

HONOUR (SINGAPORE) LTD.

[UEN. 201405223G]

[A Company limited by guarantee and not having share capital]

[Incorporated in the Republic of Singapore]

**AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 MAY 2020**

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Fiducia LLP

[UEN. T10LL0955L]

Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre #08-01
Singapore 408571
T: (65) 6846.8376
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DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of Honour (Singapore) Ltd. (the "Company") for the financial year ended 31 May 2020.

In the opinion of the directors,

- a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 May 2020 and the financial performance, changes in funds and cash flows of the Company for the financial year then ended; and
- b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Lim Siong Guan
Richard Rokmat Magnus
Ho Ai Lian
Mohammad Alami Musa

Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object are, or one of whose object 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.


Other matters

As the Company is limited by guarantee, matters relating to interest in shares, debentures or share options are not applicable.

Independent auditor

The independent auditor, Messrs. Fiducia LLP, Public Accountants and Chartered Accountants of Singapore, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors,

DocuSigned by:

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Lim Siong Guan
Director

DocuSigned by:

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Ho Ai Lian
Director

Singapore, 26 October 2020

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Independent auditor's report to the members of:

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Report on the Audit of the Financial Statements**Opinion**

We have audited the financial statements of Honour (Singapore) Ltd. (the "Company"), which comprise the statement of financial position as at 31 May 2020, and the statement of financial activities, statement of changes in funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of Companies Act, Chapter 50 (the "Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 May 2020 and of the financial performance, changes in funds and cash flows of the Company for the financial year ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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.

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(Cont'd)

Independent auditor's report to the members of:

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance comprises the directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Honour (Singapore) Ltd.
[UEN. 201405223G]

Audited Financial Statements
Financial Year Ended 31 May 2020

Fiducia LLP

Public Accountants and
Chartered Accountants of Singapore

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Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.


We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required to be kept by the Company have been properly kept in accordance with the provisions of the Companies Act, and the Charities Act and Regulations.

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

- a. the Company has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- b. the Company has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

DocuSigned by:

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Fiducia LLP

Public Accountants and
Chartered Accountants
Singapore, 26 October 2020

Partner-in-charge: Soo Hon Weng
PAB. No.: 01089

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

		2020	2019
	Note	General fund S\$	General fund S\$
INCOME			
General donations	5	370,804	584,446
Government grants			
- Tote Board funding		264,369	100,000
Honour International Symposium	5, 6	0	572,957
1,000 Friends of Honour	5	43,100	0
Fees received			
- Learning journey fees		0	7,245
- Film screening		0	1,200
- Speaking engagements	5	2,500	6,100
- CEO Forum – Registration fees	5	8,700	8,100
		<u>689,473</u>	<u>1,280,048</u>
OTHER INCOME			
Jobs support scheme		17,350	0
VCF ICT Grant		2,793	0
Wage credit scheme		960	1,280
		<u>21,103</u>	<u>1,280</u>
Total income		<u>710,576</u>	<u>1,281,328</u>
LESS: EXPENDITURE			
Community Outreach	8	11,031	7,874
Filmmaking and Learning Journey Initiatives	8	356,234	295,373
Honour Fundraising Event	8	0	38,718
Honour International Symposium	6	0	420,408
Honour Toolkit	8	140	16
Administrative costs			
Administration and management Fee		2,571	0
Audit fee		3,210	3,210
Accounting fee		6,000	6,000
Bank charges		398	1,568
Branding and strategy communications		350	0
Branding and Website Development		275	0
CPF and SDL		22,947	22,412
Depreciation of plant and equipment		37,151	0
Event management		10,800	0
Interest expense on lease liabilities		2,863	0
Media and communication		17,078	5,564
Medical claim		1,284	1,687
Professional fee		2,757	0
Rental of premises		42,372	42,693
Repair and maintenance		53	14,763
Salaries and bonus		173,000	163,945
Secretarial fees		1,720	0
Staff insurance		1,763	1,660
Stationery		349	406
Telephone, fax and internet		322	343
Other expenses		2,648	2,576
Total expenditure		<u>697,316</u>	<u>1,029,216</u>
NET SURPLUS		13,260	252,112
TOTAL FUNDS BROUGHT FORWARD		<u>913,552</u>	<u>661,440</u>
TOTAL FUNDS CARRIED FORWARD		<u>926,812</u>	<u>913,552</u>

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

STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2020

	Note	2020 S\$	2019 S\$
ASSETS			
Current assets			
Cash and cash equivalents	9	804,066	814,361
Other receivables	10	<u>107,490</u>	<u>105,047</u>
		911,556	919,408
Non-current assets			
Plant and equipment	11	<u>362,940</u>	<u>0</u>
Total assets		<u>1,274,496</u>	<u>919,408</u>
LIABILITY			
Current liability			
Other payables and accruals	12	23,503	5,856
Lease liabilities	13	<u>108,965</u>	<u>0</u>
		132,468	5,856
Non-current liability			
Lease liabilities	13	<u>215,216</u>	<u>0</u>
Total liability		<u>347,684</u>	<u>5,856</u>
Net assets		<u>926,812</u>	<u>913,552</u>
FUND			
Unrestricted fund			
General fund	14	<u>926,812</u>	<u>913,552</u>
Total fund		<u>926,812</u>	<u>913,552</u>

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

STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

	Balance at beginning of financial year S\$	Net surplus S\$	Balance at end financial of year S\$
2020			
Unrestricted fund			
General fund	<u>913,552</u>	<u>13,260</u>	<u>926,812</u>
Total fund	<u>913,552</u>	<u>13,260</u>	<u>926,812</u>
	Balance at beginning of financial year S\$	Net surplus S\$	Balance at end financial of year S\$
2019			
Unrestricted fund			
General fund	<u>661,440</u>	<u>252,112</u>	<u>913,552</u>
Total fund	<u>661,440</u>	<u>252,112</u>	<u>913,552</u>

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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

	Note	2020 S\$	2019 S\$
Cash flows from operating activities			
Surplus for the year		13,260	252,112
Adjustments for:			
- Depreciation of plant and equipment	11	37,151	0
- Interest expense on lease liabilities		2,863	0
Operating surplus before working capital changes		53,274	252,112
Changes in working capital:			
Other receivables		(2,443)	892
Other payables and accruals		17,647	(70,913)
Net cash generated from operating activities		68,478	182,091
Cash flows from investing activities			
Purchases of plant and equipment		(58,298)	0
Net cash used in investing activities		(58,298)	0
Cash flows from financing activities			
Interest paid on lease liabilities		(2,863)	0
Payment of principal portion on lease liabilities		(17,612)	0
Net cash used in financing activities		(20,475)	0
Net (decrease)/increase in cash and cash equivalents		(10,295)	182,091
Cash and cash equivalents at beginning of financial year		814,361	632,270
Cash and cash equivalents at end of financial year 9		804,066	814,361

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2020

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

1. General information

Honour (Singapore) Ltd. (the "Company") is a company limited by guarantee with no share capital. The Company was registered as charity under the Charities Act, Chapter 37 on 12 May 2014.

The address of its registered office and principal place of business is located at 6 Shenton Way, #24-11, OUE Downtown 2, Singapore 068809.

The Company has been accorded the Institutions of a Public Character ("IPC") status for the period from 21 May 2016 to 20 May 2020. The IPC status has been renewed for the period from 21 May 2020 to 20 May 2022.

The principal activity of the Company is to advance the material, social, spiritual welfare and prosperity of Singapore and Singaporeans through the promotion of a culture of honour and honouring in Singapore.

There have been no significant changes in the nature of these activities during the financial year.

2. Significant accounting policies**2.1 Basis of preparation**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRSs") and the disclosure requirements of the Companies Act (Chapter 50) and Charities Act (Chapter 37). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

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

The preparation of the financial statements in conformity with FRSs requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.1.1 Interpretations and amendments to published standards effective in 2020

On 1 June 2019, the Company adopted the new or amended FRSs and Interpretations of FRS ("INT FRSs") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs and INT FRSs.

2. Significant accounting policies (Cont'd)**2.1 Basis of preparation (Cont'd)**

2.1.1 Interpretations and amendments to published standards effective in 2020 (Cont'd)

(a) Adoption of FRS 116 leases

When the Company is the lessee:

Prior to the adoption of FRS 116, non-cancellable operating lease payments were not recognised as liabilities in the statement of financial position. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Company's accounting policy on leases after the adoption of FRS 116 is as disclosed in Note 2.14.

On initial application of FRS 116, the Company has elected to apply the following practical expedients:

- i) For all contracts entered into before 1 June 2019 and that were previously identified as leases under FRS 17 Leases, INT FRS 104 Determining whether an Arrangement contains a Lease, the Company has not reassessed if such contracts contain leases under FRS 116; and
- ii) On a lease-by-lease basis, the Company has:
 - applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
 - relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
 - accounted for operating leases with a remaining lease term of less than 12 months as at 1 June 2019 as short-term leases;
 - excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
 - used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 June 2019.

2.2 Revenue recognition

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

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

2.2.1 Donations

Donations are recognised at a point in time upon receipt.

Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

2. Significant accounting policies (Cont'd)**2.2 Revenue recognition**

2.2.2 Registration and fees received

Registration and fee received from the participants is recognised when the services have been performed and rendered.

2.2.3 Sponsorship

Income from sponsorship is accounted for when received.

2.2.4 Other income

Other income is recognised when received.

2.3 Government grants

Government grants are recognised when there is reasonable assurance that the Company will comply with conditions related to them and that the grants are certain to be received.

2.4 Costs and expenses recognition

All costs and expenses are accounted for on accrual basis, aggregated under the respective areas. Direct costs are attributed to the activity where possible. Where costs are not wholly attributable to an activity, they are apportioned on a basis consistent with the use of resources.

2.5 Employee compensation

2.5.1 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund ("CPF"), on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The Company's contribution to defined contribution plans are recognised as employee compensation expense when they are due.

2.5.2 Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

2. Significant accounting policies (Cont'd)**2.6 Financial assets****(a) Classification and measurement**

The Company classified its financial assets into amortised cost category.

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

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

At initial recognition

At initial recognition, the Company measures a financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement**Debt instrument**

Debt instruments of the Company mainly comprise of cash and cash equivalents and other receivables.

There are three prescribed subsequent measurement categories, depending on the Company's business model in managing the assets and the cash flow characteristic of the assets. The Company managed these group of financial assets by collecting the contractual cash flow and these cash flows represented solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

(b) Impairment

The Company assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For cash and cash equivalents other receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2. Significant accounting policies (Cont'd)**2.6 Financial assets (Cont'd)**

(c) Recognition and derecognition

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

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

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

2.7 Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash at bank with financial institution, which are subject to an insignificant risk of changes in value.

2.8 Plant and equipment

2.8.1 Measurement

All plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of plant and equipment includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2.8.2 Depreciation

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful lives</u>
Computers	1 year
Office equipment	1 year
Leasehold premises	Over the remaining lease term

Fully depreciated assets are retained in the fixed asset register until these items are disposed.

The residual values and useful lives of plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision of the residual values and useful lives are included in the financial activities for the financial year in which the changes arise.

2. Significant accounting policies (Cont'd)**2.8 Plant and equipment (Cont'd)****2.8.3 Subsequent expenditure**

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expenses in the statement of financial activities during the financial year in which it is incurred.

2.8.4 Disposal

On disposal of an item of plant and equipment, the difference between the net disposals proceeds and its carrying amount is taken to the statement of financial activities.

2.9 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of the assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the statement of financial activities.

An impairment loss for an asset is reversed if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the statement of financial activities.

2.10 Financial liabilities

Financial liabilities are recognised when the School becomes a party to the contractual agreements of the instrument and are classified according to the substance of the contractual arrangements entered into. All interest related charges are recognised in the profit or loss. Financial liabilities include other payables (excluding deferred income and contract liabilities) and lease liabilities.

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

2. Significant accounting policies (Cont'd)**2.11 Other payables and accruals**

Other payables and accruals represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Other payables and accruals are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2.12 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.13 Funds

Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purpose, if any, by action of the Management. Externally restricted funds may only be utilized in accordance with the purposes for which they are established. The Management retains full control over the use of unrestricted funds for any of the Company's purposes. There is no restricted fund at the end of the financial year.

2.14 Leases

2.14.1 These accounting policies are applied before the initial application date of FRS 116, 1 June 2019:

Rentals on operating leases are charged to surplus or deficit on a straight-line basis over the lease term. Lease incentives, if any, are recognised as in integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the profit and loss when incurred.

Contingent rents are mainly determined as a percentage of income in excess of a specified amount during the month. They are charged to the profit or loss when incurred.

2.14.2 These accounting policies are applied on and after the initial application date of FRS 116, 1 June 2019:

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-use assets

The Company recognises the right-of-use assets based on an amount equal to the lease liability, adjusted for previously recognised prepaid or accrued lease payments. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

2. Significant accounting policies (Cont'd)**2.14 Leases (Cont'd)**

2.14.2 These accounting policies are applied on and after the initial application date of FRS 116, 1 June 2019: (Cont'd)

Right-of-use assets (Cont'd)

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.10. The Company right-of-use assets are presented within property, plant and equipment as disclosed in Note 11.

Lease liabilities

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

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

The Company lease liabilities are disclosed in Note 13.

Short-term leases and leases of low-value assets

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

2. Significant accounting policies (Cont'd)**2.15 Borrowing costs**

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

2.16 Events after the reporting period

Events after the reporting period that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2 Critical judgments in applying the entity's accounting policies

The key critical judgments in applying the entity's accounting policies concerning the future at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Government grants

Government grants to meet operating expenses are recognised as income in the income and expenditure statement on the accrual basis in the year these operating expenses were incurred and there is reasonable assurance that the Company will comply with the conditions attached to it. For certain grants, the government agencies reserve the right to withdraw, withhold or reduce the amount of any funds approved but not yet disbursed or to call for the refund of all funds which have been disbursed to the Company if the conditions are not met.

4. Income tax

The Company is an approved charity organisation under the Charities Act, Chapter 37. Consequently, the income of the Company is exempt from income tax under the provisions of Section 13(1)(zm) of the Income Tax Act Cap. 134.

5. Revenue from contracts with customers

	Note	2020 S\$	2019 S\$
Disaggregation of revenue			
General donations			
- Tax deductible		111,725	499,220
- Non-tax deductible		259,079	85,226
		<u>370,804</u>	<u>584,446</u>
Honour International Symposium	6	0	572,957
1,000 Friends of Honour			
- Tax deductible donations		43,100	0
Fees received		11,200	22,645
		<u>425,104</u>	<u>1,180,048</u>
Timing of transfer of goods			
- At a point in time		<u>425,104</u>	<u>1,180,048</u>

6. Honour International Symposium (HIS)

	Note	2020 S\$	2019 S\$
Income			
Donations *		0	248,350
John Templeton Foundation grant **		0	53,964
Registration fee		0	60,732
Sponsored venue, food and accommodation expenses		0	209,911
Total HIS donations received	5	<u>0</u>	<u>572,957</u>
Less: Expenses			
Equipment and logistics		0	77,225
Event management		0	22,000
Gifts		0	22,723
Honorarium		0	11,177
Manpower		0	1,808
Other expenses		0	1,748
Performance		0	7,050
Publicity		0	4,920
Sponsored participants		0	53,964
Transport		0	587
Venue, food and accommodation expenses		0	210,806
Video and photography		0	6,400
Total HIS expenses		<u>0</u>	<u>420,408</u>
Net surplus on event		<u>0</u>	<u>152,549</u>

* For sponsorship of local participants at HIS event

** For sponsorship of international participants at HIS event

7. Fund-raising activities and expenditure

	2020 S\$	2019 S\$
Fund-raising lunch		
Proceeds	0	276,750
Less: Fundraising expenses	0	(38,718)
Net fundraising income	<u>0</u>	<u>238,032</u>
Fund-raising efficiency ratio	<u>0</u>	<u>14%</u>

8. Expenditure

	2020 S\$	2019 S\$
Community Outreach		
CEO forum	4,664	80
Honour Champions	6,357	7,492
Thought Leadership - Other	10	302
	<u>11,031</u>	<u>7,874</u>
Filmmaking and Learning Journey Initiatives		
Learning Journey	32,206	19,660
Recruitment, publicity and video	230,828	228,297
Screening and distribution	93,200	47,416
	<u>356,234</u>	<u>295,373</u>
Honour Fundraising Event	<u>0</u>	<u>38,718</u>
Honour Toolkit		
Design and development	<u>140</u>	<u>16</u>

9. Cash and cash equivalents

	2020 S\$	2019 S\$
Cash on hand	759	588
Cash in bank	803,307	813,773
	<u>804,066</u>	<u>814,361</u>

At the reporting date, the carrying amounts of cash and cash equivalents approximate their fair values.

10. Other receivables

	2020 S\$	2019 S\$
Grant funding receivables	100,000	90,000
Deposit	450	7,040
Prepayment	0	3,852
Others	7,040	4,155
	<u>107,490</u>	<u>105,047</u>

At the reporting date, the carrying amounts of other receivables approximate their fair values.

11. Plant and equipment

	Computers S\$	Office equipment S\$	Renovation in progress S\$	Leasehold premises S\$	Total S\$
<u>Cost</u>					
At 1 June 2018 and 31 May 2019	4,606	683	0	0	5,289
Additions	18,162	0	40,136	341,793	400,091
At 31 May 2020	<u>22,768</u>	<u>683</u>	<u>40,136</u>	<u>341,793</u>	<u>405,380</u>
<u>Accumulated depreciation</u>					
At 1 June 2018 and 31 May 2019	4,606	683	0	0	5,289
Depreciation for the year	18,162	0	0	18,989	37,151
At 31 May 2020	<u>22,768</u>	<u>683</u>	<u>0</u>	<u>18,989</u>	<u>42,440</u>
<u>Carrying amount</u>					
At 31 May 2020	<u>0</u>	<u>0</u>	<u>40,136</u>	<u>322,804</u>	<u>362,940</u>
At 31 May 2019	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Right of use assets acquired under leasing arrangements are presented together with the owned assets at the same class. Details of such leased assets are disclosed in Note 13.

12. Other payables and accruals

	2020 S\$	2019 S\$
Accruals	210	210
Non-trade payables	<u>23,293</u>	<u>5,646</u>
	<u>23,503</u>	<u>5,856</u>

At the reporting date, the carrying amounts of other payables and accruals approximate their fair values.

13. Lease liabilities

	2020 S\$	2019 S\$
Current	108,965	0
Non-current	<u>215,216</u>	<u>0</u>
	<u>324,181</u>	<u>0</u>

Leases – The Company as a lessee

Nature of the Company's leasing activities

The Company leases of office premises for the purpose of its operations.

13. Lease liabilities (Cont'd)

- (a) Carrying amount

Right-of-use ("ROU") assets classified within Property, plant and equipment

	2020 S\$	2019 S\$
Leasehold premises	<u>322,804</u>	<u>0</u>

- (b) Amount recognised in statement of financial activities:

	2020 S\$
Depreciation of right-of-use assets	18,989
Interest expense on lease liabilities	<u>2,863</u>
Total amount recognised in statement of financial activities	<u>21,852</u>

- (c) Total cash outflow:

The Company had total cash outflows for leases of S\$20,475 in 2020.

- (d) A reconciliation of liabilities arising from financing activities is as follows:

	1 June 2019 S\$	Addition S\$	Cash flows S\$	Non-cash changes		31 May 2020 S\$
				Accretion of interests S\$	Other S\$	
Liabilities						
Lease liabilities						
- Current	0	17,612	(20,475)	2,863	108,965	108,965
- Non-current	0	324,181	0	0	(108,965)	215,216
Total	<u>0</u>	<u>341,793</u>	<u>(20,475)</u>	<u>2,863</u>	<u>0</u>	<u>324,181</u>

14. General fund

The accumulated general fund represents the accumulated surplus of the Company. It is unrestricted and is for the purpose of meeting the expenditure in accordance with the objectives of the Company.

15. Related party transactions

- (a) Related party transactions

The Company has significant related party transactions as follows, on terms agreed between the parties:

	2020 S\$	2019 S\$
Tote Board funding	<u>264,369</u>	<u>100,000</u>

15. Related party transactions (Cont'd)

(b) Remuneration of key management personnel

The key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company.

The general manager is considered as the Company's key management personnel and received the following during the year.

	2020 S\$	2019 S\$
Salaries and bonus	121,000	114,545
Post-employment benefits – Employer's contribution to CPF	<u>13,855</u>	<u>13,770</u>
	<u>134,855</u>	<u>128,315</u>

The annual remuneration of key management personnel are classified as follows:

	2020 No. of personnel	2019 No. of personnel
Remuneration band Between S\$100,001 to \$200,000	<u>1</u>	<u>1</u>

16. Commitments**16.1 Operating lease commitments**

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

	2020 S\$	2019 S\$
Lease of premises		
Not later than one year	<u>0</u>	<u>42,372</u>

As disclosed in Note 2.1.1, the Company has adopted FRS 116 on 1 June 2019. These lease payments have been recognised as right-of-use assets and lease liabilities in the statement of financial position as at 31 May 2020, except for short-term and low-value assets.

16. Commitments (Cont'd)**16.2 Other commitments**

At the reporting date, the Company entered into an agreement with third party for Media Development and Partnership consultancy services under non-cancellable term as follows:

	2020	2019
	S\$	S\$
Renovation and consultancy services		
Not later than one year	<u>218,223</u>	<u>19,250</u>

17. Financial risk management

The Company's overall risk management seeks to minimise potential adverse effects of financial performance of the Company. The directors, who manage the Company's financial risk directly, review on constant basis the policies and ensure that they are complied with.

The following sections provide details regarding the Company's exposure to these risks:

17.1 Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from cash and cash equivalents and other receivables.

Credit risk on liquid funds is limited because the counterparty is a bank with high credit rating assigned by international credit agencies. For other receivables, the Company adopts the policy of dealing only with high credit rating counterparties. The Company has applied the general 3 stage approach in FRS109 to measure the loss allowance at 12-months expected credit loss (ECL) due to the counterparty has a low risk of default and does not have any past due amounts.

17.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mis-matches of the maturities of financial assets or liabilities.

Management monitors and ensures that the Company maintains a level of cash and cash equivalents deemed adequate to finance the Company's operations.

17. Financial risk management (Cont'd)**17.2 Liquidity risk (Cont'd)**

The table below summarises the maturity profile of the Company's financial assets and liability at the end of the reporting date based on the contractual undiscounted repayment obligations:

	Within one year S\$	Later than one year but not later than five years S\$	Total S\$
2020			
Financial assets, at amortised cost			
Cash and cash equivalents	804,066	0	804,066
Other receivables	107,490	0	107,490
	<u>911,556</u>	<u>0</u>	<u>911,556</u>
Financial liabilities, at amortised cost			
Other payables and accruals	(23,503)	0	(23,503)
Lease liabilities	(122,850)	(225,224)	(348,074)
	<u>(146,353)</u>	<u>(225,224)</u>	<u>(371,577)</u>
	<u>765,203</u>	<u>(225,224)</u>	<u>539,979</u>
2019			
Financial assets, at amortised cost			
Cash and cash equivalents	814,361	0	814,361
Other receivables (excluding prepayment)	101,195	0	101,195
	<u>915,556</u>	<u>0</u>	<u>915,556</u>
Financial liabilities, at amortised cost			
Other payables and accruals	(5,856)	0	(5,856)
	<u>909,700</u>	<u>0</u>	<u>909,700</u>

18. Fair values

The carrying amounts of the financial assets and liabilities recorded in the financial statements of the Company approximate their fair values due to its short term nature.

The carrying amounts of lease liabilities approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

19. Reserve position and policy

The Company's reserve position for financial years ended 31 May 2020 and 2019 are as follows:

		2020	2019	Increase/ (Decrease)
		S\$'000	S\$'000	%
A	Unrestricted Funds			
	Accumulated general fund	927	914	1.42
B	Restricted or Designated Funds			
	Designated Funds	N/A	N/A	N/A
	Restricted Funds	N/A	N/A	N/A
C	Honour Fund	0	0	0
D	Total Funds	927	914	1.42
E	Total Annual Operating Expenditure	697	1,029	(32.26)
F	Ratio of Funds to Annual Operating Expenditure (A/E)	1.33	0.89	

Reference:

- C. Reserve Fund to contribute towards long-term sustainability of the Company's operations. It consists of assets, funds or properties that are held in perpetuity, which produce annual income flow for a foundation to spend as grants.
- D. Total Funds include unrestricted, restricted / designated and Honour fund.
- E. Total Annual Operating Expenditure includes direct cost and administrative costs.

The Company's reserve policy is as follows:

The Company would hold its reserves up to approximately the average operational expenses over the last three years amounting to S\$780,000.

20. Management of conflict of interest

There is no paid staff on the Company's Board of Directors.

The Board of Directors are required to disclose any interest that they may have, whether directly or indirectly, that the Company may enter into or in any organisations that the Company has dealings with or is considering dealing with; and any personal interest accruing to him as one of the Company's supplier, user of services or beneficiary. Should there be any potential conflict of interest, the affected Board of Directors may not vote on the issue that was the subject matter of the disclosure. Detailed minutes will be taken on the disclosure as well as the basis for arriving at the final decision in relation to the issue at stake.

21. Events occurring after the reporting period

At the date of the financial statements, the COVID-19 pandemic has spread towards many parts of the world.

The Company expects the support measures introduced by the Singapore Government to help cushion the cash flows impact of the Company. As the situation continues to evolve with significant level of uncertainty, the Company is unable to reliably estimate the duration and severity of these measures, as well as their impact on the financial position and results of the Company for future periods.

The Company is monitoring the situation closely and to mitigate the financial impact, it is conscientiously managing its cost by adopting an operating cost optimization strategy and having a liquidity conservation mind-set.

22. Authorisation of financial statements

The financial statements for the financial year ended 31 May 2020 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 26 October 2020.