NOTICE OF ANNUAL GENERAL MEETING

TO ALL FULL MEMBERS:

NOTICE IS HEREBY GIVEN that the Thirty-Third Annual General Meeting of Composers and Authors Society of Singapore Limited (the "**Society**" or the "**Company**") will be convened and held by way of electronic means **on Friday, 28th August 2020, at 3.30 p.m.** for the purpose of transacting the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Audited Financial Statements of the Society for the financial year ended 31st December 2019 together with the reports of the Council and the auditors.

2. The following publisher in accordance with Article 39(e) of the Society's Constitution and who, being eligible, offer themselves for election by the Publisher Full Members:

   (i) Mr Chong Yun Xiang of Touch Music Publishing Ltd

   To elect three (3) Publisher Directors and one (1) Local Publisher Director.

   The 2 Publisher Directors with the two (2) highest votes will serve 2 years while the Publisher Director with the lowest vote and the Local Publisher will serve for 1 year.

3. The following writers, each of whom retires in accordance with Article 39(e) of the Society's Constitution and who, being eligible, offer themselves for re-election by the Writer Full Members:

   (i) Mr Goh Toh Chai - Special Elected Director (Serious/Classical music)
   (ii) Prof Jeremy Ian Monteiro
   (iii) Mr Eddino Bin Abdul Hadi

   To elect two (2) Writer Directors and one (1) Special Elected Director (Serious/Classical music).

4. To re-appoint KPMG LLP as auditors and authorise the Directors to fix their remuneration.

SPECIAL BUSINESS:

To consider and if thought fit, to pass the following resolutions as Special Resolutions:

5. **Proposed Amendments to the Constitution of the Company -- Special Resolutions**

(A) Appointment of Non-Singaporean Publisher Directors (up to a maximum of 2)

That the existing Article 39(a)(1) of the Company's Constitution be amended by deleting the words *"who must be Singapore citizens"* and to insert the following sentences immediately thereafter*:*

"*Subject to article 39(a)(2) and 39(a)(3), the Council shall consist of twelve directors of which ten shall be elected from among the Society's members in accordance with this Article by the Members in General Meeting, of whom –*

(aa) six shall be Writer Members who must be Singapore citizens elected by the Writer Full members, which number shall include at least two Special Elected Directors, one representing Writer members of music with Malay or Indian lyrics; and the other, Serious or Classical Music, and

(bb) four shall be Publisher Members, of which at least two or more must be Singapore citizens, and which number shall include at least one Local Publisher, elected by the Publisher Full Members,

and the remaining two directors of whom -

(cc) one shall be non-member, elected by Full Members to become the Independent Director; and

(dd) one shall be the Chief Executive Officer elected by Full Members to become the Executive Director,

in these Articles referred to as "Elected Directors".

(B) Code of Conduct

That the existing Articles 85 to 87 of the Company's Constitution be deleted in its entirety.

(*These articles are obsolete following the dissolution of the Memorandum of Understanding amongst CMOs on Agreed Industry Standards signed on 5th April 2012.*)

BY ORDER OF THE COUNCIL

Tan Lay Hong
Company Secretary
Singapore, 6 August 2020

Important Notes:

In light of the current Covid-19 situation and pursuant to the COVID-19 (Temporary Measures) Act 2020 released on 7 April 2020 and the COVID-19 (Temporary Measurement) (Alternative Arrangements for Meeting for Registered Societies) Order 2020 issued by the Minister for Law on 27 April 2020, the 33rd AGM is being convened, and will be held by way of electronic means as follows:

1. **Members will not be able to attend the AGM in person. Any member seeking to attend the deferred AGM physically in person will be declined. The Company has made alternative arrangements relating to the attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast and "live" audio-only stream). Members will be able to watch the deferred AGM via the "live" audio-visual webcast and "live" audio-only stream (the "Live AGM Webcast") via their mobile phones, tablets or computers.**

2. **Members will not be allowed to ask questions during the Live AGM Webcast. Members may submit any questions relating to the resolutions tabled for approval at the AGM, in advance of the AGM, in the following manner by 3.30 p.m. on 21 August 2020:**

   (i) via email to membership@compass.org.sg; or
   (ii) by post to the Company's registered office address at 60 Paya Lebar Road, #12-48 Singapore 409051 attention to Mr Melvin Ferdinands, Chairman.

3. **The Directors will endeavour to address all substantial and relevant questions submitted to the Company in advance of the AGM during the Live AGM Webcast. In the event that the Directors are not able to do so, the Company's response will be emailed to the sender or, if it is of general interest, posted on the Company's website.**

4. **Members wishing to exercise their rights to vote at the AGM must appoint the Chairman of the Meeting as their proxy to attend, speak and vote on their behalf at the AGM. Members who wish to submit an instrument of proxy must first download, complete and sign the Proxy Form for the AGM before submitting it to the Company by post or via the email address provided below.**

5. **The Proxy Form appointing the Chairman of Meeting as proxy must be submitted in the following manner by 3.30 p.m. on 26 August 2020, being not less than forty-eight (48) hours before the time appointed for holding the AGM:**

   a) if submitted electronically, be submitted via email to membership@compass.org.sg; or
   b) if submitted by post, be deposited at the Company's registered office address at 60 Paya Lebar Road, #12-48 Singapore 409051, attention to Mr Melvin Ferdinands, Chairman.

   To avoid any delay in the postal service as a result of the Covid-19 restriction orders, members are encouraged to email their Proxy Form to the Company instead.

6. **Where a member appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of each resolution in the Proxy Form in the applicable sections. Failure to do so will invalidate the appointment of the Chairman of the Meeting as proxy for that resolution. Where the members choose not to vote for any candidate in respect of Ordinary Resolutions (2) and (3), they may do so by indicating "Abstained" in the field provided.**

7. **The Proxy Form will be available on the COMPASS website and will be emailed to all Full Members on 17th August 2020.**

8. **The Chairman of the Meeting, as proxy, need not be a member of the Society.**

9. **The Live AGM Webcast will be conducted via Zoom. Members who wish to attend and watch the Live AGM Webcast will be required to pre-register their interest by submitting their (i) Full Name as per their NRIC / Passport and (ii) last 4 digits of their NRIC / Passport at the following pre-registration website no later than 3.30 p.m. on 26 August 2020:**

   https://zmurl.com/zqqtx1q

10. **Upon successful verification, each pre-registered member will receive an email by 3.30 p.m. on 27 August 2020 with the access link, user ID, password and instruction to access and watch the Live AGM Webcast.**

    All members are encouraged to join the Live AGM Webcast at least 15 minutes before time. Any member having any technical issues, may email immediately with their contact number to membership@compass.org.sg and we will try to assist you.

Additional Notes:

Article 39 (a)(1):

Subject to Article 39(a)(2) and 39(a)(3), the Council shall consist of twelve directors, who must be Singapore citizens, of which ten shall be elected from among the Society's Members who must be Singapore citizens in accordance with this Article by the Members in General Meeting, of whom-

(aa) six shall be Writer Members elected by the Writer Members, which number shall include at least two Special Elected Directors, one representing Writer Members of music with Malay or Indian lyrics; and the other, Serious or Classical Music, and

(bb) four shall be Publisher Members, which number shall include at least one Local Publisher, elected by the Publisher Full Members,

in this Article referred to as "Elected Directors".

(cc) one shall be non-member, elected by Full Members to become Independent Director, and

(dd) one shall be the Chief Executive Officer elected by Full Members to become Executive Director.

Article 39 (e):

At each Annual General Meeting two Publisher Directors and three Writer Directors shall, in addition to any Director retiring pursuant to Article 40, retire from office provided that each Director elected under Article 39(a)(1) shall hold office for a period of two years but not exceeding three years from the date of election except for interim provisions in Article 39(f). Each Director shall retire from office at the Annual General Meeting following that on which his term is due to expire but shall be eligible for re-election.

Personal data privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Society (i) consents to the collection, use and disclosure of the member's personal data by the Society (or its agents) for the purpose of the processing and administration by the Society (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Society (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Society (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Society (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Society in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

COMPASS

NOMINATION FORM

Pursuant to Article 43 (a), I / We* ______________________________________

being a Full Member of the Society, hereby nominate ________________________

who is a full / member / representative* of

____

(to be completed by publishing company only)

to stand for election as writer / publisher* director of the Society at the forthcoming Thirty-third Annual General Meeting of the Society to be convened and held by way of electronic means **on Friday, 28th August 2020 at 3.30 p.m.**

___________________________________ _______________

Signature of Member Date

I, ____,

being a Full Member / representative* of the

____ hereby give my

(to be completed by publishing company only)

consent to be elected as Writer (Open / Special – Serious Music) or Publisher Director*.

____

Signature of Nominated Member

____

Date

* Delete where appropriate

Please note that the publisher nominee should be a person responsible for the publishing activities of the company that he/she is representing and is not involved in activities that may have a conflict of interest with the activities of the Society. (Companies Act 1994, Cap. 50, Section 157). Examples of such conflict are broadcasting, recording, music retailers and distributors.

NOTES TO NOMINATION FORM

RELEVANT ARTICLES:

Article 43

(a) No person, unless recommended by the Council for appointment, shall be eligible for election to the office of Director at any General Meeting as Directors unless:-

(i) a notice in writing signed by a Full Member of his intention to propose such person for election; and

(ii) a notice signed by such person indicating his willingness to be elected

are left at the registered office of the Society not less than fourteen days nor more than twenty-one days before the date appointed for the meeting.

(b) A retiring Director shall be eligible for re-election and the provisions of Article 43(a) shall not apply to such person.

Article 39(a)(2) – Applicable only to Nomination of Candidate for Special Elected Directors

An Election Committee, comprising the Chairman of the Council, the Secretary and the Chief Executive Officer, shall determine the eligibility of the Writer Members standing for election in the Special Elected Director category under Article 39(a)(1)(aa), and the qualification of interest under Article 39(a)(3). The decision of the Committee shall be deemed as final and no appeal shall be entertained. The Committee shall notify all Special Elected Director nominees of their eligibility within a week after the closing of nomination.

NOMINATION OF CANDIDATE FOR DIRECTORSHIP

Members of the Society with the entitlement to attend and vote at Meetings are entitled to nominate a candidate for election.

The nomination form must be signed by a Full Member and the person whom is nominated by the Full Member. The instrument nominating a Candidate for Directorship must be deposited at the registered address of the Society, which is:

Composers and Authors Society of Singapore Limited
60 Paya Lebar Road #12-48
Singapore 409051

The instrument must be deposited not later than fourteen (14) days or earlier of twenty-one (21) days before the time for holding the Meeting (that is, **not later than 3.30 p.m. of 14 August 2020 or earlier than 3.30 p.m. of 7 August 2020**). All instruments received after that time shall be treated as not valid.

Composers and Authors Society of Singapore Limited
Registration Number: 198701730Z

(A Company Limited by Guarantee)

Annual Report
Year ended 31 December 2019

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 2019.

In our opinion:

(a) the financial statements set out on pages FS1 to FS24 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2019 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 Financial Reporting Standards in Singapore; 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
Goh Toh Chai
Chong Yun Xiang
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

Melvin Stuart Ferdinands
Director

Lam Kin Hong Edmund
Director

29 July 2020

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

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 2019, 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 FS24.

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 2019 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.

Kpmg llp

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
29 July 2020

Statement of financial position
As at 31 December 2019

	Note	2019 $	2018 $
Assets			
Property, plant and equipment	5	11,178,831	11,433,080
Other investments	6	9,000,000	11,500,000
Non-current assets		20,178,831	22,933,080
Other investments	6	4,500,000	5,500,500
Other receivables	7	151,805	222,057
Prepayments		359,596	32,076
Cash and cash equivalents		50,987,795	44,047,807
Current assets		55,999,196	49,802,440
Total assets		76,178,027	72,735,520
Funds attributable to members			
Reserve fund	8	586,139	732,139
Retained surplus		359,753	347,029
Total funds		945,892	1,079,168
Liabilities			
Trade and other payables	9	75,232,135	71,656,352
Current liabilities/Total liabilities		75,232,135	71,656,352
Total equity and liabilities		76,178,027	72,735,520

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

Statement of profit or loss and other comprehensive income
Year ended 31 December 2019

	Note	2019 $	2018 $
Revenue	10	26,802,152	24,133,835
Other income		1,193,880	1,159,923
Depreciation of property, plant and equipment		(254,249)	(267,291)
Operating expenses		(699,880)	(1,029,878)
Staff costs		(2,443,471)	(2,388,273)
Royalty distribution to members		(24,585,708)	(21,604,317)
Surplus from operations before tax	11	12,724	3,999
Tax expense	12	–	–
Surplus for the year		12,724	3,999

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

Statement of changes in funds and reserves
Year ended 31 December 2019

	Reserve fund $	Retained surplus $	Total $
At 1 January 2018	900,394	343,030	1,243,424
Total comprehensive income for the year			
Surplus for the year	–	3,999	3,999
Total comprehensive income for the year	–	3,999	3,999
Transactions with members			
Utilisation of reserve fund	(168,255)	–	(168,255)
	(168,255)	–	(168,255)
At 31 December 2018	732,139	347,029	1,079,168
At 1 January 2019	732,139	347,029	1,079,168
Total comprehensive income for the year			
Surplus for the year	–	12,724	12,724
Total comprehensive income for the year	–	12,724	12,724
Transactions with members			
Utilisation of reserve fund	(146,000)	–	(146,000)
	(146,000)	–	(146,000)
At 31 December 2019	586,139	359,753	945,892

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

Statement of cash flows
Year ended 31 December 2019

	2019	2018
	$	$
Cash flows from operating activities		
Surplus for the year	12,724	3,999
Adjustments for:		
Depreciation of property, plant and equipment	254,249	267,291
Interest income	(1,193,880)	(1,159,923)
	(926,907)	(888,633)
Change in other receivables including prepayments	(330,898)	(13,320)
Change in trade and other payables	3,575,783	5,152,346
Net cash from operating activities	2,317,978	4,250,393
Cash flows from investing activities		
Interest received	1,267,510	1,134,167
Acquisition of property, plant and equipment	–	(4,399)
Proceeds from disposal of other investments	3,500,500	1,750,000
Purchase of other investments	–	(1,500,000)
Fixed deposits placed	–	(3,000,000)
Net cash used in investing activities	4,768,010	(1,620,232)
Cash flows from financing activity		
Utilisation of reserve fund	(146,000)	(168,255)
Net cash used in financing activity	(146,000)	(168,255)
Net increase in cash and cash equivalents	6,939,988	2,461,906
Cash and cash equivalents at 1 January	44,047,807	41,585,901
Cash and cash equivalents at 31 December	50,987,795	44,047,807

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 29 July 2020.

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 2,712 members as at 31 December 2019 (2018: 2,543) 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 Financial Reporting Standards in Singapore ("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

3.5 Changes in accounting policies

New standards and amendments

The Company has applied the following FRS, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2019:

- FRS 116 *Leases*
- FRS INT 123 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to FRS 28)
- *Prepayment Features with Negative Compensation* (Amendments to FRS 109)
- *Previously Held Interest in a Joint Operation* (Amendments to FRS 103 and 111)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to FRS 12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to FRS 23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to FRS 19)

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

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 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

(ii) Classification and subsequent measurement

Non-derivative financial assets

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

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

Financial assets at amortised cost

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

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

Financial assets: Business model assessment

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

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

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

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

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

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

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

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

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

Financial assets at amortised cost

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

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

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

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

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

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

(iv) Offsetting

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

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances are used by the Company in the management of its short-term commitments. For the purpose of the statement of cash flows that form an integral part of the Company's cash management are included in cash and cash equivalents.

(vi) Share capital

Ordinary shares

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

4.4 Leases

Policy applicable from 1 January 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in FRS 116.

This policy is applied to contracts entered into, on or after 1 January 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

Short-term leases and leases of low-value assets

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

Leases - Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and

- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

4.5 Impairment

(i) Non-derivative financial assets

The Company recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs.

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

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

Simplified approach

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

General approach

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

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

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

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

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.

4.6 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.

4.7 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.

4.8 Revenue recognition

Revenue from services rendered in the ordinary course of business is recognised when the Company satisfies a performance obligation (PO) by transferring control of a service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the service. The individual standalone selling price of services that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to the service with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised service. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Company does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO.

4.9 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.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

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.

Current tax assets and liabilities are offset only if certain criteria are met.

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 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, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused 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 used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Company. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

4.10 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

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

- *Amendments to References to Conceptual Framework in FRS Standards*
- *Definition of a Business (*Amendments to FRS103*)*
- *Definition of Material* (Amendments to FRS 1 and FRS 8)
- FRS 117 *Insurance Contracts*

5 Property, plant and equipment

	Leasehold land and building $	Renovations $	Furniture, fittings and office equipment $	Motor vehicles $	Computer equipment $	Total $
Cost						
At 1 January 2018	12,110,800	523,692	13,026	97,188	487,901	13,232,607
Additions	–	–	–	–	4,399	4,399
At 31 December 2018	12,110,800	523,692	13,026	97,188	492,300	13,237,006
Additions	–	–	–	–	–	–
At 31 December 2019	12,110,800	523,692	13,026	97,188	492,300	13,237,006
Accumulated depreciation and impairment losses						
At 1 January 2018	1,023,931	165,573	5,831	97,188	244,112	1,536,635
Charge for the year	113,131	74,813	1,413	–	77,934	267,291
At 31 December 2018	1,137,062	240,386	7,244	97,188	322,046	1,803,926
Charge for the year	113,131	74,813	1,152	–	65,153	254,249
At 31 December 2019	1,250,193	315,199	8,396	97,188	387,199	2,058,175
Carrying amounts						
At 1 January 2018	11,086,869	358,119	7,195	–	243,789	11,695,972
At 31 December 2018	10,973,738	283,306	5,782	–	170,254	11,433,080
At 31 December 2019	10,860,607	208,493	4,630	–	105,101	11,178,831

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.

6 Other investments

	2019 $	2018 $
Non-current financial assets		
Debt investments – at amortised cost	9,000,000	11,500,000
	9,000,000	11,500,000
Current financial assets		
Debt investments – at amortised cost	1,500,000	2,500,500
Fixed deposits with bank	3,000,000	3,000,000
	4,500,000	5,500,500

The Company intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. Debt investments at amortised cost have stated interest rates of 3.75% to 5.95% (2018: 3.4% to 5.95%) and mature in 1 to 30 (2018: 1 to 31) years.

At reporting date, the interest rates on fixed deposits are 1.75% (2018: 1.8%) per annum. Interest rates reprice within a year.

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

7 Other receivables

	2019 $	2018 $
Other receivables	3,578	–
Deposits	–	200
Interest receivable	148,227	221,857
	151,805	222,057

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

8 Reserve fund

	2019 $	2018 $
Capital Fund	6,043	6,043
COMPASS Music Development Fund	580,096	726,096
	586,139	732,139

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

	2019 $	2018 $
Royalties due to members	73,680,310	70,116,817
Accrued operating expenses	625,046	555,630
Other payables	926,779	983,905
	75,232,135	71,656,352

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

10 Revenue

	2019 $	2018 $
Revenue from licence and permit fees, net	26,802,152	24,133,835

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

Nature of services	The Company principally generates revenue from licensing of public performances and broadcast use of music under the Company's control.
When revenue is recognised	Revenue is recognised when the subsequent sale or usage occurs and the performance obligation has been satisfied.
Significant payment terms	Payment is due within 30 days from the sales invoice date.

11 Surplus from operations before tax

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

	2019 $	2018 $
Other income		
Interest income:		
- investments	544,644	747,869
- cash and cash equivalents	649,236	412,054
	1,193,880	1,159,923
Staff costs		
Wages and salaries	2,203,097	2,149,667
Contributions to defined contribution plans	192,376	180,571
Other staff related costs	47,998	58,035
	2,443,471	2,388,273
Others		
Directors' fees	12,000	16,500
Operating lease expense	8,700	8,700

12 Tax expense

	2019 $	2018 $
Reconciliation of effective tax rate		
Surplus from operations before tax	12,724	3,999
Tax using the Singapore tax rate of 17% (2018: 17%)	2,163	680
Non-deductible expenses	58,050	25,304
Effect of wear and tear allowances utilised	(60,213)	(25,984)
	–	–

The following temporary differences have not been recognised:

	2019 $	2018 $
Deductible temporary differences	2,101,787	1,885,027
Unutilised tax losses	1,173,452	1,297,132
	3,275,239	3,182,159

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.

	2019 $	2018 $
Short-term employee benefits	1,052,950	1,006,830
Contributions to defined contribution plans	53,444	56,836
	1,106,394	1,063,666

Other related party transactions

During the year, sponsorships of $25,000 (2018: $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 $80,000 in 2019 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 Leases

Leases as lessee (FRS 116)

The Company leases office equipment. Previously, this lease was classified as operating leases under FRS 17.

The adoption of FRS 116 did not have a material effect on the Company's financial statements. Therefore, the right-of-use assets, lease liabilities, depreciation and interest on lease liabilities are not recognised during the financial year.

Amounts recognised in profit or loss

	$
2019 – Leases under FRS 116	
Interest on lease liabilities	–
2018 – Operating leases under FRS 17	
Lease expense	8,700

Amounts recognised in statement of cash flows

	2019 $
Total cash outflow for leases	–

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.

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 investments that were past due nor impaired at 31 December 2019.

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.

Cash and cash equivalents

Cash and bank balances are placed with bank which are regulated. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

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:

	Carry amount	
	2019	**2018**
	$	**$**
Fixed rate instruments		
Other investments	13,500,000	17,000,500

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.

The carrying amounts of other investments with a maturity of more than one year approximates the fair value as the interest rate is charged yearly. There are no significant differences between the fair value and carrying value of the other investment at the end of the reporting date.

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.

	Financial assets at amortised costs	**Financial liabilities at amortised cost**	**Total**
	$	**$**	**$**
2019			
Assets			
Other investments	13,500,000	-	13,500,000
Other receivables	151,805	-	151,805
Cash and cash equivalents	50,987,795	-	50,985,795
	64,639,600	-	64,639,600
Liabilities			
Trade and other payables	-	75,232,135	75,232,135
2018			
Assets			
Other investments	17,000,500	–	17,000,500
Other receivables	222,057	–	222,057
Cash and cash equivalents	44,047,807	–	44,047,807
	61,270,364	–	61,270,364
Liabilities			
Trade and other payables	–	71,656,352	71,656,352