music Development Fund. The Music Development Fund has been designated for the development of Choral Music and Xin Yao Music and donation to the Jazz Association (Singapore) Limited.



## 9 Trade and other payables

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Royalties due to members	64,893,675	60,087,189
Accrued operating expenses	474,596	530,587
Other payables	1,135,735	933,582
	66,504,006	61,551,358

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

## 10 Revenue

Revenue represents the licence and permit fees received, less refund of licence fees.

## 11 Surplus from operations before tax

The following items have been included in arriving at surplus from operations before tax:

<b>Other income</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Interest income		
:		
- held-to-maturity investments	617,576	684,602
- cash and cash equivalents	271,946	193,799
Gain on disposal of asset held for sale	-	4,983,309
Sundry income	60,000	-
	949,522	5,859,602
<b>Staff costs</b>		
Wages and salaries	2,000,090	1,986,704
Contributions to defined contribution plans	180,903	176,101
Other staff related costs	32,816	41,426
	2,213,809	2,204,231
<b>Others</b>		
Directors' fees	19,000	20,500
Operating lease expense	8,700	8,700
Impairment loss on property, plant and equipment		757,886

## 12 Tax expense

	<b>2017</b>	<b>2016</b>
	\$	\$
<i>Reconciliation of effective tax rate</i>		
Surplus from operations before tax	3,544	1,167,000
Tax using the Singapore tax rate of 17% (2016: 17%)	603	198,390
Tax incentive	(18,190)	(852,392)
Non-deductible expenses	23,218	154,514
Effect of wear and tear allowances utilised	(5,631)	–
Deferred tax assets not recognised	–	499,488
	–	–

The following temporary differences have not been recognised:

	<b>2017</b>	<b>2016</b>
	\$	\$
Deductible temporary differences	1,268,074	1,210,112
Unutilised tax losses	2,066,932	2,158,012
	3,335,006	3,368,124

The unutilised capital allowances and unutilised tax losses, which may be available for carry forward and set off against future taxable profits, are subject to arrangement with the tax authority and compliance with the provision of the Income Tax Act, Chapter 134. The deductible temporary differences, unutilised capital allowances and unutilised tax losses do not expire under current tax legislation.

Deferred taxable assets have not been recognised in respect of these items because it is not probable that future profit will be available against which the Company can utilise the benefits.

## 13 Related parties

### *Key management personnel*

The directors and managers are considered as key management personnel of the Company.

	<b>2017</b>	<b>2016</b>
	\$	\$
Short-term employee benefits	992,570	946,000
Contributions to defined contribution plans	56,590	57,830
	1,049,160	1,003,830

### ***Other related party transactions***

During the year, sponsorships of \$55,000 (2016: \$55,000) of which were granted to Persatuan Karyawan Muzik Melayu Singapura. A director, Mohd Noor Bin Mohd Yusofe is the President of Persatuan Karyawan Muzik Melayu Singapura.

In addition, the Music Development Fund disbursed \$100,000 in 2017 from the designated donation of \$400,000 which was approved in 2016 to the Jazz Association Singapore Limited (“Association”) of which two directors, Lam Kin Hong Edmund and Jeremy Ian Monteiro are also directors of the Association.

## **14 Commitments**

### ***Operating lease commitments***

The Company leases certain of its office equipment under non-cancellable operating lease with lease terms of 5 years.

At reporting date, the Company has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	<b>2017</b>	<b>2016</b>
	\$	\$
Within one year	8,700	10,199
Between one and five years	19,940	28,640
	<u>28,640</u>	<u>38,839</u>

## **15 Financial risk management**

### ***Overview***

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- interest rate risk
- foreign currency risk

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

### ***Risk management framework***

Risk management is integral to the whole business of 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.

### ***Credit risk***

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Company, as and when they fall due.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

The Company limits its exposure to credit risks by investing only in liquid debt securities and only with counterparties that either have at least an acceptable credit rating based on rating agency ratings or in sound financial position. Management actively monitors credit ratings and the financial position of the counterparties, given that the Company only has invested in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

The Company did not have any held-to-maturity investments that were past due nor impaired at 31 December 2017.

At the reporting date, there is no significant concentration of credit risk nor impairment on other receivables. The Company places its cash and cash equivalents with financial institutions of high credit rating. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

### ***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The carrying amounts of trade and other payables reflect the expected contractual undiscounted cash outflows which are expected to be settled within one year.

### ***Interest rate risk***

#### ***Profile***

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was as follows:

	<b>Carry amount</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Fixed rate instruments</b>		
Other investments	14,250,500	13,501,500



*Fair value sensitivity analysis for fixed rate instruments*

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

***Foreign currency risk***

The Company is not exposed to foreign currency risk as all its balances as at reporting date are denominated in Singapore dollar.

***Estimation of fair value***

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including financial assets, other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

***Financial assets and liabilities by category***

Set out below is a comparison by category of carrying amounts of all the Company's financial assets and liabilities that are carried in the financial statements.

	<b>Held-to- maturity investments</b>	<b>Loans and receivables</b>	<b>Financial liabilities at amortised cost</b>	<b>Total</b>
	\$	\$	\$	\$
<b>2017</b>				
<b>Assets</b>				
Other investments	14,250,500		–	14,250,500
Other receivables		198,631		198,631
Cash and cash equivalents	–	41,585,901	–	41,585,901
	<u>14,250,500</u>	<u>41,784,532</u>	<u>–</u>	<u>56,035,032</u>
<b>Liabilities</b>				
Trade and other payables		–	66,504,006	66,504,006
<b>2016</b>				
<b>Assets</b>				
Other investments	13,501,500		–	13,501,500
Other receivables		190,744		190,744
Cash and cash equivalents	–	37,293,427	–	37,293,427
	<u>13,501,500</u>	<u>37,484,171</u>	<u>–</u>	<u>50,985,671</u>
<b>Liabilities</b>				
Trade and other payables		–	61,551,358	61,551,358