EQUAL-ARK SINGAPORE LTD.

(Registration No: 201536378N)
(Registered under the Charities Act, Chapter 37)

Statement by Directors and Financial Statements

Year Ended 30 June 2019

RSM Chio Lim LLP

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EQUAL-ARK SINGAPORE LTD.

Statement by Directors and Financial Statements

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Statement by Directors

The directors of the company are pleased to present the accompanying financial statements of the company for the reporting year ended 30 June 2019.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position and financial activities of the company for the reporting year covered by the financial statements; and

(b) at the date of the 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 approved and authorised these financial statements for issue.

2. Directors

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

Lim Soo Ping	(resigned on 30 September 2019)
Chin Ye-Phern Carolyn	
Choo Yvonne	
Ng Boon Yew	(resigned on 30 September 2019)
Patrick Daniel	(appointed on 1 December 2018)
Tan Tanee Melissa Loretta	
Bernard Yu	

3. Directors' interests in shares and debentures, and arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

The company is a company limited by guarantee and has no share capital and debentures.

4. Options

The company is a company limited by guarantee. As such, there are no share options or unissued shares under option.

5. Independent auditor

RSM Chio Lim LLP has expressed its willingness to accept re-appointment.

On behalf of the directors

Tan Tanee Melissa Loretta Director	Bernard Yu Director

30 September 2019

RSM

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Independent Auditor's Report to the Members of
EQUAL-ARK SINGAPORE LTD.
(Registered under the Charities Act, Chapter 37)

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Equal-Ark Singapore Ltd. (the "company") which comprise the statement of financial position as at 30 June 2019, and the statement of financial activities and statement of cash flows for the reporting year then ended, and notes to the financial statements, including the significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act"), the Charities Act, Chapter 37, and other relevant regulations (the "Charities Act and Regulations") and Singapore Financial Reporting Standards ("SFRS") so as to give a true and fair view of the financial position of the company as at 30 June 2019 and of the financial activities 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 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 information included in the statement by directors and annual report, 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.

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, Charities Act and Regulations and financial reporting standards, 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.

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:

a) 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.

b) 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.

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

Independent Auditor's Report to the Members of
EQUAL-ARK SINGAPORE LTD.

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Auditor's responsibilities for the audit of the financial statements (cont'd)

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.

e) 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 control that we identify during our audit.

We have provided the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 provision of the Act, and the Charities Act and Regulations; and

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

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

30 September 2019

Partner-in-charge of audit: Chan Sek Wai
Effective from reporting year ended 30 June 2016

EQUAL-ARK SINGAPORE LTD.

Statement of Financial Activities
Year Ended 30 June 2019

2019	Notes	Unrestricted Fund	Restricted Funds: Care & Share Fund	Restricted Funds: Tote Board/ NCSS Funded Programmes	Restricted Funds: Total Restricted Fund	Total
		$	$	$	$	$
INCOMING RESOURCES:						
Voluntary income – donations	4	115,445	–	–	–	115,445
Government grants		100,000	429,812	687,464	1,117,276	1,217,276
Amortisation of deferred capital grants	13	121,151	–	–	–	121,151
Fund generating activities	4	1,115,003	–	–	–	1,115,003
Interest income		39,425	–	–	–	39,425
Miscellaneous income		16,109	–	–	–	16,109
Total incoming resources		1,507,133	429,812	687,464	1,117,276	2,624,409
RESOURCES EXPENDED:						
Cost of charitable activities						
Charitable activities expenses	5	698,746	523,507	601,460	1,124,967	1,823,713
Total resources expended		698,746	523,507	601,460	1,124,967	1,823,713
Surplus (Deficit) for the year		808,387	(93,695)	86,004	(7,691)	800,696
Transfer of fund		(93,695)	93,695	–	93,695	–
Balance at beginning of the year		999,954	–	1,619,124	1,619,124	2,619,078
Balance at end of the year		1,714,646	–	1,705,128	1,705,128	3,419,774

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

Statement of Financial Activities
Year Ended 30 June 2019

2018	Notes	Unrestricted Fund	Restricted Funds Care & Share Fund	Restricted Funds Tote Board/ NCSS Funded Programmes	Total Restricted Fund	Total
		$	$	$	$	$
INCOMING RESOURCES:						
Voluntary income – donations	4	109,150	–	–	–	109,150
Government grants		50,000	–	752,160	752,160	802,160
Amortisation of deferred capital grants	13	121,151	–	–	–	121,151
Fund generating activities	4	616,461	–	–	–	616,461
Interest income		6,983	–	–	–	6,983
Miscellaneous income		24,829	–	–	–	24,829
Total incoming resources		928,574	–	752,160	752,160	1,680,734
RESOURCES EXPENDED:						
Cost of charitable activities						
Charitable activities expenses	5	440,287	272,053	614,968	887,021	1,327,308
Total resources expended		440,287	272,053	614,968	887,021	1,327,308
Surplus (Deficit) for the year		488,287	(272,053)	137,192	(134,861)	353,426
Transfer of fund		(62,852)	62,852	–	62,852	–
Balance at beginning of the year		574,519	209,201	1,481,932	1,691,133	2,265,652
Balance at end of the year		999,954	–	1,619,124	1,619,124	2,619,078

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

Statement of Financial Position
As at 30 June 2019

	Notes	2019	2018
		$	$
Assets			
Non-current assets			
Property, plant and equipment	7	1,153,239	1,356,629
Total non-current assets		1,153,239	1,356,629
Current assets			
Other receivables	8	468,007	768,563
Cash and cash equivalents	9	2,717,926	1,455,259
Total current assets		3,185,933	2,223,822
Total assets		4,339,172	3,580,451
Funds			
Unrestricted fund	10	1,714,646	999,954
Restricted funds	10	1,705,128	1,619,124
Total accumulated funds		3,419,774	2,619,078
Non-current liabilities			
Other liabilities	11	80,250	53,500
Deferred capital grants	13	554,322	675,473
Total non-current liabilities		634,572	728,973
Current liabilities			
Trade and other payables	12	284,826	232,400
Total current liabilities		284,826	232,400
Total liabilities		919,398	961,373
Total fund and liabilities		4,339,172	3,580,451

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

Statement of Cash Flows
Year Ended 30 June 2019

	2019 $	2018 $
Cash flows from operating activities		
Net surplus for the year	800,696	353,426
Adjustments for:		
Interest income	(39,425)	(6,983)
Depreciation of property, plant and equipment	245,183	229,637
Amortisation of deferred capital grants	(121,151)	(121,151)
Operating cash flow before changes in working capital	885,303	454,929
Other receivables	328,955	145,202
Other liabilities	26,750	53,500
Trade and other payables	52,426	(117,871)
Net cash flows from operating activities	1,293,434	535,760
Cash flows from investing activities		
Purchase of plant and equipment	(41,793)	(54,072)
Interest received	11,026	6,983
Net cash flows used in investing activities	(30,767)	(47,089)
Cash flows from financing activities		
Cash restricted in use	(549,026)	(5,811)
Net cash flows used in financing activities	(549,026)	(5,811)
Net increase in cash and cash equivalents	713,641	482,860
Cash and cash equivalents, statement of cash flows, beginning balance	1,168,100	685,240
Cash and cash equivalents, cash flow statement, ending balance (Note 9A)	1,881,741	1,168,100

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

Notes to the Financial Statements
30 June 2019

1. General

Equal-Ark Singapore Ltd. ("the "company") is incorporated in Singapore on 1 October 2015 under the Companies Act, Chapter 50. The company is also a charity registered under the Charities Act, Chapter 37 and is an approved institutions of a public character under the Singapore Income Tax Act, Chapter 134.

The principal objective of the company is to help persons at-risk with intellectual disability, in particular, children and youths, to improve their chances at social integration and economic self-sufficiency.

Each member of the company has undertaken to contribute such amounts not exceeding $1 to the assets of the company in the event the company is wound up and the monies are required for payment of the liabilities of the company. The company had 4 (2018: 4) members at the end of the reporting year.

The memorandum and articles of the company restricts the use of fund monies to the furtherance of the objects of the company. They prohibit the payment of dividends to members.

The registered office address is 100 Jalan Mashhor, Singapore 299177. The company is registered and situated in Singapore.

The financial statements were approved and authorised for issue by the directors on the date indicated in the statement by directors.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("SFRS") and the related interpretations to SFRS ("INT SFRS") as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act, Chapter 50.

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

1. General (cont'd)

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Income recognition

(i) The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

<u>Rendering of services</u>

Rendering of services including program fees that are of short duration is recognised when services are completed and at point in time. The revenue amount from services is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the period arising from the ordinary activities of the company.

(ii) Donations and corporate cash sponsorships

Revenue from donations and corporate cash sponsorships are accounted for when received, except for committed donations and corporate cash sponsorships that are recorded when the commitments are signed.

(iii) Fund raising

Revenue from fund-raising projects are recognised as and when received.

(iv) Donation in kind

Donation in kind is included in the statement of financial activities based on an estimate of the fair value at the date of receipt of the gift of the non-monetary asset. The donation is recognised if the amount of the donation can be measured reliably and there is certainty that it will be received. No value is ascribed to volunteer services.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Income recognition (cont'd)

(v) Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate that takes into account the effective yield on the asset.

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in statement of financial activities on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised.

Income tax

As a charity, the company is exempt from tax on income and gains falling within section 13(1)(zm) of the Income Tax Act to the extent that these are applied to its charitable objects. No tax charges have arisen in the company.

Employee salaries and benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold properties	–	Over lease terms
Plant fixtures and equipment	–	20% – 33%
Horses	–	14%

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Property, plant and equipment (cont'd)

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is recognised in statement of financial activities. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost and any cost 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. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in statement of financial activities on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in statement of financial activities as an integral part of the total lease expense.

Impairment of non-financial assets

The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. 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 measured, net of depreciation or amortisation, if no impairment loss had been recognised.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised 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 entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

1. Financial asset classified as measured 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 fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.

2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.

3. Financial asset that is an equity investment classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.

4. Financial asset classified as measured at fair value through profit or loss (FVTPL): There were no financial assets classified in this category at reporting year end date.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand, if any, that form an integral part of cash management.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Funds

All income and expenditures are reflected in the statement of financial activities. Income and expenditures specifically relating to any of the funds separately set up by the company are allocated subsequently to those funds. An expense resulting from the operating activities of a fund that is directly attributable to the fund is charged to that fund. Common expenses if any are allocated on a reasonable basis to the funds based on a method most suitable to that common expense unless impractical to do so.

2C. Critical judgements, assumptions and estimation uncertainties

There were no critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements. There were no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year.

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The board of directors, or people connected with them, have not received remuneration, or other benefits, from the company for which they are responsible, or from institutions connected with the company.

There is no claim by the directors for services provided to the company, either by reimbursement to the directors or by providing the directors with an allowance or by direct payment to a third party.

3A. Key management compensation:

	2019 $	2018 $
Salaries and other short–term employee benefits	139,869	129,878

The above amounts are included under employee benefits expense.

Key management personnel are the chief executive and the directors of the company having authority and responsibility for planning, directing and controlling the activities of the company directly or indirectly. The above amount for the key management compensation is for the chief executive of the company.

4. Voluntary income – donations and fund raising activities

The company enjoys a concessionary tax treatment whereby qualifying donors are granted a tax deduction for the donations made to the company. The quantum of the tax deduction for each calendar year may vary in accordance with the Singapore Budget. The Institutions of a Public Character status granted to the company is for the period from 1 November 2017 to 31 October 2018. The IPC status is further renewed from 1 November 2018 to 30 April 2021.

	2019 $	2018 $
Tax deductible receipts issued for donations collected	599,280	458,553

5. Charitable activities expenses

The major components include the following:

	2019 $	2018 $
Fees paid to independent auditor		
- Audit fee	11,860	13,910
- Other attestation fees	4,815	5,350
Employee benefits expense (Note 6)	1,108,953	686,011
Depreciation of property, plant and equipment (Note 7)	245,183	229,637
Programme costs	26,085	6,143
Rental expense (Note 14)	69,778	71,383
Equine costs	84,881	75,244

6. Employee benefits expense

	2019 $	2018 $
Short term employee benefits expense	976,903	597,259
Contributions to defined contribution plan	132,050	88,752
Total employee benefits expense included in charitable activities expenses	1,108,953	686,011

7. Property, plant and equipment

	Leasehold properties $	Plant fixtures and equipment $	Horses $	Total $
Cost:				
At 1 July 2017	2,084,850	5,954	37,901	2,128,705
Additions	39,811	14,261	–	54,072
At 30 June 2018	2,124,661	20,215	37,901	2,182,777
Additions	22,396	19,394	3	41,793
At 30 June 2019	2,147,057	39,609	37,904	2,224,570
Accumulated depreciation:				
At 1 July 2017	582,089	3,359	11,063	596,511
Depreciation for the year	222,470	1,754	5,413	229,637
At 30 June 2018	804,559	5,113	16,476	826,148
Depreciation for the year	228,325	11,444	5,414	245,183
At 30 June 2019	1,032,884	16,557	21,890	1,071,331
Carrying value:				
At 1 July 2017	1,502,761	2,595	26,838	1,532,194
At 30 June 2018	1,320,102	15,102	21,425	1,356,629
At 30 June 2019	1,114,173	23,052	16,014	1,153,239

The depreciation is included in charitable activities expenses (Note 5).

7. Property, plant and equipment (cont'd)

The leasehold properties include the main administrative building and arena that are erected on a State Lease's land located at 100 Jalan Mashhor, Singapore 299177. The State Lease will expire on 4 August 2024.

8. Other receivables

	2019 $	2018 $
Government grants receivables	320,026	700,809
Interest receivables	28,399	–
Outside parties	119,582	67,754
	468,007	768,563

The other receivables at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The other receivables at amortised cost and which can be graded as low risk individually are considered to have low credit risk. At the end of the first reporting period a loss allowance is recognised at an amount equal to 12 month expected credit losses because there has not been a significant increase in credit risk since initial recognition. As at the end of the reporting year, no loss allowance is necessary.

9. Cash and cash equivalents

	2019 $	2018 $
Not restricted in use	1,881,741	1,168,100
Cash under restricted funds (Note 9A)	836,185	287,159
	2,717,926	1,455,259

Note A: Included in "Cash under restricted funds" is an amount of $50,000 (2018: 50,000) from the SBF Foundation and $786,185 (2018: $237,159) from Tote Board/NCSS Funded Programmes (Note 10 (ii)). Interest rates on the amount placed on interest earning deposits of $2,191,115 (2018: $1,164,000) vary between 1.80% and 2.00% (2018: 1.38% and 1.60%) per annum.

9A. Cash and cash equivalents in the statement of cash flows

	2019 $	2018 $
Amount as shown above	2,717,926	1,455,259
Restricted in use	(836,185)	(287,159)
Cash and cash equivalents for statement of cash flows purposes at end of the year	1,881,741	1,168,100

10. Reserve ratio

	2019 $	2018 $
Unrestricted fund	1,714,646	999,954
Restricted funds (ii)	1,705,128	1,619,124
Total accumulated funds	3,419,774	2,619,078
Ratio of unrestricted fund to annual operating expenditure* (i)	2.45	2.27

* Annual operating expenditure represents total resources expended for unrestricted fund.

(i) The reserve of the company provides financial sustainability and the means for the development of the company's activities. The company intends to maintain the reserve at a level sufficient for its operating needs. The directors review the level of reserves regularly for the company's continuing obligations.

(ii) The restricted funds of the company represents the fund use to support the programmes of the company. The incoming source of fund is mainly derived from grants by Singapore Totalisator Board, Care & Share and National Council of Social Service.The restricted funds are represented by:

	2019 $	2018 $
Property, plant and equipment, net	1,153,239	1,356,629
Other receivables	320,026	700,809
Cash and bank balances (Note 9)	836,185	287,159
Other payables	(50,000)	(50,000)
Deferred capital grant	(554,322)	(675,473)
Total restricted funds	1,705,128	1,619,124

11. Other liabilities

	2019 $	2018 $
Provision for restoration costs [(a)]	80,250	53,500
Movements in above provision:		
At beginning of the year	53,500	–
Additions	26,750	53,500
At end of the year	80,250	53,500

[(a)] The provision is the present value of the estimated costs, based on quotations received from external contractors, for the restoration of the leased properties upon the expiration of the lease in 9 years' time.

12. Trade and other payables

	2019 $	2018 $
Trade payables:		
Outside parties and accrued liabilities	31,625	31,541
Trade payables – subtotal	31,625	31,541
Other payables:		
Outside parties	253,201	200,859
Other payables – subtotal	253,201	200,859
Total trade and other payables	284,826	232,400

13. Deferred capital grants

	2019 $	2018 $
Deferred capital grants (Note 13A)	554,322	675,473

13A. Deferred capital grants

	2019 $	2018 $
Cost:		
Balance at beginning and end of the year	1,189,345	1,189,345
Accumulated amortisation:		
Balance at beginning of the year	513,872	392,721
Amortisation for the year	121,151	121,151
Balance at end of the year	635,023	513,872
Carrying value:		
Balance at beginning of the year	675,473	796,624
Balance at end of the year	554,322	675,473

This represents capital grants received from Tote Board and other government agencies for the construction of properties and purchase of plant and equipment.

14. Operating lease payment commitments – as lessee

At the end of reporting year the total of future minimum lease payments commitments under non-cancellable operating leases are as follows:

	2019 $	2018 $
Not later than one year	69,778	69,778
Later than one year and not later than five years	279,112	279,112
Later than five years	4,914	74,692
Total	353,804	423,582
Rental expenses (Note 5)	69,778	71,383

Operating lease payments are for rentals payable by the company for its land lease on its office building. The land lease from the Singapore Land Authority is for 15 years from 4 August 2009.

15. Columnar presentation of statement of financial position

A majority of the assets and liabilities are attributable to the accumulated fund. All the assets and liabilities of restricted funds are disclosed in Note 10. Accordingly the company did not adopt a columnar presentation of its assets, liabilities and funds in the Statement of Financial Position as it was not meaningful.

16. Financial instruments: information on financial risks

16A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and financial liabilities recorded at the end of the reporting year:

	2019 $	2018 $
Financial assets:		
Financial assets at amortised cost	3,185,933	2,223,822
Financial liabilities:		
Financial liabilities at amortised cost	284,826	232,400

Further quantitative disclosures are included throughout these financial statements.

16. Financial instruments: information on financial risks (cont'd)

16B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. The directors of the company have put in place certain practices for the management of the financial risks, to be carried out by management. However, these are not documented in formal written documents. The following guidelines are followed: All financial risk management activities are carried out and monitored by senior management staff, reporting to the directors of the company where necessary.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

16C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

16D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses (ECL) on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

16. Financial instruments: information on financial risks (cont'd)

16E. Liquidity risk– financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. There are no liabilities contracted to fall due after twelve months at the end of the reporting year. The average credit period taken to settle trade payables is about 30 days (2018: 30 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

16F. Interest rate risk

There is no exposure to interest rate risk.

16G. Foreign currency risk

There is no exposure to foreign currency risk.

17. Changes and adoption of financial reporting standards

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

SFRS No.	Title
SFRS 109	Financial Instruments
SFRS 115	Revenue from Contracts with Customers.
	Amendments to, Clarifications to SFRS 115 Revenue from Contracts with Customers

18. New or amended standards in issue but not yet effective

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. Adoption of the applicable new or revised standards are expected to result in some changes in the detailed application of the accounting policies and some modifications to financial statements presentation and measurement. Those that are expected to have a material impact are described below.

SFRS No.	Title	Effective date for periods beginning on or after
SFRS 116	Leases (and Leases - Illustrative Examples & Amendments to Guidance on Other Standards)	1 January 2019

Leases:

The financial reporting standard on leases is effective for annual periods beginning on or after 1 January 2019 and it supersedes the previous reporting standard and the related interpretations on leases. For the lessor, the accounting remains largely unchanged. As for the finance leases of a lessee, as the financial statements have already recognised an asset and a related finance lease liability for the lease arrangement, the application of the new reporting standard on leases is not expected to have a material impact on the amounts recognised in the financial statements. For the lessee almost all leases will be brought onto the statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. For the company's non-cancellable operating lease commitments as at 30 June 2019 shown in Note 14, a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under the new reporting standard on leases. Thus, the entity will have to recognise a right-of-use asset and a corresponding liability in respect of all these leases (unless they qualify for low value or short-term leases) which might have a material impact on the amounts recognised in the financial statements. However, it is not practicable to provide a reasonable financial estimate of that effect until the detailed review by management is completed.