RSM

EQUAL-ARK SINGAPORE LTD.

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

Statement by Directors and Financial Statements

Year ended 30 June 2017

RSM Chio Lim LLP

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EQUAL-ARK SINGAPORE LTD.

Statement by Directors and Financial Statements

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EQUAL-ARK SINGAPORE LTD.

Statement by Directors

The directors of Equal-Ark Singapore Ltd. (the "company") are pleased to present the financial statements of the company for the reporting year ended 30 June 2017.

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	
Ng Boon Yew	
Tan Tanee Melissa Loretta	
Yvonne Choo	
Bernard Yu	(Appointed on 01 December 2016)
Chin Ye-Phern Carolyn	(Appointed on 01 January 2017)
Chua Chin Kiat	(Appointed on 01 December 2016)

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.

4. Options

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

EQUAL-ARK SINGAPORE LTD.

5. Independent auditor

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

On behalf of the directors

Lim Soo Ping
Director

Ng Boon Yew
Director

25 September 2017

RSM

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Independent Auditor's Report to the Members of the
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 2017, 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 Companies Act), the Charities Act, Chapter 37, other relevant regulations (the Charities Act and Regulations) and the Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the company as at 30 June 2017 and of the financial activities, changes in fund 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 the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, Charities 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.

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.

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 provisions of the Companies Act, and the Charities Act and Regulations.

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

(a) The companys 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

25 September 2017

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 2017

	Notes	1.7.2016 to 30.6.2017				
		Unrestricted Fund	Restricted Fund			
			Care & Share Fund	Tote Board/ NCSS Funded Programmes	Total Restricted Fund	Total
		$	$	$	$	$
INCOMING RESOURCES:						
Voluntary income – donations	4	271,975	–	–	–	271,975
Government grants		–	577,874	532,553	1,110,427	1,110,427
Amortisation of deferred capital grants	12	121,001	–	–	–	121,001
Fund generating activities		127,265	–	–	–	127,265
Miscellaneous income		81,937	–	–	–	81,937
Total incoming resources		602,178	577,874	532,553	1,110,427	1,712,605
RESOURCES EXPENDED:						
Cost of charitable activities						
Charitable activities expenses	5	262,326	168,183	1,110,369	1,278,552	1,540,878
Total resources expended		262,326	168,183	1,110,369	1,278,552	1,540,878
Surplus (Deficit) for the reporting year		339,852	409,691	(577,816)	(168,125)	171,727
Balance at beginning of the year		234,667	(200,490)	2,059,748	1,859,258	2,093,925
Balance at end of the year		574,519	209,201	1,481,932	1,691,133	2,265,652

EQUAL-ARK SINGAPORE LTD.

Statement of Financial Activities
Year Ended 30 June 2017

	Notes	1.10.2015 to 30.06.2016				
		Unrestricted Fund	Restricted Fund			
			Care & Share Fund	Tote Board/ NCSS Funded Programmes	Total Restricted Fund	Total
		$	$	$	$	$
INCOMING RESOURCES:						
Voluntary income – donations	4	666,142	–	–	–	666,142
Government grants		–	401,236	420,272	821,508	821,508
Amortisation of deferred capital grants	12	84,746	–	–	–	84,746
Fund generating activities		48,275	–	–	–	48,275
Miscellaneous income		690	–	–	–	690
Total incoming resources		799,853	401,236	420,272	821,508	1,621,361
RESOURCES EXPENDED:						
Cost of charitable activities						
Charitable activities expenses	5	249,986	601,726	188,144	789,870	1,039,856
Total resources expended		249,986	601,726	188,144	789,870	1,039,856
Surplus (Deficit) for the reporting year		549,867	(200,490)	232,128	31,638	581,505
Fund transfer from previous programme owner	16	(315,200)	–	1,827,620	1,827,620	1,512,420
Balance at end of the year		234,667	(200,490)	2,059,748	1,859,258	2,093,925

The accompanying notes form an integral part of these financial statements

EQUAL-ARK SINGAPORE LTD.

Statement of Financial Position
As at 30 June 2017

	Notes	2017 $	2016 $
Assets			
Non-current assets			
Property, plant and equipment	7	1,532,194	1,754,502
Total non-current assets		1,532,194	1,754,502
Current assets			
Other receivables	8	913,765	1,660,678
Deposits		–	5,600
Cash and cash equivalents	9	966,588	125,768
Total current assets		1,880,353	1,792,046
Total assets		3,412,547	3,546,548
Funds			
Unrestricted fund	10	574,519	234,667
Restricted funds	10	1,691,133	1,859,258
Total accumulated funds		2,265,652	2,093,925
Non-current liabilities			
Deferred capital grants	12	796,624	914,506
Total non-current liabilities		796,624	914,506
Current liabilities			
Trade and other payables	11	350,271	538,117
Total current liabilities		350,271	538,117
Total liabilities		1,146,895	1,452,623
Total fund and liabilities		3,412,547	3,546,548

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

EQUAL-ARK SINGAPORE LTD.

Statement of Cash Flows
Year Ended 30 June 2017

	1.7.2016 to 30.6.2017	1.10.2015 to 30.6.2016
	$	$
Cash flows from operating activities		
Net surplus for the reporting year	171,727	581,505
Adjustments for:		
Depreciation of property, plant and equipment	226,421	131,213
Amortisation of deferred capital grants	(121,001)	(84,746)
(Gains)/losses on disposal of plant and equipment	(2,999)	13,485
Operating cash flow before changes in working capital	274,148	641,457
Other receivables	746,913	(723,710)
Deposit	5,600	(5,600)
Trade and other payables	(187,846)	72,903
Net cash flows from (used in) operating activities	838,815	(14,950)
Cash flows from investing activities		
Purchase of plant and equipment	(4,114)	(88,968)
Proceed from disposal of plant and equipment	3,000	–
Net cash flows used in investing activities	(1,114)	(88,968)
Cash flows from financing activities		
Cash restricted in use	(209,201)	–
Deferred capital grants received	3,119	161,018
Net movements in amounts due to a director	–	68,668
Net cash flows (used in) from financing activities	(206,082)	229,686
Net increase in cash and cash equivalents	631,619	125,768
Cash and cash equivalents, statement of cash flows, beginning balance	125,768	–
Cash and cash equivalents, cash flow statement, ending balance (Note 9)	757,387	125,768

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

Notes to the Financial Statements
30 June 2017

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.

The functional currency of the company is Singapore Dollars and the financial statements are presented in Singapore dollars.

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 (2016: 3) 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.

Accounting convention

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council, the Singapore Charities Act, Chapter 37 and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need 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. Summary of significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

Revenues including donations, gifts and grants that provide core funding or are of general nature are recognised where there is (a) entitlement, (b) certainty and (c) sufficient reliability of measurement. Such income is only deferred when: the donor specifies that the grant or donation must only be used in future accounting periods; or the donor has imposed conditions which must be met before the company has unconditional entitlement. The revenue 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.

(i) Rendering of services

Rendering of services including program fees that are of short duration is recognised when services are completed. 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. Summary of significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant. A government grant related to assets, including non-monetary grants at fair value, is presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset.

Income tax

As a charity, the company is exempt from tax on income and gains falling within section 13U(1) 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

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. Summary of 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.

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. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. 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, 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 profit or loss 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 profit or loss as an integral part of the total lease expense.

2. Summary of significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. 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.

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2. Summary of significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following four categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year date there were no financial assets classified in this category.

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets: As at the end of the reporting year there were no financial assets classified in this category.

4. Available-for-sale financial assets: As at the end of the reporting year there were no financial assets classified in this category.

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.

2. Summary of significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expired. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method.

Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. 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. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

2. Summary of significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

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.

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.

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

2B. Other explanatory information (cont'd)

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

3A. Related party:

FRS 24 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.

The movements in other payables to a director are as follows:

	Director	
	1.7.2016 to 30.6.2017	1.10.2015 to 30.6.2016
	$	$
Other payables		
Balance at start of the year	68,668	–
Amount paid in and settlement of liabilities on behalf of the company	(68,668)	68,668
Balance at end of the year (Note 11)	–	68,668

3. Related party relationships and transactions (cont'd)

3B. Key management compensation:

	1.7.2016 to 30.6.2017 $	1.10.2015 to 30.6.2016 $
Salaries and other short–term employee benefits	166,976	61,348

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

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 2016 to 31 October 2017.

	1.7.2016 to 30.6.2017 $	1.10.2015 to 30.6.2016 $
Tax deductible donations	62,087	254,437
Non-tax deductible donations	209,888	411,705
	271,975	666,142

5. Charitable activities expenses

The major components include the following:

	1.7.2016 to 30.6.2017 $	1.10.2015 to 30.6.2016 $
Fees paid to independent auditor		
- Audit fee	20,865	–
- Other attestation fees	5,350	–
Employee benefits expense (Note 6)	816,132	613,639
Depreciation of property, plant and equipment (Note 7)	226,421	131,213
Programme costs	131,270	109,924
Rental expense (Note 13)	71,704	41,828
Equine costs	107,220	78,839
(Gains)/Losses on disposal of plant and equipment	(2,999)	13,485

6. Employee benefits expense

	1.7.2016 to 30.6.2017 $	1.10.2015 to 30.6.2016 $
Short term employee benefits expense	718,390	552,065
Contributions to defined contribution plan	97,742	61,574
Total employee benefits expense included in charitable activities expenses	816,132	613,639

7. Property, plant and equipment

	Leasehold properties $	Plant fixtures and equipment $	Horses $	Total $
Cost				
At date of incorporation on 1 October 2015	–	–	–	–
Transferred from previous programme owner (Note 16)	1,995,884	4,961	50,296	2,051,141
Additions	88,966	–	2	88,968
Disposals	–	–	(15,517)	(15,517)
At 30 June 2016	2,084,850	4,961	34,781	2,124,592
Additions	–	993	3,121	4,114
Disposals	–	–	(1)	(1)
At 30 June 2017	2,084,850	5,954	37,901	2,128,705
Accumulated Depreciation				
At date of incorporation on 1 October 2015	–	–	–	–
Transferred from previous programme owner (Note 16)	235,490	1,227	4,192	240,909
Depreciation for the year	127,151	425	3,637	131,213
Disposals	–	–	(2,032)	(2,032)
At 30 June 2016	362,641	1,652	5,797	370,090
Depreciation for the year	219,448	1,707	5,266	226,421
At 30 June 2017	582,089	3,359	11,063	596,511
Carrying value:				
At date of incorporation on 1 October 2015	–	–	–	–
At 30 June 2016	1,772,209	3,309	28,984	1,754,502
At 30 June 2017	1,502,761	2,595	26,838	1,532,194

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

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

	2017 $	2016 $
Government grants receivables	883,416	1,114,789
Outside parties	30,349	545,889
	913,765	1,660,678

9. Cash and cash equivalents

	2017 $	2016 $
Not restricted in use	757,387	125,768
Cash under restricted funds (Note A)	209,201	–
	966,588	125,768

Note A: Included in cash and cash equivalents restricted in use are disbursements by Care & Share amounted to $209,201 (2016: Nil).

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

	2017 $	2016 $
Amount as shown above	966,588	125,768
Restricted in use	(209,201)	–
Cash and cash equivalents for statement of cash flows purposes at end of the year	757,387	125,768

10. Reserve ratio

	2017 $	2016 $
Unrestricted Funds	574,519	234,667
Restricted Funds (ii)	1,691,133	1,859,258
Total accumulated fund	2,265,652	2,093,925
Ratio of reserve to annual operating expenditure (i)	1.47	1.51

(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 and Care & Share.

11. Trade and other payables

	2017 $	2016 $
Trade payables:		
Outside parties and accrued liabilities	35,815	49,128
Trade payables – subtotal	35,815	49,128
Other payables:		
Outside parties	314,456	420,321
Director (Note 3)	–	68,668
Other payables – subtotal	314,456	488,989
Total trade and other payables	350,271	538,117

The amount due to a director is non-interest bearing and repayable on demand.

12. Deferred capital grants

	2017 $	2016 $
Deferred capital grants (Note 12A)	796,624	914,506
	796,624	914,506

12A. Deferred capital grants:

	2017 $	2016 $
At cost:		
Balance at start of the year	1,186,226	–
Transferred from previous programme owner (Note 16)	–	1,025,208
Purchase of plant and equipment – grants received	3,119	161,018
Balance at end of the year	1,189,345	1,186,226
Accumulated amortisation:		
Balance at start of the year	271,720	–
Transferred from previous programme owner (Note 16)	–	186,974
Amortisation for the year	121,001	84,746
Balance at end of the year	392,721	271,720
Carrying value:		
Balance at start of the year	914,506	–
Balance at end of the year	796,624	914,506

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

13. Operating lease payment commitments

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

	2017 $	2016 $
Not later than one year	71,704	71,704
Later than one year and not later than five years	283,895	285,821
Later than five years	146,534	216,312
Total	502,133	573,837
Rental expenses (Note 5)	71,704	41,828

Operating lease payments are for rentals payable by the company for its land lease on its office building and certain office equipment. The leases for certain office equipment are negotiated for an average term of five years. The land lease from the Singapore Land Authority is for 15 years from 4 August 2009.

14. Columnar presentation of statement of financial position

A majority of the assets and liabilities are attributable to the accumulated fund. All the assets of the other funds are represented by cash. 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.

15. Financial instruments: information on financial risks

15A. 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:

	2017 $	2016 $
Financial assets:		
Cash and cash equivalents	966,588	125,768
Other receivables	913,765	1,660,678
At end of the year	1,880,353	1,786,446
Financial liabilities:		
Trade and other payables measured at amortised cost	350,271	538,117
At end of the year	350,271	538,117

Further quantitative disclosures are included throughout these financial statements.

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

15B. 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.

15C. 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 both 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.

15D. 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 consist principally of 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 and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss.

Note 9 discloses the maturity of the cash and cash equivalents balances

As at the end of the reporting year, there were no amounts that were impaired.

15E. Liquidity risk– financial liabilities maturity analysis

There are no liabilities contracted to fall due after twelve months at the end of the reporting year. 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. The average credit period taken to settle trade payables is about 30 days (2016: 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.

15F. Interest rate risk and foreign currency risk

There is no exposure to interest rate and foreign currency risk.

16. Arrangements prior to the incorporation of the company

Prior to the incorporation of the company on 1 October 2015, certain programmes of the company, such as the EQUAL programme, the EQUATE programme and the SCHOLAR programme (collectively named as "Programmes") were undertaken by a third party. On 30 November 2015, the company signed a deed with the third party to transfer the operation and management, the assets and the financial assets of the Programmes to the company.

According to the deed, the third party and the company agreed that the operation and management of the Programmes shall be transferred to the company in the following manner:

(1) In the case of the contracts, by means of novations and assignments in the agreed terms together with any third party consents as may be relevant under the deed;
(2) In the case of the assets (excluding the properties) and the financial asset, by delivery;
(3) In the case of the properties, the company will have use of the properties during the period from the transfer of asset until the expiry of the State Lease, which is on 4 August 2024; and
(4) In the case of any other rights, obligations and liabilities required to be transferred pursuant to this deed, by means of documents in such form as may be agreed between the company and the third party.

The transfer includes the followings:

	$
Total assets	
Property, plant and equipment, net	1,776,539
Other receivables	876,075
	2,652,614
Total liabilities	
Deferred capital grants, net	838,234
Other payables	301,960
	1,140,194
Represented by accumulated funds	1,512,420

17. Changes and adoption of financial reporting standards

For the current reporting year new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1: Disclosure Initiative

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

The new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") 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. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 7	Amendments to FRS 7: Disclosure Initiative	1 January 2017
FRS 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 115	Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116	Leases	1 January 2019

FRS 116 Leases effective for annual periods beginning on or after 1 January 2019 replaces FRS 17 and its interpretations. Almost all leases will be brought onto lessees' statements of financial position under a single model (except leases of less than 12 months and leases of low value assets). Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. The management anticipates that FRS 116 will be adopted in the financial statements when it becomes mandatory and that the application of the new standard will have a significant effect on amounts reported in respect of the leases.

However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

19. Comparative figures

The financial statements for 2016 cover reporting year from date of incorporation from 1 October 2015 to 30 June 2016. The financial statements for 2017 cover the twelve months ended 30 June 2017. Therefore, the comparative amounts for the Statement of Financial Activities, Statement of Changes in Accumulated Fund, Statement of Cash Flows and related notes are not entirely comparable.