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 2022

CONTENTS

Fiducia LLP
[UEN. T10LL0955L]
Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre #08-01
Singapore 408571
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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 2022.

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 2022, 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
Ho Ai Lian
Mohammad Alami Musa
Richard Rokmat Magnus (Deceased on 14 March 2022)

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:
Lim Siong Guan
671FAB17C06A4EC...
Lim Siong Guan
Director

DocuSigned by:
Fang Ai Lian
4E99AE857F70422...
Ho Ai Lian
Director

Singapore, 24 November 2022

Fiducia LLP
Public Accountants and
Chartered Accountants of Singapore

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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 2022, 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 1967 (the "Companies Act"), the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 May 2022 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 (set out on page 2), but does not include the financial statements and our auditor's report thereon.

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

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

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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:
Fiducia LLP
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Fiducia LLP
Public Accountants and
Chartered Accountants

Singapore, 24 November 2022

Partner-in-charge: Gan Chek Huat
PAB. No.: 01939

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

		2022			2021
		Unrestricted	Designated		
	Note	General fund S$	Honour fund S$	Total funds S$	Total funds S$
INCOME					
General donations		751,070	0	751,070	166,492
Government grants					
- National Heritage Board grant		9,700	0	9,700	0
- Tote Board funding		350,000	0	350,000	100,000
- Bicentennial Community Grant		0	0	0	400,000
1,000 Friends of Honour		113,500	0	113,500	24,600
Fees received					
- Speaking engagements	5	500	0	500	0
		1,224,770	0	1,224,770	691,092
OTHER INCOME	6	7,945	0	7,945	40,201
Total income		1,232,715	0	1,232,715	731,293
LESS: EXPENDITURE					
Community Outreach	8	266	0	266	0
Filmmaking and Learning Journey Initiatives	8	101,651	0	101,651	135,492
Administrative costs					
Administration and management fee		10,056	0	10,056	19,996
Audit fee		3,210	0	3,210	6,634
Accounting fee		6,000	0	6,000	6,000
Bank charges		212	0	212	205
Branding and website development		1,335	0	1,335	3,887
CPF and SDL		29,759	0	29,759	23,118
Depreciation of leasehold premises and equipment	12	207,580	0	207,580	181,617
Event management		8,200	0	8,200	693
Interest expense on lease liabilities	14	8,025	0	8,025	13,885
Media and communication		9,181	0	9,181	6,065
Medical claim		570	0	570	1,226
Professional fee		1,021	0	1,021	84
Salaries and bonus		213,600	0	213,600	176,500
Secretarial fees		860	0	860	860
Staff insurance		723	0	723	1,701
Stationery		0	0	0	42
Telephone, fax and internet		1,380	0	1,380	555
Other expenses		3,307	0	3,307	3,959
Total expenditure		606,936	0	606,936	582,519
Net income		625,779	0	625,779	148,774
Other comprehensive income					
Fair value loss on financial assets, at FVOCI	11	0	(61,400)	(61,400)	(38,957)
Total comprehensive income		625,779	(61,400)	564,379	109,817

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

STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2022

	Note	2022 S$	2021 S$
ASSETS			
Current assets			
Cash and cash equivalents	9	1,538,056	702,490
Other receivables	10	450	100,450
		1,538,506	802,940
Non-current assets			
Financial assets, at FVOCI	11	16,025	77,425
Leasehold premises and equipment	12	173,640	373,329
		189,665	450,754
Total assets		1,728,171	1,253,694
LIABILITIES			
Current liabilities			
Other payables	13	26,771	1,848
Lease liabilities	14	100,391	114,825
		127,162	116,673
Non-current liabilities			
Lease liabilities	14	0	100,391
Total liabilities		127,162	217,064
NET ASSETS		1,601,009	1,036,630
FUNDS			
Unrestricted fund			
General fund	15	1,584,984	959,205
Designated funds			
Honour fund	16	116,382	116,382
Fair value reserve		(100,357)	(38,957)
		16,025	77,425
TOTAL FUNDS		1,601,009	1,036,630

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

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

2022	Balance at beginning of financial year S$	Net income S$	Other comprehensive income S$	Balance at end financial of year S$
Unrestricted fund				
General fund	959,205	625,779	0	1,584,984
Designated funds				
Honour Fund	116,382	0	0	116,382
Fair value reserve	(38,957)	0	(61,400)	(100,357)
	77,425	0	(61,400)	16,025
	1,036,630	625,779	(61,400)	1,601,009

2021	Balance at beginning of financial year S$	Net income S$	Other comprehensive income S$	Balance at end financial of year S$
Unrestricted fund				
General fund	926,813	32,392	0	959,205
Designated funds				
Honour Fund	0	116,382	0	116,382
Fair value reserve	0	0	(38,957)	(38,957)
	0	116,382	(38,957)	77,425
	926,813	148,774	(38,957)	1,036,630

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

	Note	2022 S$	2021 S$
Cash flows from operating activities			
Net income for the year		564,379	109,817
Adjustments for:			
- Depreciation of leasehold premises and equipment	12	207,580	181,617
- Interest expense on lease liabilities	14	8,025	13,885
- Rent concession received	14	0	(20,960)
- Donation in kind received		0	(116,382)
- Fair value loss on financial assets at FVOCI	11	61,400	38,957
Operating surplus before working capital changes		841,384	206,934
Changes in working capital:			
Other receivables		100,000	7,040
Other payables		24,923	(21,654)
Net cash generated from operating activities		966,307	192,320
Cash flows from investing activities			
Purchases of leasehold premises and equipment	12	(7,891)	(192,006)
Net cash used in investing activities		(7,891)	(192,006)
Cash flows from financing activities			
Interest paid on lease liabilities	14	(8,025)	(13,885)
Payment of principal portion on lease liabilities	14	(114,825)	(88,005)
Net cash used in financing activities		(122,850)	(101,890)
Net increase/(decrease) in cash and cash equivalents		835,566	(101,576)
Cash and cash equivalents at beginning of financial year		702,490	804,066
Cash and cash equivalents at end of financial year		1,538,056	702,490

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2022

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 1994 on 12 May 2014.

Every member of the company undertakes to contribute to the assets of the company, whether in cash or in specie, in the event of its being wound up while he is a member, or within one year after he/she ceases to be a member, for payment of the debts and liabilities of the company contracted before he/she ceases to be a member, and the costs, charges and expenses of winding-up of the company, and adjustment of the rights of the contributories among themselves, such amount as maybe required, not exceeding the sum of one Singapore Dollar only (S$ 1) in cash. As at the reporting date, the company has 3 members (2021: 4 members).

The company's 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 and is valid from 21 May 2022 to 20 May 2025.

The principal activities 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 1967 (the "Companies Act"), the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations"). 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$"), which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the Company operates. All financial information presented are denominated in S$ unless otherwise stated.

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. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

2.1.1 Interpretations and amendments to published standards effective in 2021

In the current financial year, the Company has adopted the new or revised FRSs and Interpretations to FRSs ("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.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had not material effect on the amounts reported for the current or prior financial years.

2.1.2 Standards issued but not yet effective

The Company has not adopted the following relevant new/revised FRSs, INT FRSs and amendments to FRSs that were issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to:	
- FRS 103: References to the Conceptual Framework	1 January 2022
- FRS 16: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
- FRS 37: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to:	
- FRS 1: Classification of Liabilities as Current or Non-current	1 January 2023
- FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
- FRS 8: Definition of Accounting Estimates	1 January 2023
- FRS 12: Deferred tax related to Assets and Liabilities arising from a single transaction	1 January 2023
- FRS 10 and FRS 28: Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	Date not yet determined

The directors believe that the adoption of the revised standards and interpretations will have no material impact on the financial statements in the year of initial application.

2.2 Income recognition

Income 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. Significant accounting policies (Cont'd)

2.2 Income recognition (Cont'd)

Income is recognised as follows:

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.

2.2.2 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 grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to the statement of financial activities over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

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

2.6.1 Classification and measurement

The Company classifies its financial assets in the measurement categories:

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

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

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

<u>At initial recognition</u>

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

<u>At subsequent measurement</u>

(i) Debt instruments

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 characteristics of the assets. The Company managed these group of financial assets by collecting the contractual cash flows and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

(ii) Equity investments

The Company subsequently measures all its equity investments at their fair values.

The Company has elected to recognise the changes in fair value of equity investments not held for trading in other comprehensive income as these are strategic investments and the Company considered this to be more relevant.

Movement in fair values of investments classified as FVOCI are presented as "Fair value gain and losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "Dividend income".

2. Significant accounting policies (Cont'd)

2.6 Financial assets (Cont'd)

2.6.2 Impairment

The Company assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For cash and cash equivalents and 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.

2.6.3 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 statement of comprehensive income. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to statement of comprehensive income.

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 Leasehold premises and equipment

2.8.1 Measurement

All leasehold premises 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 leasehold premises 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 leasehold premises 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:

	Useful lives
Computers	1 year
Office equipment	1 year
Leasehold premises	Over the remaining lease term
Leasehold improvement	Over the remaining lease term

2. Significant accounting policies (Cont'd)

2.8 Leasehold premises and equipment (Cont'd)

2.8.2 Depreciation (Cont'd)

The residual values and useful lives of leasehold premises 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.

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

2.8.3 Subsequent expenditure

Subsequent expenditure relating to leasehold premises 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 leasehold premises 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 Company 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.

2. Significant accounting policies (Cont'd)

2.10 Financial liabilities (Cont'd)

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.

2.11 Other payables

Other payables, excluding accruals, are recognised at their transaction price, excluding transaction costs, if any, both at initial recognition and at subsequent measurement. Transaction costs will be recognised as expenditure in the statement of financial activities as incurred. Accruals are recognised at the best estimate of the amount payable.

Accruals are recognised at the best estimate of the amount payable.

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

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

<u>When the Company is the lessee</u>

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

2. Significant accounting policies (Cont'd)

2.14 Leases (Cont'd)

When the Company is the lessee (Cont'd)

2.14.1 Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less 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.

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 right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.9. The Company's right-of-use assets are presented within leasehold premises and equipment as disclosed in Note 12.

2.14.2 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's lease liability are disclosed in Note 14.

The Company has applied the amendment to FRS 116 Leases: Covid-19-Related Rent Concessions. The Company applies the practical expedient allowing it not to assess whether a rent concession related to COVID-19 is a lease modification. The Company applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Company chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Company assesses whether there is a lease modification.

2. Significant accounting policies (Cont'd)

2.14 Leases (Cont'd)

2.14.3 Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery (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.

2.14.4 Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Company shall recognise those lease payments in the statement of comprehensive income in the periods that triggered those lease payments.

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 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in statement of comprehensive income over the period of the borrowings using the effective interest method.

2.17 Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefit is probable.

2.18 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 as are discussed below.

3.1.1 Estimated useful lives of leasehold premises and equipment

The useful life of an item of leasehold premises and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful will be adjusted accordingly.

The carrying amount of the leasehold premises and equipment as at 31 May 2022 and 2021 were disclosed in Note 12 of the financial statements.

Based on Management's assessment, no change in the estimated useful lives of leasehold premises and equipment is required as of 31 May 2022.

3.1.2 Impairment of leasehold premises and equipment

Leasehold premises and equipment is tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. This requires an estimation of the value in use of the cash-generating units. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

3.2 Critical judgments in applying the entity's accounting policies

The key critical judgements 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.

3.2.1 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.

At the reporting date, the Management assessed the Company has met the conditions attached to the grants.

4. Income tax

4.1 Taxation

The Company is an approved charity under the Charities Act 1994 since 12 May 2014. Therefore, no tax provision has been made in the financial statements as the Company is exempt from income tax.

4.2 Tax deductible receipts

The Company is an approved Institution of Public Character ("IPC") whereby public donors are granted 2.5 times tax deductions for donations made to the Company. It has been accorded the IPC status granted by the Ministry of Culture, Community and Youth ("MCCY") for the period from 21 May 2020 to 20 May 2022 and renewed from 21 May 2022 to 20 May 2025.

Tax deductible receipts issued by the Company for donations received during the financial year, pursuant to its Institutions of a Public Character ("IPC") status, are recorded as follows:

	2022 S$	2021 S$
Unrestricted – General fund:		
General donations	745,560	9,680
1,000 Friends of Honour	13,500	24,600
	759,060	34,280

5. Revenue from contracts with customers

	2022 S$	2021 S$
Revenue from:		
Fees received		
- Speaking engagements	500	0
Timing of transfer of revenue:		
Fees received		
- Speaking engagements	500	0

There are no contract liability balances.

6. Other income

	2022 S$	2021 S$
COVID-19 related rent concessions	0	20,960
Job Growth Incentive	4,600	0
Jobs Support Scheme	2,610	16,430
VCF ICT Grant	0	256
Wage Credits Scheme	735	2,555
	7,945	40,201

7. Fund-raising activities

	2022 S$	2021 S$
Proceeds – Fund-raiser	733,000	4,100
Expenditure	0	0
Percentage of fund-raising expenses over income from fund-raising events	0%	0%

The Company complied with the 30/70 fund-raising rule during the financial year 31 May 2022 and 2021.

8. Expenditure

	2022 S$	2021 S$
8.1 Community Outreach		
Honour Champions	266	0
8.2 Filmmaking and Learning Journey Initiatives		
Honour Film initiative production costs	42,772	0
Recruitment, publicity and video	0	61,116
Screening and distribution	58,879	74,376
	101,651	135,492

9. Cash and cash equivalents

	2022 S$	2021 S$
Cash on hand	355	569
Cash in bank	1,537,701	701,921
	1,538,056	702,490

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

10. Other receivables

	2022 S$	2021 S$
Grant funding receivables	0	100,000
Deposit	450	450
	450	100,450

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

11. Financial assets, at FVOCI

	2022 S$	2021 S$
Beginning of financial year	77,425	0
Additions	0	116,382
Fair value losses	(61,400)	(38,957)
End of financial year	16,025	77,425

The details of financial assets, at FVOCI are as follows:

	2022 S$	2021 S$
Investment in equity designated at FVOCI		
Quoted equity securities in United States of America		
- Eqonex Limited (formerly named as Diginex Limited)	16,025	77,425

The Company has elected to measure these quoted equity securities at fair value through other comprehensive income due to the Company's intention to hold these equity securities for long-term appreciation.

12. Leasehold premises and equipment

	Computers S$	Office equipment S$	Leasehold improvement S$	Leasehold premises S$	Total S$
Cost					
At 1 June 2020	22,768	683	40,136	341,793	405,380
Additions	408	0	191,598	0	192,006
At 31 May 2021	23,176	683	231,734	341,793	597,386
Additions	0	0	7,891	0	7,891
At 31 May 2022	23,176	683	239,625	341,793	605,277
Accumulated depreciation					
At 1 June 2020	22,768	683	0	18,989	42,440
Depreciation	408	0	67,278	113,931	181,617
At 31 May 2021	23,176	683	67,278	132,920	224,057
Depreciation	0	0	93,649	113,931	207,580
At 31 May 2022	23,176	683	160,927	246,851	431,637
Carrying amount					
At 31 May 2022	0	0	78,698	94,942	173,640
At 31 May 2021	0	0	164,456	208,873	373,329

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 14.

13. Other payables

	2022 S$	2021 S$
Accruals	210	210
Non-trade payables	26,561	1,638
	26,771	1,848

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

14. Leases

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

14.1 Right-of-use assets

The carrying amount of right-of-use ("ROU") assets classified within leasehold premises and equipment:

	2022 S$	2021 S$
Leasehold premises	94,942	208,873

14.2 Lease liabilities

	2022 S$	2021 S$
Current	100,391	114,825
Non-current	0	100,391
	100,391	215,216

A reconciliation of lease liabilities arising from financing activities is as follows:

			Non-cash changes		
2022	1 June 2021 S$	Cash flows S$	Accretion of interests S$	Others S$	31 May 2022 S$
Current	114,825	(122,850)	8,025	100,391	100,391
Non-current	100,391	0	0	(100,391)	0
	215,216	(122,850)	8,025	0	100,391

			Non-cash changes			
2021	1 June 2020 S$	Cash flows S$	Accretion of interests S$	Rent concession S$	Others S$	31 May 2021 S$
Current	108,965	(101,890)	13,885	(20,960)	114,825	114,825
Non-current	215,216	0	0	0	(114,825)	100,391
	324,181	(101,890)	13,885	(20,960)	0	215,216

14. Leases (Cont'd)

14.3 Amounts recognised in the statement of comprehensive income

	2022 S$	2021 S$
Depreciation of right-of-use assets	113,931	113,931
Interest expense on lease liabilities	8,025	13,885
	121,956	127,816

14.4 Total cash outflows

During the financial year, the Company had total cash outflows for leases of S$122,850 (2021: S$101,890).

15. 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.

16. Honour fund

The Honour fund was set-up to contribute towards long-term sustainability of the Company`s operations.

17. Related party transactions

17.1 Significant transactions

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

	2022 S$	2021 S$
Tote Board funding	350,000	100,000

17. Related party transactions (Cont'd)

17.2 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.

	2022 S$	2021 S$
Salaries and bonus	123,500	123,500
Post-employment benefits – Employer's contribution to CPF	13,855	13,855
	137,355	137,355

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

	2022 No. of personnel	2021 No. of personnel
Remuneration band		
Between S$100,001 to $200,000	1	1

18. 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:

	2022 S$	2021 S$
Renovation and consultancy services		
Not later than one year	0	7,375

19. Financial instruments by category

The carrying amounts of financial assets measured at fair value (financial assets, at FVOCI) are disclosed on the face of the statement of financial position and in Note 11 to the financial statements.

The aggregate carrying amounts of financial assets and liabilities measured at amortised cost are as follows:

	2022 S$	2021 S$
Financial assets	1,538,506	802,940
Financial liabilities	(129,146)	(227,073)

20. 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:

20.1 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 FRS 109 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.

20.2 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.

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:

2022	Within one year S$	Later than one year but not later than five years S$	Total S$
Financial assets			
Cash and cash equivalents	1,538,056	0	1,538,056
Trade and other receivables	450	0	450
Financial assets, at FVOCI	0	16,025	16,025
	1,538,506	16,025	1,554,531
Financial liabilities			
Other payables	(26,771)	0	(26,771)
Lease liabilities	(102,375)	0	(102,375)
	(129,146)	0	(129,146)
Net financial assets/(liabilities)	1,409,360	16,025	1,425,385

20. Financial risk management (Cont'd)

20.2 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: (Cont'd)

2021	Within one year S$	Later than one year but not later than five years S$	Total S$
Financial assets			
Cash and cash equivalents	702,490	0	702,490
Trade and other receivables	100,450	0	100,450
Financial assets, at FVOCI	0	77,425	77,425
	802,940	77,425	880,365
Financial liabilities			
Other payables	(1,848)	0	(1,848)
Lease liabilities	(122,850)	(102,375)	(225,225)
	(124,698)	(102,375)	(227,073)
Net financial assets/(liabilities)	678,242	(24,950)	653,292

20.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their cash and cash equivalents and borrowings.

The Company does not expect any significant effect on the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

20.4 Market Price risk

Market risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Company is exposed to changes in equity price arising from its investment in quoted equity instruments. These equity instruments are quoted on NASDAQ in United States and are classified as financial assets, at FVOCI.

As at 31 May 2022, the Company's financial assets at fair value through other comprehensive income amounted to S$16,025 (2021: S$77,425).

21. Fair values

21.1 Fair value hierarchy

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,
- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – unobservable inputs for the assets or liability.

The following table analyses within the fair value hierarchy the Company's financial assets measured at fair value as follows:

	Level 1 S$	Level 2 S$	Level 3 S$	Total S$
2022				
Financial assets, at FVOCI	16,025	0	0	16,025
	Level 1 S$	Level 2 S$	Level 3 S$	Total S$
2021				
Financial assets, at FVOCI	77,425	0	0	77,425

21.2 Cash and cash equivalents, and other receivables, other payables and current portion of lease liability

As at 31 May 2022, the carrying amounts of financial assets and liabilities recorded in the financial statements of the Company approximate their fair values due to their short-term nature.

21.3 Non-current portion of lease liabilities

As at 31 May 2022, 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.

22. Reserve position and policy

The Company's reserve position for financial years ended 31 May 2022 and 2021 are as follows:

		2022	2021	Increase/ (Decrease)
		S$'000	S$'000	%
A	Unrestricted funds			
	Accumulated general funds	1,585	959	65.28
B	Restricted or Designated funds			
	Designated funds	16	77	(79.22)
	Restricted funds	N/A	N/A	N/A
C	Endowment funds	N/A	N/A	N/A
D	Total funds	1,601	1,036	54.54
E	Total annual operating expenditure	607	583	4.12
F	Ratio of funds to annual operating expenditure (A/E)	2.61	1.64	

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 3 times the average annual operational expenses over the last three years amounting to S$530,000 (2021: S$780,000).

23. 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.

24. Impact of COVID-19 (Coronavirus Disease 2019)

The COVID-19 pandemic has affected almost all countries of the world and resulted in border closures, production stoppages, workplace closures, movement controls, and other measures imposed by various governments. The Company's significant operations are in Singapore which have been affected by the spread of COVID-19 in 2021. The nature of the Company's operation are 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.

24. Impact of COVID-19 (Coronavirus Disease 2019) (Cont'd)

The impact of COVID-19 on the Company's financial performance reflected in this set of financial statements for the year ended 31 May 2022 are presented below:

i. The Company has assessed that the going concern basis of preparation for this set of financial statements remains appropriate. The Management Committee is continuously monitoring the COVID-19 pandemic situation and will take further action as necessary in response to the economic and service disruption.

ii. The government has also implemented assistance measures which might mitigate some of the impact of COVID-19 on the company's results and liquidity.

As the global COVID-19 situation remains fluid as at the date these financial statements were authorised for issuance, the Company cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 May 2023. If the situation persists beyond management's current expectations, the Company's assets may be subject to further write downs in the subsequent financial periods.

25. Authorisation of financial statements

The financial statements for the financial year ended 31 May 2022 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 24 November 2022.