

PAPER MONKEY THEATRE LTD.

UNIQUE ENTITY NUMBER : 200807132R

**DIRECTORS' STATEMENT AND
FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

LO HOCK LING & CO

Chartered Accountants Singapore

盧鶴齡會計公司



Independent member of

leading **edge** alliance

www.lohocklingco.com.sg

Table Of Contents

Directors' Statement	1 - 2
Independent Auditor's Report	3 - 5
Statement of Financial Activities	6
Statement of Financial Position	7
Statement of Changes in Funds	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 26

PAPER MONKEY THEATRE LTD.

(Incorporated in the Republic of Singapore and Limited by Guarantee with no share capital)

(Unique Entity Number: 200807132R)

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of Paper Monkey Theatre Ltd. (the "Company") for the financial year ended 31 March 2023.

In the opinion of the directors,

- (a) 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 2023 and the financial performance, changes in funds and cash flows of the Company for the financial year covered by the financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Ho Kah Wai

Cheng Hoon Leong

Lim Hsu Chuan Christopher Pearce

Arrangements to enable directors to acquire benefits

Neither during nor at the end of 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 through the acquisition of shares in or debentures of any other body corporate.

Directors' interests

As the Company is a public company limited by guarantee and has no share capital, matters relating to the directors' interests in shares, debentures, and share options of the Company are not applicable.

PAPER MONKEY THEATRE LTD.

(Incorporated in the Republic of Singapore and Limited by Guarantee with no share capital)

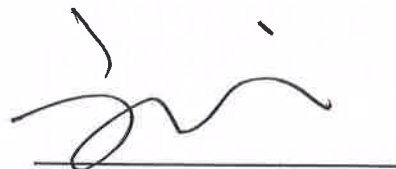
(Unique Entity Number: 200807132R)

DIRECTORS' STATEMENT


Auditors

The Auditors, Messrs Lo Hock Ling & Co., have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,



Director



Director

Singapore, 15 SEP 2023

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements Paper Monkey Theatre Ltd. (the "Company") set out on pages 6 to 26, which comprise the statement of financial position (balance sheet) as at 31 March 2023, and the statement of financial activities, statement of changes in funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Companies Act"), the Charities Act 1994 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 2023 and of 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 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 information included in the Directors' Statement set out on pages 1 to 2 but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Continued

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PAPER MONKEY THEATRE LTD.
 (Incorporated in the Republic of Singapore)

LO HOCK LING & CO

Chartered Accountants Singapore

盧鶴齡會計公司

Continued

Report on Other Legal and Regulatory Requirements (continued)

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

- (ii) the Company has not complied with the requirements of Regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

Singapore, **15 SEP 2023**

LO HOCK LING & CO.
 PUBLIC ACCOUNTANTS AND
 CHARTERED ACCOUNTANTS SINGAPORE

PAPER MONKEY THEATRE LTD.

(Incorporated in the Republic of Singapore)

Statement of Financial Activities for the financial year ended 31 March 2023

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
		\$	\$
<u>INCOMING RESOURCES</u>			
Courses and performances	3	214,463	133,236
Donations	5	6,464	5,539
Grant income	6	367,400	299,855
Other income		-	225
Total incoming resources		588,327	438,855
<u>RESOURCES EXPENDED</u>			
Courses and performances expenses	3	581,813	316,208
Administrative expenses	7	83,377	60,853
Finance cost relating to lease liabilities	15	449	1,140
Total resources expended		665,639	378,201
Net (deficit)/surplus for the financial year		(77,312)	60,654

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

PAPER MONKEY THEATRE LTD.

(Incorporated in the Republic of Singapore)

Statement of Financial Position as at 31 March 2023

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
		\$	\$
<u>ASSETS</u>			
<u>Non-Current Assets</u>			
Plant and equipment	8	10,964	12,715
Right-of-use assets	9	3,162	22,132
		<u>14,126</u>	<u>34,847</u>
<u>Current Assets</u>			
Trade receivables	10	2,600	9,200
Other receivables	11	66,584	115,910
Cash and cash equivalents	12	240,156	267,822
		<u>309,340</u>	<u>392,932</u>
Total Assets		<u>323,466</u>	<u>427,779</u>
<u>FUNDS AND LIABILITIES</u>			
<u>Accumulated funds</u>			
General funds		<u>232,986</u>	<u>310,298</u>
Total Accumulated Funds		<u>232,986</u>	<u>310,298</u>
<u>Non-Current Liability</u>			
Lease liabilities	15	<u>-</u>	<u>2,326</u>
<u>Current Liabilities</u>			
Trade payables	13	56,387	34,412
Other payables	14	31,767	67,206
Lease liabilities	15	2,326	13,537
		<u>90,480</u>	<u>115,155</u>
Total Liabilities		<u>90,480</u>	<u>117,481</u>
Total Funds and Liabilities		<u>323,466</u>	<u>427,779</u>

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

PAPER MONKEY THEATRE LTD.

(Incorporated in the Republic of Singapore)

Statement of Changes in Funds for the financial year ended 31 March 2023

	General funds
	\$
Balance as at 1 April 2022	249,644
Net surplus for the financial year	<u>60,654</u>
Balance as at 31 March 2022	310,298
Net deficit for the financial year	<u>(77,312)</u>
Balance as at 31 March 2023	<u>232,986</u>

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

PAPER MONKEY THEATRE LTD.

(Incorporated in the Republic of Singapore)

Statement of Cash Flows for the financial year ended 31 March 2023

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
		\$	\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Net (deficit)/surplus for the financial year		(77,312)	60,654
Adjustments for:			
Depreciation on plant and equipment	8	9,549	7,990
Depreciation on right-of-use assets	9	18,970	18,970
Interest expense on lease liabilities	15	449	1,140
		<u>28,968</u>	<u>28,100</u>
Operating (deficit)/surplus before working capital changes		(48,344)	88,754
Decrease/(increase) in receivables		55,926	(76,505)
(Decrease)/increase in payables		(13,464)	21,475
		<u>42,462</u>	<u>(55,030)</u>
Net cash (used in)/from operating activities		(5,882)	33,724
<u>CASH FLOWS USED IN INVESTING ACTIVITY</u>			
Purchase of plant and equipment	8	(7,798)	(14,176)
Net cash used in investing activity		(7,798)	(14,176)
<u>CASH FLOWS USED IN FINANCING ACTIVITIES</u>			
Payment of principal portion of lease liabilities	15	(13,537)	(12,845)
Payment of interest on lease liabilities	15	(449)	(1,140)
Net cash used in financing activities		<u>(13,986)</u>	<u>(13,985)</u>
Net (decrease)/increase in cash and cash equivalents		(27,666)	5,563
Cash and cash equivalents at beginning of the financial year		<u>267,822</u>	<u>262,259</u>
Cash and cash equivalents at end of the financial year	12	<u>240,156</u>	<u>267,822</u>

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

PAPER MONKEY THEATRE LTD.

(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS - 31 March 2023

The following notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

Paper Monkey Theatre Ltd. (the "Company") is a public company limited by guarantee, is incorporated in the Republic of Singapore. Under Article 6 of its Constitution, each member of the Company guarantees to contribute a sum not exceeding \$1.00 to the assets of the Company in the event of the same being wound up. The Company has 3 (2022: 3) members as at the end of the financial year.

Its registered office is located at 90 Goodman Road #01-05, Goodman Arts Centre, Singapore 439053.

The Company is also a registered charity and an approved Institution of Public Character ("IPC") under Ministry of Culture, Community and Youth ("MCCY"). The IPC status is granted by MCCY for the period from 25 April 2022 to 24 April 2024.

The main principal activities of the Company are to promote, perform and produce dramatic arts, music and other arts production-related activities.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The Company presents its financial statements in Singapore dollar ("S\$"), which is also its functional currency.

These financial statements are prepared in accordance with the historical cost convention except as disclosed in the accounting policies below, and comply with Financial Reporting Standards in Singapore ("FRSs"), including related Interpretations promulgated by the Accounting Standards Committee, as required by the Companies Act 1967.

During the financial year, the Company adopted all the new and amended FRSs which are relevant to the Company and are effective for the current financial year. The adoption of these Standards did not result in substantial changes to the Company's accounting policies and have no material effect on the financial activities or financial position of the Company.

2.2 Significant Accounting Estimates and Judgments

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(A) *Key sources of estimation uncertainty*

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

(i) *Depreciation on Plant and Equipment*

The costs of plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management's estimates of the useful lives of these plant and equipment are disclosed in note 2.8 to the financial statements. Changes in the expected usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised. The carrying amount of plant and equipment and the depreciation charge for the financial year are disclosed in note 8 to the financial statements.

PAPER MONKEY THEATRE LTD.

(Incorporated in the Republic of Singapore)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant Accounting Estimates and Judgements (continued)

(A) *Key sources of estimation uncertainty (continued)*

(ii) *Expected on Credit Losses on Receivables*

Expected credit losses ("ECLs") are probability-weighted estimates of credit losses over the life of a financial instrument. In estimating ECLs to determine the probability of default of its receivables, the Company has used historical information, such as past credit loss experience. Where applicable, historical data are adjusted to reflect the effects of current conditions as well as management's assessment of future economic conditions based on observable market information, which involved significant estimates and judgement.

Based on the management assessment, there are no significant ECLs on the Company's trade receivables as at balance sheet date.

(iii) *Leases - Estimating the Incremental Borrowing Rate*

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

(B) *Critical judgments made in applying accounting policies*

In the process of applying the Company's accounting policies, the management has made certain judgments, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated based on the higher of the value in use and the asset's fair value less cost of disposal. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the continuing use of the assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

2.3 FRSs issued but not yet effective

The Company has not applied any new or amended FRS that has been issued but is not yet effective. The directors plan to adopt these FRSs in the first financial year commencing on or after their respective effective dates. The directors do not expect the adoption of the new or amended FRSs that have been issued but are not yet effective to have material impact on the financial statements in the period of initial application.

PAPER MONKEY THEATRE LTD.

(Incorporated in the Republic of Singapore)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Revenue Recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(i) *Courses and Performances Income*

Income from courses is recognised when services have been rendered and the Company's performance obligations have been fulfilled.

Income from ticket sales of performances are recognised upon completion of scheduled performance dates.

(ii) *Donations*

Provided there is evidence of entitlement, as expressed in writing, donations are recognised in the statement of financial activities in the period of receipt or when they become receivable.

The outright donations recognised in the statement of financial activities in the period of receipt are usually cash donations unless specific mentioned.

(iii) *Sponsorship*

Income from sponsorship are accounted for when received except for sponsorship that are recorded when the commitments are signed.

2.5 Grants

A grant is recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

(i) *Grants Related to Assets*

When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

(ii) *Grants Related to Income*

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

(iii) *Outright Grants*

Grants that are intended as compensation for expenses, or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised as income of the period in which they become receivable.

PAPER MONKEY THEATRE LTD.

(Incorporated in the Republic of Singapore)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Employee Benefits

(i) *Defined Contribution Plans*

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) *Short-term Employee Benefits*

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

2.7 Income Taxes

As a registered charity under the Charities Act 1994, the Company is exempt from income tax under Section 13(1) (zm) of the Income tax Act 1947.

2.8 Plant and Equipment

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset 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.

Plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Any estimated costs of dismantling and removing the plant and equipment and reinstating the site to its original condition (reinstatement costs) are capitalised as part of the cost of the plant and equipment.

Depreciation is calculated on the straight line basis so as to write off the cost, less the residual value, of the assets over their estimated useful lives. The annual rates of depreciation are as follows:

Computers	33%
Furniture and fittings	33%
Renovation	33%
Office equipment	20%

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

The residual values, useful lives and depreciation methods of plant and equipment are reviewed and adjusted as appropriate, at each financial year-end.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and shall be included in the statement of financial activities when the item is derecognised.

PAPER MONKEY THEATRE LTD.

(Incorporated in the Republic of Singapore)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Lease

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

As lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

PAPER MONKEY THEATRE LTD.

(Incorporated in the Republic of Singapore)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less cost of disposal and its value in use. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

An impairment loss is charged to the statement of financial activities unless it reverses a previous revaluation, in which case, it will be changed to accumulated funds. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases. 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 if no impairment loss had been recognised.

2.11 Financial Assets

Classification

Financial assets are classified into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVPL").

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets measured at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not have a significant financing component are measured at their transaction price at initial recognition.

At subsequent measurement

There are three prescribed subsequent measurement categories - at amortised cost, FVOCI and FVPL, depending on the Company's business model for managing the financial assets and the cash flow characteristics of the assets.

The Company's financial assets, comprising mainly cash and bank balances and trade and other receivables. These represent contractual cash flows which are solely payments of principal and interest. A gain or loss on a financial asset that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss, when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

PAPER MONKEY THEATRE LTD.

(Incorporated in the Republic of Singapore)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial Assets (continued)

Impairment of Financial Assets

The Company assesses on the forward-looking basis the expected credit losses associated with its debt instruments measured at amortised cost, and recognises a loss allowance accordingly.

At each reporting date, the debt instruments are assessed to determine whether there is significant increase in credit risk on the debt instruments since initial recognition. If there is a significant increase in credit risk since initial recognition, lifetime expected credit losses will be calculated and recognised in the loss allowance. If credit risk on the debts instruments has not increased significantly since initial recognition, the loss allowance is measured based on 12-month expected credit losses. Adjustments to the loss allowance are recognised in profit or loss as an impairment gain or loss.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a ECL model that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment which could affect receivables' ability to pay.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

2.12 Trade and other receivables

Trade and other receivables that do not have a significant financing component are measured at their transaction price at initial recognition, and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Receivables with a short duration are not discounted.

2.13 Cash and Cash Equivalents

Cash and cash equivalents comprise bank balance which is subject to insignificant risks of changes in value. Cash equivalents are stated at amounts at which they are convertible into cash.

PAPER MONKEY THEATRE LTD.

(Incorporated in the Republic of Singapore)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Funds

General funds are unrestricted funds available for use at the discretion of the Board of Directors for the furtherance of the Company's objectives.

2.15 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 FVPL, directly attributable transaction costs.

(B) *Subsequent measurement*

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

(C) *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.16 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

2.17 Related Parties

A related party is defined as follows:

- (A) A person or a close member of that person's family is related to the Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Company or of a parent of the Company.
- (B) An entity is related to the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

PAPER MONKEY THEATRE LTD.

(Incorporated in the Republic of Singapore)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Related Parties (continued)

- (B) An entity is related to the Company if any of the following conditions applies: (continued)
- (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (A).
 - (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

3. COURSES AND PERFORMANCES

	<u>2023</u>	<u>2022</u>
	\$	\$
<u>Income</u>		
Courses	70,650	66,160
Performances	<u>143,813</u>	<u>67,076</u>
	214,463	133,236
Less: Expenses	<u>581,813</u>	<u>316,208</u>
Deficit	<u>(367,350)</u>	<u>(182,972)</u>

Included in the above courses and performances are the following expenses items:

	<u>2023</u>	<u>2022</u>
	\$	\$
Actors	145,124	58,718
Designer fees	20,450	7,000
Employee benefits expense (note 4)	240,062	190,775
Instructor fees	32,834	18,530
Lease expenses – variable theatre rental	20,416	2,845
Video production	53,000	17,724

PAPER MONKEY THEATRE LTD.

(Incorporated in the Republic of Singapore)

4. EMPLOYEE BENEFITS EXPENSE

	<u>2023</u>	<u>2022</u>
	\$	\$
Salaries and related costs	211,225	169,100
Employer's contribution to Central Provident Fund	<u>28,837</u>	<u>21,675</u>
	<u>240,062</u>	<u>190,775</u>

The annual remuneration of the three highest paid employees of the Company, analysed in remuneration bands are as follows:

	<u>2023</u>	<u>2022</u>
Below \$100,000	<u>3</u>	<u>3</u>

The total key management personnel compensation included in employee benefits expense are as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
<u>Key management personnel</u>		
Director's remuneration		
Salaries and related costs	78,000	58,500
Employer's contribution to Central Provident Fund	<u>13,260</u>	<u>9,945</u>
	<u>91,260</u>	<u>68,445</u>

5. DONATIONS

	<u>2023</u>	<u>2022</u>
	\$	\$
General donations		
- non-tax exempt	<u>6,464</u>	<u>5,539</u>

6. GRANT INCOME

	<u>2023</u>	<u>2022</u>
	\$	\$
Grant from National Arts Council		
- Major company scheme	220,000	180,000
- Individual project grant	45,000	24,000
- Arts & Culture Resilience Package Operating grant	50,000	10,932
Grant from Ministry of Culture, Community and Youth		
- Cultural Matching Fund	10,300	12,283
Grant from Lee Kuan Yew Fund for Bilingualism	37,240	35,560
Jobs Support Scheme	-	33,288
Other grants	<u>4,860</u>	<u>3,792</u>
	<u>367,400</u>	<u>299,855</u>

PAPER MONKEY THEATRE LTD.

(Incorporated in the Republic of Singapore)

7. ADMINISTRATIVE EXPENSES

Included in administrative expenses are the following items:

	<u>2023</u>	<u>2022</u>
	\$	\$
Depreciation on plant and equipment	9,549	7,990
Depreciation on right-of-use assets	18,970	18,970

8. PLANT AND EQUIPMENT

	<u>Computers</u>	<u>Furniture and fittings</u>	<u>Renovation</u>	<u>Office equipment</u>	<u>Total</u>
	\$	\$	\$	\$	\$
<u>Cost</u>					
At 1 April 2021	12,367	5,700	25,540	1,237	44,844
Additions	7,176	7,000	-	-	14,176
At 31 March 2022 and 1 April 2022	19,543	12,700	25,540	1,237	59,020
Additions	-	-	-	7,798	7,798
At 31 March 2023	19,543	12,700	25,540	9,035	66,818
<u>Accumulated depreciation</u>					
At 1 April 2021	5,838	5,700	25,540	1,237	38,315
Charge for the financial year	5,657	2,333	-	-	7,990
At 31 March 2022 and 1 April 2022	11,495	8,033	25,540	1,237	46,305
Charge for the financial year	5,656	2,333	-	1,560	9,549
At 31 March 2023	17,151	10,366	25,540	2,797	55,854
<u>Carrying amount</u>					
At 31 March 2023	2,392	2,334	-	6,238	10,964
At 31 March 2022	8,048	4,667	-	-	12,715

PAPER MONKEY THEATRE LTD.

(Incorporated in the Republic of Singapore)

9. RIGHT-OF-USE ASSETS

Operating
Premise

\$

Cost

At 1 April 2021, 31 March 2022, 1 April 2022
and 31 March 2023

56,910

Accumulated depreciation

At 1 April 2021
Charged for the financial year

15,808

18,970

At 31 March 2022 and 1 April 2022
Charged for the financial year

34,778

18,970

At 31 March 2023

53,748

Carrying amount

At 31 March 2023

3,162

At 31 March 2022

22,132

The Company leases its operating premise for a lease period of 3 years (2022: 3 years). The lease agreement does not impose any covenants.

The right-of-use asset is depreciated on a straight-line basis, which is the shorter of the asset's useful life and lease term.

10. TRADE RECEIVABLES

Trade receivables are unsecured, non-interest bearing and are generally on 30 to 90 days' (2022: 30 to 90 days') terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

11. OTHER RECEIVABLES

2023

2022

\$

\$

Contract assets

16,793

14,386

Deferred expenses

-

58,134

Grant receivables

47,240

39,240

Prepayment

740

-

Refundable deposits

1,811

4,150

66,584

115,910

Deferred expenses refer to direct attributable costs incurred for performances to be conducted within the next twelve months.

Contract assets represent the Company's rights to consideration in exchange for completion of promised performance or service but not billed at the balance sheet date. Contract assets which have been recognised as revenue during the financial year, will be transferred to trade receivables when the rights become unconditional. This usually occurs when the Company invoices the customer, which generally coincides with the point at which the customer accepts the progressive delivery of the performance obligations or obtains control of the promised performances or services.

PAPER MONKEY THEATRE LTD.

(Incorporated in the Republic of Singapore)

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows comprise of balance as shown in the statement of financial position.

13. TRADE PAYABLES

Trade payable are unsecured, non-interest bearing and are normally settled within 30 to 90 days (2022: 30 to 90 days).

14. OTHER PAYABLES

	<u>2023</u>	<u>2022</u>
	\$	\$
Accrued operating expenses	13,573	23,712
Deferred grant income	194	25,494
Provision for reinstatement cost	18,000	18,000
	<u>31,767</u>	<u>67,206</u>

Represented by:

Current liabilities	<u>31,767</u>	<u>67,206</u>
---------------------	---------------	---------------

Accrued operating expenses are unsecured, non-interest bearing and are normally settled on demand.

Provision for reinstatement cost represents the estimate costs of dismantling, removing and restoring the operating premise at the expiration of the lease period. The estimation was based on latest quotation received from an independent contractor.

15. LEASE LIABILITIES

	<u>2023</u>		<u>2022</u>	
	<u>Minimum lease payments</u>	<u>Present value of minimum lease payments</u>	<u>Minimum lease payments</u>	<u>Present value of minimum lease payments</u>
	\$	\$	\$	\$
<u>Lease payments due:</u>				
- Within 1 financial year	2,331	2,326	13,986	13,537
- After 1 financial year but not later than 5 years	-	-	2,331	2,326
	<u>2,331</u>	<u>2,326</u>	<u>16,317</u>	<u>15,863</u>
Less: Amount representing interest	<u>(5)</u>	<u>-</u>	<u>(454)</u>	<u>-</u>
	<u>2,326</u>	<u>2,326</u>	<u>15,863</u>	<u>15,863</u>

PAPER MONKEY THEATRE LTD.

(Incorporated in the Republic of Singapore)

15. LEASE LIABILITIES (continued)

The incremental borrowing rate for the above lease liabilities is 5.25% (2022: 5.25%) per annum.

A reconciliation of lease liabilities to cash flows from financing activities are as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
Lease liabilities as at beginning of the financial year	15,863	28,708
<u>Non-cash changes</u>		
Accretion of interest	449	1,140
<u>Cash flows</u>		
Payments during the financial year		
- Principal portion	(13,537)	(12,845)
- Interest expense	(449)	(1,140)
	<u>(13,986)</u>	<u>(13,985)</u>
Lease liabilities as at end of the financial year	<u>2,326</u>	<u>15,863</u>

16. RELATED PARTIES DISCLOSURES

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year:

	<u>2023</u>	<u>2022</u>
	\$	\$
<u>With a director</u>		
Service payables to	1,955	1,347
Purchases on behalf by	36,796	4,568

17. CAPITAL COMMITMENT

As at the reporting date, the Company has capital commitment amounting to approximately \$Nil (2022: \$5,000) in respect of contracted expenditure for purchase of plant and equipment which have not been recognised in the financial statements.

18. FINANCIAL RISK MANAGEMENT

The Company is exposed financial risks arising from its operations. The key financial risks are credit risk, liquidity risk and interest rate risk. The management reviews and agrees on policies for managing each of these risks and they are summarised below:

18.1 Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of customers or other counterparties to settle their financial and contractual obligations to the Company as and when they fall due.

PAPER MONKEY THEATRE LTD.

(Incorporated in the Republic of Singapore)

18. FINANCIAL RISK MANAGEMENT (continued)

18.1 Credit risk (continued)

(i) *Risk management*

The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, including cash and cash equivalents, the Company mitigates credit risks by transacting with high credit rating counter parties and financial institutions which are regulated.

The management has credit policies in place to minimised exposure to credit risk.

The management believes that concentration of credit risk is limited due to ongoing credit evaluations on all customers and, where necessary, maintaining expected credit losses for receivables which will adequately provide for potential credit risks.

The Company defines counterparties as having similar characteristics if they are related entities. Ongoing evaluation is performed on the financial condition of receivables.

As at the balance sheet date, the Company does not have any significant concentration of credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except for outstanding trade receivables from one customer group (2022: two customer groups) which represent 85% (2022: 80%) of total trade receivables.

(ii) *Recognition of expected credit losses ("ECLs")*

The Company's financial assets that are subject to credit losses where the expected credit loss model has been applied are receivables.

The Company assesses on forward-looking basis the ECLs on its receivables, and recognises a loss allowance in accordance with FRS 109.

Based on the Company's historical collection trend, trade and other receivables are generally settled within the credit term of 30 to 90 days and there is a low risk of default. Receivables are assessed on a collective basis to determine whether there are changes in credit risk. Lifetime ECLs are recognised for specific receivables for which credit risk is deemed to have increased significantly.

Based on the management's assessment, the Company does not have significant ECLs on the receivables as at the balance sheet date.

18.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

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

PAPER MONKEY THEATRE LTD.

(Incorporated in the Republic of Singapore)

18. FINANCIAL RISK MANAGEMENT (continued)

18.2 Liquidity risk (continued)

The table below summarises the maturity profile of the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments:

	Within 1 financial year	After 1 year but not later than 5 financial years	Total
	\$	\$	\$
<u>31 March 2023</u>			
Trade and other payables	69,960	-	69,960
Lease liabilities	2,331	-	2,331
	<u>72,291</u>	<u>-</u>	<u>72,291</u>
<u>31 March 2022</u>			
Trade and other payables	58,124	-	58,124
Lease liabilities	13,986	2,331	16,317
	<u>72,110</u>	<u>2,331</u>	<u>74,441</u>

18.3 Interest risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company does not have any interest-bearing financial liabilities except for lease liabilities. Its exposure to changes in interest rates relates primarily to interest-bearing bank deposits. The Company monitors movements in interest rates to ensure deposits are placed with financial institutions offering optimal rates of return.

The interest rates and terms of maturity of financial instruments of the Company are disclosed in note 15 to the financial statements.

The effect of interest rate changes on equity and profit is not significant as the Company's financial instruments are either at fixed interest rate or are non-interest bearing as at the balance sheet date. The Company does not enter into derivatives to hedge its interest rate risk.

19. FAIR VALUE OF ASSETS AND LIABILITIES

Financial Instruments Not Measured at Fair Value but Whose Carrying Amounts are Reasonable Approximation of Fair Value

Cash and cash equivalents, receivables and payables classified as current assets and current liabilities are measured at amortised cost. Financial instruments with a short duration are not discounted.

The carrying amount of lease liabilities has been calculated by discounting the expected future cash flows using incremental borrowing rate in the lease and was assessed to approximating to its fair value.

PAPER MONKEY THEATRE LTD.

(Incorporated in the Republic of Singapore)

20. FINANCIAL INSTRUMENTS BY CATEGORY

As at the reporting date, the aggregate carrying amounts of financial instruments by category were as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
Financial assets at amortised cost	244,567	281,172
Financial liabilities at amortised cost	72,286	73,987

21. RESERVE MANAGEMENT

The primary objective of the Company's reserve management policy is to ensure that it maintains optimal reserves in order to support its operations and development of its principal activities.

The Company monitors its cash flow and overall liquidity position on a continuous basis, taking into consideration the prevailing and projected operating income and expenditure, and other financial obligations, including projected capital expenditure.

The Company is not subject to externally imposed fund requirements.

There were no changes to Company's approach to reserve management since the previous financial year.

22. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Company for the financial year ended 31 March 2023 were authorised for issue in accordance with a directors' resolution dated 15 SEP 2023