2018

Annual Report

COMPASS

COMPOSERS AND AUTHORS SOCIETY OF SINGAPORE LIMITED

Guardian of Music Copyrights

TABLE OF CONTENT

CEO'S MESSAGE

1. Revenue

COMPASS achieved total revenue of more than $25.3 million for the year 2018, an all-time high again for the company and close to 2.5% increase from the previous fiscal year. We have recorded 24 years of consecutive growth since 1993. Furthermore actual growth would have been higher if we have taken into account the amount of royalties owed by the cinemas and SingTel TV, which are pending legal cases.

Overall it was an excellent performance in the context of a low-tier economic growth of 3.5%.

Incomes arising from the local market grew at a healthy pace of 1.9%. Overseas revenue, however, recorded a significant drop of 10.6%.

Renewals of existing licences recorded a modest decline of 2.3% indicating that the entertainment business sector is weakening. New Business, however, has recorded an increase of $1 million worth of new licences owing to continuing effort to cover unlicensed areas.

Once-off permits continued its growth path over the last few years and at a higher pace – 15.4%. This trend is likely to continue in 2019 based on the confirmed concerts lined up this year.

Singapore Airlines revenue continued to grow at about 8.8% as a result of increasing number of passengers and the higher tariff rate.

New Media's income registered an increase of more than 22.9% despite not including performing rights (including the publisher shares) of major US and UK societies.

Broadcast and Cable TV recorded a decrease of 12% as a result of declining revenue from StarHub.

Mechanical royalties, continued to decline, registering a negative growth of 26%.

Investment income continued to increase over the previous fiscal year by more than 30% with returns coming from bonds and agreements entered with banks to generate interest from our current account maintained with them.

2. Expenditure

The total expenditure for the year 2018 was about $3.6 million about 1% less than the amount allocated in the budget. The expense to collection ratio is at about 14.4% taking into consideration hefty IT costs for digital distributions.

3. Net Distributable Income

The Society's net distributable income for the year is about 0.5% more than in previous year's.

4. Licensing Activities

There are two major disputes going on in 2018 which will be carried forward to 2019.

The case against SingTel TV is now transferred to the Copyright Tribunal for hearings scheduled in November 2019.

COMPASS has already filed Writs of Summons against various cinemas operators and the cases are progressing at different stages.

5. Membership

New members are continually admitted. The membership strength as at 31st December 2018 is 2543 members (2017: 2446). There was an increase of 107 new members during the year, presently comprising of 2458 writers and 85 publishers. Writers include 2 successors for year of 2018. The breakdown of members is as follows:-

	Writer	Publisher
Associate	1863	55
Full	595	30
Total	2458	85

6. MEMBER AND PUBLC RELATIONS ACTIVITIES

A) COMPASS Awards

The 23rd COMPASS Awards was successfully held on 23 September 2018. The Guest of Honour was Mr Baey Yam Keng, Senior Parliamentary Secretary for the Ministry of Culture, Community and Youth. This year's programming incorporated the new award 'Young Artist Award' for the first time. Artistic excellence award recipients included Amir Masoh, the recently departed Zul Sutan and Assoc. Prof Chan Tze Law. The Meritorious Award was presented to Samuel Low as well as Dr. Peter Low for their contributions to the local music industry. This year also saw recognition being accorded to long time music aficionado X'Ho. The Patron of Music Award was presented to this effervescent individual; DJ, journalist, singer-songwriter.

B) Yellow Ribbon Project Songwriting Competition 2018

The annual Yellow Ribbon Project Songwriting Competition 2018 led by COMPASS was held in Singapore Prison Service (Changi) from March to June. The much-anticipated programme encourages participants to create heartfelt songs for their families and loved ones and this year's theme is 'I.M.Possible', with the intention for songwriters and listeners to turn the impossible to a positive "I Am Possible".

This is the second year which included female participants and it is a good mix because the females and males presented different strengths and weaknesses for trainers, mentors and producers. The competition ended with a young male writer as the winner and another young female in the second position with the third position held by a male.

Two of the songs will be made into a music video animation and COMPASS will provide further support by producing and recording the song. The videos are slated to be released by Yellow Ribbon in early 2019.

C) Music SocieTEA

Music SocieTEA is a programme devised to allow members to meet up with various speakers and COMPASS personnel over tea. This allows the exchange of conversations on topics which newcomers may require more information on in the music industry (eg: "How to get my songs published?", "How do singer-songwriters get signed to major publishers") to topics which are a little more complicated in nature (eg: types of copyright, distribution dates and periods, etc.). Three sessions were conducted in 2018. We had David Tao kick off the year by sharing his expertise as a songwriter and music arranger / producer and also David Tao shared his experiences as a highly successful performing artist in the region. We also had Syaheed from Believe Digital share insights on digital distribution for music, a collaboration with SgMUSO. Finally, the year ended with a sharing session by George Leong, as a songwriter and music producer. This was also a collaborative effort between COMPASS and The Musicians Guild.

D) SPONSORSHIPS

In Year 2018, COMPASS supported numerous music events and projects. Local music societies and individuals continue to write in to request for assistance in their music projects. It is estimated that an increased awareness this year has led to more funding / sponsorships by other organisations (eg: National Arts Council) and hence, the amount of sponsorship requests are capped modestly at $174,793.20 compared with $369,541.99 in 2017.

7. ISO 9000 Certification

Our ISO certification was renewed following audit on 17th Feb 2018. COMPASS still remained the only collective society in Asia to achieve ISO 9000.

8. MISASIA & IT

MISASIA 2.0 has been successfully implemented at COMPASS and is able to better cope with the increased expectations of the users. Some remaining modules are being continually updated and tested prior to implementation.

9. Conclusion

This year Singapore's economy is expected to grow at a slower pace of 3%. COMPASS is expected to do well with relatively good financial results. Its public branding remains solid with sound corporate governance in place incorporating proper checks and balances. COMPASS may also have a one-time exceptional gain from a possible settlement of the SingTel TV licence. Overall, the picture for COMPASS in 2019 remains excellent.

BOARD OF DIRECTORS

1 JANUARY 2018 – 31 DECEMBER 2018

WRITER DIRECTORS 作家董事

Mr. Melvin Stuart Ferdinands
Chairman

Mr. Jeremy Ian Monteiro

Dr. Liang Wern Fook

Dr. Goh Toh Chai
(Special Elected Director representing Classical / Choral music genre)

Mr. Mohamed Noor Bin Mohamed Yusofe aka Yusnor Ef
(Special Elected Director representing Malay music genre)

Mr. Eddino Abdul Hadi

PUBLISHER DIRECTORS 出版商董事

Ms Sharon Chua
of Sony Music Publishing

Photo Unavailable

Mr. Andrew Wong
of Forward Music Publishing

Mr. Chong Yun Xiang
of Touch Music Publishing

CEO & Director 总裁兼董事

Dr. Edmund Lam

Independent Director 独立董事

Mr. Choo Thiam Siew

Composition of Standing Committees 2018

The standing Committees are formed to help guide and propose recommendations to the Council on areas under their respective charge.

Management Committee
管理委员会

Terms of Reference

1. To oversee the appointment of senior management and their remuneration packages.

2. To review and endorse recommendations proposed by CEO on major staff matters like annual wage increment, performance bonus, welfare benefits.

3. To review and endorse recommendations proposed by the CEO on annual budget and major expenditures.

Chairman Melvin Ferdinands

Members Jeremy Monteiro
Yusnor Ef
Sharon Chua
(Sony Music)

Public & Member Relations Committee
会员与公共关系委员会

1. To help enhance the public image of COMPASS through directing various activities, such as, song-writing competitions, public musical events, newsletters, event sponsorships.

2. To review and make recommendations on applications for music and event sponsorships.

3. To review and recommend membership applications.

4. To review and make recommendations on matters related to Members' welfare benefits.

Chairman Melvin Ferdinands

Members Liang Wern Fook
Yusnor Ef
Jeremy Ian Monteiro
Eddino Abdul Hadi
Goh Toh Chai

Licensing & Distribution Committee
税收与分派制度委员会

1. To review and make recommendations on proposed changes to the distribution rules.

2. To review and make recommendations on major licensing matters referred by the CEO & Director.

3. To review and propose follow-up actions on complaints and disputes involving Members and Licensees that could not be resolved at management level.

Chairman Jeremy Monteiro

Members Melvin Ferdinands
Andrew Wong
(Forward Music)
Sharon Chua
(Sony Music)
Chong Yun Xiang
(Touch Music)

23RD COMPASS AWARDS PRESENTATION

M1LDL1FE

1 – TOP LOCAL ENGLISH POP SONG
2 – YOUNG ARTISTE OF THE YEAR

ALIF ABDULLAH

TOP LOCAL
MALAY POP SONG

SERENE KOONG

TOP LOCAL
SOUNDTRACK

FRED LIN

TOP LOCAL
INSTRUMENTAL CONTEMPORARY

PHOON YEW TIEN

TOP LOCAL
CLASSICAL MUSIC

MARC LIAN

YOUNG SONGWRITER
OF THE YEAR

HYPE 2 PTE LTD

TOP LOCAL PUBLISHER
OF THE YEAR

UNIVERSAL MUSIC PUBLISHING PTE LTD

TOP PUBLISHER (OVERALL)
OF THE YEAR

JJ LIN

1 – TOP LOCAL CHINESE POP SONG

2 – TOP LOCAL SONGWRITER OF THE YEAR

AMIR MASOH

ARTISTIC EXCELLENCE AWARD

CHAN TZE LAW

ARTISTIC EXCELLENCE AWARD

ZUL SUTAN

(1957 – 2018)

ARTISTIC EXCELLENCE AWARD

PETER LOW

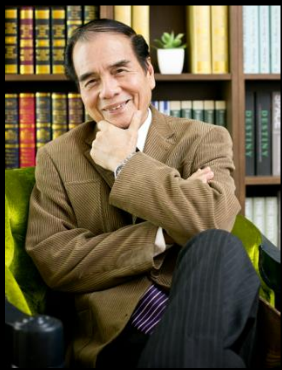
MERITORIOUS AWARD

SAMUEL TAN

MERITORIOUS AWARD

X' HO

PATRON OF MUSIC



CHANG KWAI MING

(1939 – 2017)

LIFETIME ACHIEVEMENT AWARD

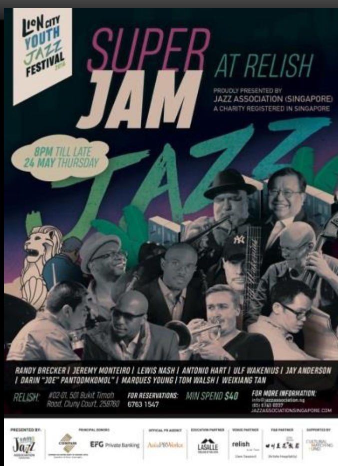
(POSTHUMOUS)

MUSIC SOCIETEA

YELLOW RIBBON SONGWRITING COMPETITION 2018, LED BY COMPASS

MUSIC DEVELOPMENT AND SUPPORT:
SG: SW 2018

MUSIC DEVELOPMENT AND SUPPORT: (JASS) JAZZ ASSOCIATION, SINGAPORE



DATE	CONDUCTED BY	TITLE	VENUE
21 May	LEWIS NASH	The Art Of Jazz Drumming	Classroom G302
22 May	JAY ANDERSON	Bass Playing for All Seasons	Classroom G302
23 May	ANTONIO HART	Developing Your Personal Jazz Style	Classroom G302
24 May	TOM WALSH	The Modern Lead Trumpeter	Classroom G302
25 May	RANDY BRECKER	A Life in Music	Lecture Theatre F202

2018 SPONSORSHIPS

2018 SPONSORSHIP STATUS			
1	Singapore Polytechnic (SP)	COMPASS Silver Medal (DMAT) 2019	$ 500
2	Ngee Ann Polytechnic (NP)	Composers and Authors Society Prize (Mass Communications)	$ 200
3	Society for the Physically Disabled (SPD)	SPD Charity Dinner 2018	$ 1,000
4	Metro Philharmonic Society	Ocean of Songs 2018	$ 2,000
5	PERKAMUS	Perkamus Activities for 2018	$ 55,000
6	Ocean Butterflies Music Pte Ltd	Liang Wenfu Charity Concert 2018	$ 20,000
7	Mediacorp Pte Ltd	Anugerah Planet Muzik 2018	$ 40,000
8	TAS Theatre Company S'pore Ltd	Sentimental Sheng Music & Songs: Lee & Lee Concert	$ 2,000
9	Melo Art Choir	Melo Art in Concert - 50 Years	$ 3,000
10	NUS - King Edward VII Hall	21st The Dream Composition	$ 1,000
11	Ding Yi Music Company	Composium 2018	$ 1,500
12	Association of Composers (Spore)	Instrumental Concert 2018	$ 3,000
13	Song Lovers Choral Society	Voice of Song Lovers	$ 2,000

FINANCIAL STATEMENT

(FOR THE YEAR ENDED 2017)

- ♫ Directors' Report
- ♫ Statement by Directors
- ♫ Independent Auditors' Report
- ♫ Statement of Financial Position
- ♫ Statement of Comprehensive Income
- ♫ Statement of Cash Flows
- ♫ Notes to the Financial Statements

KPMG

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

(A Company Limited by Guarantee)

Annual Report
Year ended 31 December 2018

Directors' statement

On behalf of all the directors of Composers and Authors Society of Singapore Limited, we are pleased to submit this annual report to the members together with the audited financial statements for the financial year ended 31 December 2018.

In our opinion:

(a) the financial statements set out on pages FS1 to FS24 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2018 and the financial performance, changes in funds and reserves, and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Melvin Stuart Ferdinands
Mohd Noor Bin Mohd Yusofe
Jeremy Ian Monteiro
Liang Wern Fook
Eddino Bin Abdul Hadi
Goh Toh Chai (Appointed on 29 June 2018)
Chua Khah Suan
Wong Fai
Chong Yun Xiang
Choo Thiam Siew @ Ang Thiam Siew
Lam Kin Hong Edmund

Directors' interests

As the Company is a company limited by guarantee and has no share capital, the statutory information required to be disclosed by the directors under Section 201(6)(g) and Section 201(12) of the Companies Act, Chapter 50 does not apply.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

As the Company is a company limited by guarantee and has no share capital, the statutory information required to be disclosed under Section 201(12) of the Companies Act, Chapter 50 does not apply.

Auditors

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

On behalf of the Board of Directors

Melvin Stuart Ferdinands
Director

Edmund Lam

Lam Kin Hong Edmund
Director

3 June 2019

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

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

Independent auditors' report

Members of the Company
Composers and Authors Society

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Composers and Authors Society ('the Company'), which comprise the statement of financial position as at 31 December 2018, the statements of profit or loss and other comprehensive income, changes in funds and reserves, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS24.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Company as at 31 December 2018 and of the financial performance, changes in funds and reserves, and cash flows of the Company for the year ended on that date.

Basis for opinion

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

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

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

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
3 June 2019

Statement of financial position
As at 31 December 2018

	Note	2018 $	2017 $
Assets			
Property, plant and equipment	5	11,433,080	11,695,972
Other investments	6	11,500,000	13,500,500
Non-current assets		22,933,080	25,196,472
Other investments	6	5,500,500	750,000
Other receivables	7	222,057	198,631
Prepayments		32,076	16,426
Cash and cash equivalents		44,047,807	41,585,901
Current assets		49,802,440	42,550,958
Total assets		72,735,520	67,747,430
Funds attributable to members			
Reserve fund	8	732,139	900,394
Retained surplus		347,029	343,030
Total funds		1,079,168	1,243,424
Liabilities			
Trade and other payables	9	71,656,352	66,504,006
Current liabilities/Total liabilities		71,656,352	66,504,006
Total equity and liabilities		72,735,520	67,747,430

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

Statement of profit or loss and other comprehensive income
Year ended 31 December 2018

	Note	2018 $	2017 $
Revenue	10	24,133,835	23,931,322
Other income		1,159,923	949,522
Depreciation of property, plant and equipment		(267,291)	(269,208)
Operating expenses		(1,029,878)	(965,073)
Staff costs		(2,388,273)	(2,213,809)
Royalty distribution to members		(21,604,317)	(21,429,210)
Surplus from operations before tax	11	3,999	3,544
Tax expense	12	–	–
Surplus for the year		3,999	3,544

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

Statement of changes in funds and reserves
Year ended 31 December 2018

	Reserve fund $	Retained surplus $	Total $
At 1 January 2017	1,151,043	339,486	1,490,529
Total comprehensive income for the year			
Surplus for the year	–	3,544	3,544
Total comprehensive income for the year	–	3,544	3,544
Transactions with members			
Utilisation of reserve fund	(250,649)	–	(250,649)
	(250,649)	–	(250,649)
At 31 December 2017	900,394	343,030	1,243,424
At 1 January 2018	900,394	343,030	1,243,424
Total comprehensive income for the year			
Surplus for the year	–	3,999	3,999
Total comprehensive income for the year			
Transactions with members			
Utilisation of reserve fund	(168,255)	–	(168,255)
	(168,255)	–	(168,255)
At 31 December 2018	732,139	347,029	1,079,168

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

Statement of cash flows
Year ended 31 December 2018

	2018	2017
	$	$
Cash flows from operating activities		
Surplus for the year	3,999	3,544
Adjustments for:		
Depreciation of property, plant and equipment	267,291	269,208
Interest income	(1,159,923)	(889,522)
	(888,633)	(616,770)
Change in other receivables including prepayments	(13,320)	291,411
Change in trade and other payables	5,152,346	4,952,648
Net cash from operating activities	4,250,393	4,627,289
Cash flows from investing activities		
Interest received	1,134,167	881,635
Acquisition of property, plant and equipment	(4,399)	(216,801)
Proceed from disposal of other investments	1,750,000	1,751,000
Purchase of other investments	(1,500,000)	(2,500,000)
Fixed deposits placed	(3,000,000)	–
Net cash used in investing activities	(1,620,232)	(84,166)
Cash flows from financing activity		
Utilisation of reserve fund	(168,255)	(250,649)
Net cash used in financing activity	(168,255)	(250,649)
Net increase in cash and cash equivalents	2,461,906	4,292,474
Cash and cash equivalents at 1 January	41,585,901	37,293,427
Cash and cash equivalents at 31 December	44,047,807	41,585,901

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 3 June 2019.

1 Domicile and activities

Composers and Authors Society of Singapore Limited (the "Company") is incorporated in the Republic of Singapore as a company limited by guarantee. The address of the Company's registered office is 60 Paya Lebar Road, #12-48 Paya Lebar Square, Singapore 089675.

The principal activities of the Company are those relating to the licensing of public performances and broadcast use of music under its control.

2 Company limited by guarantee

The Company does not have a share capital. It is limited by guarantee, the liability of each of the 2,543 members as at 31 December 2018 (2017: 2,446) being an amount not exceeding $10.

3 Basis of preparation

3.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

This is the first set of the Company's annual financial statements in which FRS 115 *Revenue from Contracts with Customers, Clarifications to FRS 115 Revenue from Contract with Customers* (Amendments to FRS 115) and FRS 109 *Financial Instruments* have been applied.

Other than the adoption of FRS 109, the adoption of these FRSs, amendments to standards and interpretations did not have a material effect on the Company's financial statements. The impact upon adoption of FRS 109 is disclosed in note 6.

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

3.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information are presented in Singapore dollars, unless otherwise stated.

3.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following note:

- Note 5 – property, plant and equipment

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

4.1 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the asset is completed and ready for use. Assets under construction are not depreciated.

The estimated useful lives for the current and comparative years are as follows:

Leasehold land and building	-	99 years
Renovations	-	7 years
Furniture, fittings and office equipment	-	7 years
Motor vehicles	-	7 years
Computer equipment	-	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

4.2 Intangible assets

Expenditure on computer software is recognised in profit or loss as incurred.

4.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 January 2018

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

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

Financial assets at amortised cost

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

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

Financial assets: Business model assessment – Policy applicable from 1 January 2018

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

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

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

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018

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

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

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

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 January 2018

Financial assets at amortised cost

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

Non-derivative financial assets – Policy applicable before 1 January 2018

The Company classifies non-derivative financial assets into the following categories: held-to-maturity financial assets and loans and receivables.

Held-to-maturity financial assets

If the Company has the positive intent and ability to hold debt investments to maturity, then such financial assets were classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets comprise debt investments.

Loans and receivables

Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise other receivables and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances.

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

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

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

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

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

(iv) **Offsetting**

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

(v) **Cash and cash equivalents**

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

(vi) **Share capital**

Ordinary shares

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

4.4 Leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

4.5 Impairment

(i) **Non-derivative financial assets**

Policy applicable from 1 January 2018

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

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

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

Simplified approach

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

General approach

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

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

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

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

Policy applicable before 1 January 2018

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables and held-to-maturity investments

The Company considers evidence of impairment for loans and receivables and held-to-maturity investments at a specific asset level. All individually significant loans and receivables and held-to-maturity are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investments. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

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

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

4.6 Employee benefits

Defined contribution plans

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

Short-term benefits

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

4.7 Provisions

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

4.8 Revenue recognition

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

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

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

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

4.9 Tax

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

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

4.10 New standards and interpretations not yet adopted

A number of new standards and amendments to standard and interpretations are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however , the Company has not early applied the new or amended standards in preparing these financial statements.

For those new standards and amendments to standards that are expected to have ab effect on the financial statements of the Company in future financial periods, the Company is assessing the transition option and the potential impact on its financial statements, and to implement these standards.

5 Property, plant and equipment

	Leasehold land and building $	Renovations $	Furniture, fittings and office equipment $	Motor vehicles $	Computer equipment $	Total $
Cost						
At 1 January 2017	12,110,800	523,692	7,825	97,188	276,301	13,015,806
Additions	–	–	5,201	–	211,600	216,801
At 31 December 2017	12,110,800	523,692	13,026	97,188	487,901	13,232,607
Additions	–	–	–	–	4,399	4,399
At 31 December 2018	12,110,800	523,692	13,026	97,188	492,300	13,237,006
Accumulated depreciation and impairment losses						
At 1 January 2017	910,800	90,760	4,794	90,247	170,826	1,267,427
Charge for the year	113,131	74,813	1,037	6,941	73,286	269,208
At 31 December 2017	1,023,931	165,573	5,831	97,188	244,112	1,536,635
Charge for the year	113,131	74,813	1,413	–	77,934	267,291
At 31 December 2018	1,137,062	240,386	7,244	97,188	322,046	1,803,926
Carrying amounts						
At 1 January 2017	11,200,000	432,932	3,031	6,941	105,475	11,748,379
At 31 December 2017	11,086,869	358,119	7,195	–	243,789	11,695,972
At 31 December 2018	10,973,738	283,306	5,782	–	170,254	11,433,080

Impairment of property, plant and equipment

Impairment losses would be made by the Company for property, plant and equipment whenever there is objective evidence that the assets are impaired.

The recoverable amounts could change significantly as a result of changes in market conditions and management's assessment. An increase in the impairment losses would decrease the reported profit and decrease the carrying value of the property, plant and equipment.

6 Other investments

	2018	2017
	$	$
Non-current financial assets		
Debt investments – held-to-maturity	–	13,500,500
Debt investments – at amortised cost	11,500,000	–
	11,500,000	13,500,500
Current financial assets		
Debt investments – held-to-maturity	–	750,000
Debt investments – at amortised cost	2,500,500	–
Fixed deposits with bank	3,000,000	–
	5,500,500	750,000

Debt investments that were previously classified as held-to-maturity are now classified at amortised cost. The Company intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. Debt investments classified as at amortised cost (2017: held-to-maturity investments) have stated interest rates of 3.75% to 5.95% (2017: 3.4% to 6.2%) and mature in 1 to 31 years.

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

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

7 Other receivables

	2018	2017
	$	$
Deposits	200	2,530
Interest receivable	221,857	196,101
	222,057	198,631

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

8 Reserve fund

	2018	2017
	$	$
Capital Fund	6,043	6,043
COMPASS Music Development Fund	726,096	894,351
	732,139	900,394

The reserve fund comprises of amounts set aside by the Board of Directors for computerisation of the operations of the Company and a Music Development Fund. The Music Development Fund has been designated for the development of Choral Music and Xin Yao Music and donation to the Jazz Association (Singapore) Limited.

9 Trade and other payables

	2018	2017
	$	$
Royalties due to members	70,116,817	64,893,675
Accrued operating expenses	555,630	474,596
Other payables	983,905	1,135,735
	71,656,352	66,504,006

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

10 Revenue

	2018	2017
	$	$
Revenue from licence and permit fees, net	24,133,835	23,931,322

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

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

11 Surplus from operations before tax

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

	2018 $	2017 $
Other income		
Interest income:		
- investments	747,869	617,576
- cash and cash equivalents	412,054	271,946
Sundry income	–	60,000
	1,159,923	949,522
Staff costs		
Wages and salaries	2,149,667	2,000,090
Contributions to defined contribution plans	180,571	180,903
Other staff related costs	58,035	32,816
	2,388,273	2,213,809
Others		
Directors' fees	16,500	19,000
Operating lease expense	8,700	8,700

12 Tax expense

	2018 $	2017 $
Reconciliation of effective tax rate		
Surplus from operations before tax	3,999	3,544
Tax using the Singapore tax rate of 17% (2017: 17%)	680	603
Tax incentive	–	(18,190)
Non-deductible expenses	25,304	23,218
Effect of wear and tear allowances utilised	(25,984)	(5,631)
	–	–

The following temporary differences have not been recognised:

	2018 $	2017 $
Deductible temporary differences	1,885,027	1,268,074
Unutilised tax losses	1,297,132	2,066,932
	3,182,159	3,335,006

The unutilised capital allowances and unutilised tax losses, which may be available for carry forward and set off against future taxable profits, are subject to arrangement with the tax authority and compliance with the provision of the Income Tax Act, Chapter 134. The deductible temporary differences, unutilised capital allowances and unutilised tax losses do not expire under current tax legislation.

Deferred taxable assets have not been recognised in respect of these items because it is not probable that future profit will be available against which the Company can utilise the benefits.

13 Related parties

Key management personnel

The directors and managers are considered as key management personnel of the Company.

	2018 $	2017 $
Short-term employee benefits	1,006,830	992,570
Contributions to defined contribution plans	56,836	56,590
	1,063,666	1,049,160

Other related party transactions

During the year, sponsorships of $55,000 (2017: $55,000) of which were granted to Persatuan Karyawan Muzik Melayu Singapura. A director, Mohd Noor Bin Mohd Yusofe is the President of Persatuan Karyawan Muzik Melayu Singapura.

In addition, the Music Development Fund disbursed $90,000 in 2018 from the designated donation of $400,000 which was approved in 2016 to the Jazz Association Singapore Limited ("Association") of which two directors, Lam Kin Hong Edmund and Jeremy Ian Monteiro are also directors of the Association.

14 Commitments

Operating lease commitments

The Company leases certain of its office equipment under non-cancellable operating lease with lease terms of 5 years.

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

	2018 $	2017 $
Within one year	13,415	8,700
Between one and five years	–	13,415
	13,415	22,115

15 Financial risk management

Overview

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

- credit risk
- liquidity risk
- interest rate risk
- foreign currency risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Company, as and when they fall due.

Cash and cash equivalents are placed with banks and financial institutions which are regulated.

The Company limits its exposure to credit risks by investing only in liquid debt securities and only with counterparties that either have at least an acceptable credit rating based on rating agency ratings or in sound financial position. Management actively monitors credit ratings and the financial position of the counterparties, given that the Company only has invested in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

The Company did not have any investments that were past due nor impaired at 31 December 2018.

At the reporting date, there is no significant concentration of credit risk nor impairment on other receivables. The Company places its cash and cash equivalents with financial institutions of high credit rating. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Cash and cash equivalents

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

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

The carrying amounts of trade and other payables reflect the expected contractual undiscounted cash outflows which are expected to be settled within one year.

Interest rate risk

Profile

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was as follows:

	Carry amount	
	2018	**2017**
	$	**$**
Fixed rate instruments		
Other investments	17,000,500	14,250,500

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Foreign currency risk

The Company is not exposed to foreign currency risk as all its balances as at reporting date are denominated in Singapore dollar.

Estimation of fair value

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including financial assets, other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

Financial assets and liabilities by category

Set out below is a comparison by category of carrying amounts of all the Company's financial assets and liabilities that are carried in the financial statements.

	Financial assets at amortised costs $	Financial liabilities at amortised cost $	Total $
2018			
Assets			
Other investments	17,000,500	–	17,000,500
Other receivables	222,057	–	222,057
Cash and cash equivalents	44,047,807	–	44,047,807
	61,270,364	–	61,270,364
Liabilities			
Trade and other payables	–	71,656,352	71,656,352

	Held-to-maturity investments $	Loans and receivables $	Financial liabilities at amortised cost $	Total $
2017				
Assets				
Other investments	14,250,500	–	–	14,250,500
Other receivables	–	198,631	–	198,631
Cash and cash equivalents	–	41,585,901	–	41,585,901
	14,250,500	41,784,532	–	56,035,032
Liabilities				
Trade and other payables	–	–	66,504,006	66,504,006