



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

(A Company Limited by Guarantee)

Annual Report
Year ended 31 December 2021

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 2021.

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 2021 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 Companies Act 1967 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:

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
Chua Khah Suan
Teo Chen Shin
Peh Choo Choo
Lim Yu, Charles (Appointed on 26 August 2021)
Imran Ahmad Husaini Ajmain (Appointed on 26 August 2021)

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 1967 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 1967 does not apply.

Auditors

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

On behalf of the Board of Directors



Jeremy Ian Monteiro
Director



Lam Kin Hong Edmund
Director

2 June 2022



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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 2021, 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 1967 ('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 2021 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:

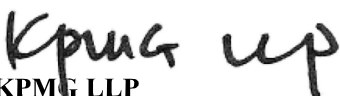
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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
Public Accountants and
Chartered Accountants

Singapore
2 June 2022

Statement of financial position
As at 31 December 2021

	Note	2021 \$	2020 \$ (reclassified)
Assets			
Property, plant and equipment	5	10,749,718	10,947,894
Other investments	6	4,250,000	5,000,000
Non-current assets		14,999,718	15,947,894
Other investments	6	1,250,000	750,000
Other receivables	7	142,150	66,872
Prepayments		452,963	455,610
Cash and cash equivalents		46,224,543	47,105,818
Current assets		48,069,656	48,378,300
Total assets		63,069,374	64,326,194
Funds attributable to members			
Reserve fund	8	351,373	482,775
Retained surplus		358,567	356,467
Total funds		709,940	839,242
Liabilities			
Trade and other payables	9	33,791,950	42,738,940
Non-current liabilities		33,791,950	42,738,940
Trade and other payables	9	28,567,484	20,748,012
Current liabilities		28,567,484	20,748,012
Total liabilities		62,359,434	63,486,952
Total equity and liabilities		63,069,374	64,326,194

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

Statement of profit or loss and other comprehensive income
Year ended 31 December 2021

	Note	2021 \$	2020 \$
Revenue	10	14,976,500	13,273,836
Other income		313,875	615,771
Depreciation of property, plant and equipment		(238,936)	(247,755)
Operating expenses		(1,359,102)	(1,061,722)
Staff costs		(2,013,272)	(1,776,331)
Royalty distribution to members		(11,676,965)	(10,807,085)
Surplus/(Deficit) from operations before tax	11	<u>2,100</u>	<u>(3,286)</u>
Tax expense	12	–	–
Surplus/(Deficit) for the year		<u><u>2,100</u></u>	<u><u>(3,286)</u></u>

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

Statement of changes in funds and reserves
Year ended 31 December 2021

	Reserve fund \$	Retained surplus \$	Total \$
At 1 January 2020	586,139	359,753	945,892
Total comprehensive income for the year			
Deficit for the year	–	(3,286)	(3,286)
Total comprehensive income for the year	–	(3,286)	(3,286)
Transactions with members			
Utilisation of reserve fund	(103,364)	–	(103,364)
Total transactions with members	(103,364)	–	(103,364)
At 31 December 2020	482,775	356,467	839,242
At 1 January 2021	482,775	356,467	839,242
Total comprehensive income for the year			
Surplus for the year	–	2,100	2,100
Total comprehensive income for the year	–	2,100	2,100
Transactions with members			
Utilisation of reserve fund	(131,402)	–	(131,402)
Total transactions with members	(131,402)	–	(131,402)
At 31 December 2021	351,373	358,567	709,940

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

Statement of cash flows
Year ended 31 December 2021

	2021	2020
	\$	\$
Cash flows from operating activities		
Surplus/(Deficit) for the year	2,100	(3,286)
Adjustments for:		
Depreciation of property, plant and equipment	238,936	247,755
Interest income	(266,380)	(615,652)
	<u>(25,344)</u>	<u>(371,183)</u>
Change in other receivables including prepayments	(68,271)	(96,014)
Change in trade and other payables	<u>(1,127,518)</u>	<u>(11,745,183)</u>
Net cash used in operating activities	<u>(1,221,133)</u>	<u>(12,212,380)</u>
 Cash flows from investing activities		
Interest received	262,020	700,585
Acquisition of property, plant and equipment	(40,760)	(16,818)
Proceeds from disposal of other investments	<u>250,000</u>	<u>7,750,000</u>
Net cash from investing activities	<u>471,260</u>	<u>8,433,767</u>
 Cash flows from financing activity		
Utilisation of reserve fund	<u>(131,402)</u>	<u>(103,364)</u>
Net cash used in financing activity	<u>(131,402)</u>	<u>(103,364)</u>
 Net decrease in cash and cash equivalents	<u>(881,275)</u>	<u>(3,881,977)</u>
Cash and cash equivalents at 1 January	<u>47,105,818</u>	<u>50,987,795</u>
Cash and cash equivalents at 31 December	<u><u>46,224,543</u></u>	<u><u>47,105,818</u></u>

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 2 June 2022.

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 3,098 members as at 31 December 2021 (2020: 2,873) being an amount not exceeding \$10.

3 Basis of preparation

3.1 Statement of compliance

The financial statements have been prepared in accordance with 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 significant areas of critical judgements or estimation uncertainties in the application of accounting policies that have a significant effect on the amount recognised in 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.

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 or minus, 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. 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 either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred;
 - or
 - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

Financial liabilities

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

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

(iv) Offsetting

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

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances by the Company in the management of its short-term commitments.

(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

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.

As a lessee

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

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

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

4.5 Government grants

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

4.6 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.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset 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 of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

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

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

4.7 Employee benefits

Defined contribution plans

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

Short-term benefits

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

4.8 Provisions

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

4.9 Revenue recognition

Revenue from 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 stand-alone 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.

4.10 Tax

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

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. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

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 taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, 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 tax rates and tax that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related income taxes, if any.

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

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 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.

4.11 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 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

None of the new standards, interpretations and amendments to standards are expected to have a significant impact on the financial statements of the Company.

5 Property, plant and equipment

	Leasehold land and building \$	Renovations \$	Furniture, fittings and office equipment \$	Motor vehicles \$	Computer equipment \$	Total \$
Cost						
At 1 January 2020	12,110,800	523,692	13,026	97,188	492,300	13,237,006
Additions	–	–	2,251	–	14,567	16,818
At 31 December 2020	12,110,800	523,692	15,277	97,188	506,867	13,253,824
Additions	–	–	–	–	40,760	40,760
At 31 December 2021	12,110,800	523,692	15,277	97,188	547,627	13,294,584
Accumulated depreciation and impairment losses						
At 1 January 2020	1,250,193	315,199	8,396	97,188	387,199	2,058,175
Charge for the year	113,131	74,813	1,206	–	58,605	247,755
At 31 December 2020	1,363,324	390,012	9,602	97,188	445,804	2,305,930
Charge for the year	113,131	74,813	1,195	–	49,797	238,936
At 31 December 2021	1,476,455	464,825	10,797	97,188	495,601	2,544,866
Carrying amounts						
At 1 January 2020	10,860,607	208,493	4,630	–	105,101	11,178,831
At 31 December 2020	10,747,476	133,680	5,675	–	61,063	10,947,894
At 31 December 2021	10,634,345	58,867	4,480	–	52,026	10,749,718

6 Other investments

	2021	2020
	\$	\$
Non-current financial assets		
Debt investments – at amortised cost	4,250,000	5,000,000
Current financial assets		
Debt investments – at amortised cost	1,250,000	750,000

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 3.07% to 6.15% (2020: 3.75% to 5.9%) and mature in 1 to 28 (2020: 1 to 29) years.

The Company's exposure to interest rate risk related to other investments is disclosed in note 14.

7 Other receivables

	2021	2020
	\$	\$
Other receivables	74,496	3,578
Interest receivable	67,654	63,294
	142,150	66,872

The Company's exposure to credit risk related to other receivables is disclosed in note 14.

8 Reserve fund

	2021	2020
	\$	\$
Capital Fund	6,043	6,043
COMPASS Music Development Fund	345,330	476,732
	351,373	482,775

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

	2021	2020
	\$	\$
Royalties due to members	61,619,987	62,582,763
Accrued operating expenses	480,907	593,005
Other payables	184,522	222,457
	62,285,416	63,398,225
Accrued employee benefits	74,018	88,727
	62,359,434	63,486,952
Non-current	33,791,950	42,738,940
Current	28,567,484	20,748,012
	62,359,434	63,486,952

The Company's exposure to liquidity risk related to trade and other payables is disclosed in note 14.

10 Revenue

	2021	2020
	\$	\$
Revenue from licence and permit fees, net	14,976,500	13,273,836
	14,976,500	13,273,836

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 pursuant to usage of songs in music media and performance of the songs through mass media.
Significant payment terms	Payment is due within 30 days from the sales invoice date.

11 Surplus/(Deficit) from operations before tax

The following items have been included in arriving at surplus/(deficit) from operations before tax:

	2021	2020
	\$	\$
Other income		
Interest income:		
- investments	233,866	343,200
- cash and cash equivalents	32,514	272,452
- others	47,495	119
	<u>313,875</u>	<u>615,771</u>
Staff costs		
Wages and salaries	1,893,787	1,842,602
Government grant included under staff costs	(88,652)	(292,419)
Contributions to defined contribution plans	178,132	178,729
Other staff related costs	30,005	47,419
	<u>2,013,272</u>	<u>1,776,331</u>
Others		
Directors' fees	26,000	11,500
Short-term lease expense	–	12,952
	<u>–</u>	<u>12,952</u>

12 Tax expense

	2021	2020
	\$	\$
Reconciliation of effective tax rate		
Surplus/(Deficit) from operations before tax	<u>2,100</u>	<u>(3,286)</u>
Tax using the Singapore tax rate of 17% (2020: 17%)	357	(558)
Non-deductible expenses	51,182	24,211
Effect of wear and tear allowances utilised	(51,539)	(23,653)
	<u>–</u>	<u>–</u>

The following temporary differences have not been recognised:

	2021	2020
	\$	\$
Deductible temporary differences	2,908,589	3,192,924
Unutilised tax losses	14,071	32,905
	<u>2,922,660</u>	<u>3,225,829</u>

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.

	2021	2020
	\$	\$
Short-term employee benefits	905,100	1,104,075
Contributions to defined contribution plans	48,452	50,881
	<u>953,552</u>	<u>1,154,956</u>

Other related party transactions

During the year, the Music Development Fund disbursed \$57,714 (2020: \$70,000) in 2021 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 Financial risk management

Overview

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

- credit risk
- liquidity risk
- market 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 2021.

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 following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount	Cash flows		
		Contractual cash flows	Within 1 year	Between 2 to 5 years
	\$	\$	\$	\$
2021				
Trade and other payables*	62,285,416	(62,285,416)	(28,493,466)	(33,791,950)
2020				
Trade and other payables*	63,398,225	(63,398,225)	(20,659,285)	(42,738,940)

* *Excluding accrued employee benefits*

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

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	
	2021	2020
	\$	\$
Fixed rate instruments		
Other investments	5,500,000	5,750,000
	5,500,000	5,750,000

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
	\$	\$	\$
2021			
Assets			
Other investments	5,500,000	–	5,500,000
Other receivables	142,150	–	142,150
Cash and cash equivalents	46,224,543	–	46,224,543
	51,866,693	–	51,866,693

	Financial assets at amortised costs \$	Financial liabilities at amortised cost \$	Total \$
2021			
Liabilities			
Trade and other payables*	–	(62,285,416)	(62,285,416)
<hr/>			
2020			
Assets			
Other investments	5,750,000	–	5,750,000
Other receivables	66,872	–	66,872
Cash and cash equivalents	47,105,818	–	47,105,818
	<hr/>	<hr/>	<hr/>
	52,922,690	–	52,922,690
<hr/>			
Liabilities			
Trade and other payables*	–	(63,398,225)	(63,398,225)
<hr/>			

* Excluded accrued employee benefits

15 Comparative Information

Change in classification

During the financial year, the Company assessed and classified a portion of trade and other payables from current to non-current to reflect more appropriately the nature of the balances. Comparative amounts in the statement of financial position were reclassified for consistency.

	----- 2020 -----	
	Reclassified \$	As previously stated \$
Non-current liabilities		
Trade and other payables	42,738,940	63,486,952
Current liabilities		
Trade and other payables	20,748,012	–
	<hr/>	<hr/>
	63,486,952	63,486,952
<hr/>		

This reclassification did not have any effect on the statement of profit or loss and other comprehensive income and the statement of cash flows.