THE NEW CHARIS MISSION

(UEN: T06SS0166B)

REPORT AND FINANCIAL STATEMENTS
31 MARCH 2020

THE NEW CHARIS MISSION

STATEMENT OF THE MEMBERS OF THE MANAGEMENT COMMITTEE

In the opinion of the members of the Management Committee of **The New Charis Mission** (the "Centre"), the accompanying financial statements of the Centre and its subsidiary (the "Group") are drawn up in accordance with the provisions of the Singapore Societies Act, Cap. 311 and the Singapore Charities Act, Cap. 37 and other relevant regulations, and Financial Reporting Standards in Singapore so as to present fairly, in all material respects, the financial positions of the Group and the Centre as at 31 March 2020 and of the financial performance, changes in funds and cash flows of the Group and of the Centre for the year then ended.

The Management Committee authorised these financial statements for issue on 1 December 2020.

On behalf of the Management Committee

Bernard Yeo Kok Leong
Secretary

Warren Jeffrey Soh Chwee Meng
Treasurer

1 December 2020

Gabriel Ng & Co
Public Accountants and Chartered Accountants
(Regn No. S95PF0533E)

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黄木味會計公司

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NEW CHARIS MISSION

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **The New Charis Mission** (the "Centre") and its subsidiary (the "Group"), which comprise the statements of financial position of the Group and the Centre as at 31 March 2020, and the statements of comprehensive income and expenditure, statements of changes in funds and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Cap. 311 (the "Societies Act"), the Charities Act, Cap. 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore (FRS) so as to present fairly, in all material respects, the financial positions of the Group and of the Centre as at 31 March 2020 and the financial performance, changes in funds and cash flows of the Group and of the Centre 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 Group 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

The Management Committee is responsible for the other information. The other information comprises the Statement of the Members of the Management Committee included in page 1, 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 the Management Committee for the Financial Statements

The Management Committee is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Societies Act, the Charities Act and Regulations and FRS, and for such internal control as the Management Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee is responsible for assessing the Group'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 the Management Committee either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Management Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of the Management Committee'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 Group'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 Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

In our opinion,

a) the accounting and other records required to be kept by the Centre have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations; and

b) the fund-raising appeals held during the period from 1 April 2019 to 31 March 2020 have been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeals.

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

a) the Centre 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 Centre has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

GABRIEL NG & CO
Public Accountants and
Chartered Accountants

Singapore

1 December 2020

THE NEW CHARIS MISSION

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020

		GROUP		CENTRE	
	Note	2020	2019	2020	2019
		$	$	$	$
ASSETS					
Current assets					
Trade and other receivables	4	216,686	457,784	135,759	276,880
Cash and cash equivalents	5	1,399,042	775,229	1,338,629	659,142
		1,615,728	1,233,013	1,474,388	936,022
Non-current assets					
Property, plant and equipment	6	622,547	283,372	403,816	277,836
Investment in a subsidiary	7	-	-	100	100
		622,547	283,372	403,916	277,936
Total assets		2,238,275	1,516,385	1,878,304	1,213,958
LIABILITIES					
Current liabilities					
Trade and other payables	8	114,187	110,842	84,723	82,643
Finance lease obligations	9	-	29,538	-	29,538
Lease liabilities	10	28,960	-	28,960	-
Deferred grants	11	153,876	10,000	81,713	-
Current taxation		3,777	6,017	-	-
		300,800	156,397	195,396	112,181
Non-current liabilities					
Finance lease obligations	9	-	33,560	-	33,560
Lease liabilities	10	4,600	-	4,600	-
Deferred grants	11	144,000	40,000	60,000	-
Provision for reinstatement	12	130,000	130,000	130,000	130,000
		278,600	203,560	194,600	163,560
Total liabilities		579,400	359,957	389,996	275,741
NET ASSETS		1,658,875	1,156,428	1,488,308	938,217
Represented by:					
FUNDS					
Unrestricted fund					
General fund		1,632,784	1,129,713	1,462,217	925,078
Restricted funds					
RASP fund		-	(115,598)	-	(115,598)
PHOL fund		-	42,313	-	28,737
Educational fund		26,091	-	26,091	-
Other funds		-	100,000	-	100,000
		26,091	26,715	26,091	13,139
TOTAL FUNDS		1,658,875	1,156,428	1,488,308	938,217

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

THE NEW CHARIS MISSION

STATEMENTS OF COMPREHENSIVE INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2020

	Note	GROUP 2020	GROUP 2019	CENTRE 2020	CENTRE 2019
		$	$	$	$
INCOME					
Unrestricted fund					
General fund	13	2,770,920	2,165,796	2,088,309	1,515,516
Restricted funds					
Care and Share fund	14	189,984	-	189,984	-
RASP fund	14	40,500	40,500	40,500	40,500
PHOL fund	14	8,911	12,844	8,911	12,844
Educational fund	14	26,091	-	26,091	-
Other funds	14	-	100,000	-	100,000
		265,486	153,344	265,486	153,344
TOTAL INCOME		3,036,406	2,319,140	2,353,795	1,668,860
LESS: EXPENDITURE					
Unrestricted fund					
General fund	13	2,349,785	2,022,577	1,625,556	1,457,759
Restricted funds					
Care and Share fund	14	-	-	-	-
RASP fund	14	40,500	131,724	40,500	131,724
PHOL fund	14	37,648	56,329	37,648	59,985
Other funds	14	100,000	-	100,000	-
		178,148	188,053	178,148	191,709
TOTAL EXPENDITURE		2,527,933	2,210,630	1,803,704	1,649,468
SURPLUS BEFORE INCOME TAX		508,473	108,510	550,091	19,392
INCOME TAX	18	(6,026)	(3,777)	-	-
SURPLUS AFTER INCOME TAX		502,447	104,733	550,091	19,392
Attributable to:					
Unrestricted fund					
General fund		415,109	139,442	462,753	57,757
Restricted funds					
Care and Share fund	14	189,984	-	189,984	-
RASP fund	14	-	(91,224)	-	(91,224)
PHOL fund	14	(28,737)	(43,485)	(28,737)	(47,141)
Educational fund	14	26,091	-	26,091	-
Other funds	14	(100,000)	100,000	(100,000)	100,000
		87,338	(34,709)	87,338	(38,365)
		502,447	104,733	550,091	19,392

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

THE NEW CHARIS MISSION

STATEMENTS OF CHANGES IN FUNDS FOR THE YEAR ENDED 31 MARCH 2020

	UNRESTRICTED FUND	RESTRICTED FUNDS					
	General fund	Care and Share fund	RASP fund	PHOL fund	Educational fund	Other funds	Total
	$	$	$	$		$	$
GROUP							
Balance as at 1 April 2018	990,271	-	(24,374)	85,798	-	-	1,051,695
Surplus/(Deficit) for the year	139,442	-	(91,224)	(43,485)	-	100,000	104,733
Balance as at 31 March 2019	1,129,713	-	(115,598)	42,313	-	100,000	1,156,428
Surplus/(Deficit) for the year	415,109	189,984	-	(28,737)	26,091	(100,000)	502,447
Transfers	87,962	(189,984)	115,598	(13,576)	-	-	-
Balance as at 31 March 2020	1,632,784	-	-	-	26,091	-	1,658,875
CENTRE							
Balance as at 1 April 2018	867,321	-	(24,374)	75,878	-	-	918,825
Surplus/(Deficit) for the year	57,757	-	(91,224)	(47,141)	-	100,000	19,392
Balance as at 31 March 2019	925,078	-	(115,598)	28,737	-	100,000	938,217
Surplus/(Deficit) for the year	462,753	189,984	-	(28,737)	26,091	(100,000)	550,091
Transfers	74,386	(189,984)	115,598	-	-	-	-
Balance as at 31 March 2020	1,462,217	-	-	-	26,091	-	1,488,308

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

THE NEW CHARIS MISSION

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Note	GROUP		CENTRE	
		2020	2019	2020	2019
		$	$	$	$
CASH FLOW FROM OPERATING ACTIVITIES					
Surplus before income tax		508,473	108,510	550,091	19,392
Adjustments for:					
Depreciation of property, plant and equipment	6	200,789	206,389	145,601	204,807
Interest expense on lease liabilities	10	2,815	-	2,815	-
Amortisation of deferred capital grants	11	(48,000)	-	(20,000)	-
Finance lease interest		-	4,455	-	4,455
Operating surplus before working capital changes		664,077	319,354	678,507	228,654
Trade and other receivables		241,098	(304,269)	141,121	(217,274
Trade and other payables		3,345	64,394	2,080	49,572
Deferred grant receivable - JSS	11	105,876	-	61,713	-
Net cash generated from operations		1,014,396	79,479	883,421	60,952
Tax paid		(8,266)	-	-	-
Net cash inflow from operating activites		1,006,130	79,479	883,421	60,952
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	6	(539,964)	(14,787)	(271,581)	(10,832)
Net cash outflow from investing activities		(539,964)	(14,787)	(271,581)	(10,832)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of finance lease obligations		-	(32,147)	-	(32,147)
Finance lease interest paid		-	(4,455)	-	(4,455)
Payment of principal portion of lease liabilities	10	(29,538)	-	(29,538)	-
Interest expense on lease liabilities	10	(2,815)	-	(2,815)	-
Capital grant received	11	190,000	50,000	100,000	-
Net cash inflow/(outflow) from financing activities		157,647	13,398	67,647	(36,602)
Net increase in cash and cash equivalents		623,813	78,090	679,487	13,518
Cash and cash equivalents at beginning of year		775,229	697,139	659,142	645,624
Cash and cash equivalents at end of year	5	1,399,042	775,229	1,338,629	659,142

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

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

1 GENERAL

The New Charis Mission (the "Centre") is registered under the Societies Act, Cap. 311, a Charity and an Institute of Public Character domiciled in Singapore (UEN: T06SS0166B). The registered office and principal place of activities of the Centre are located at 11 Jalan Ubi, Kembangan-Chai Chee Community Hub, Block 1 #01-01, Singapore 409074.

The principal activities of the Centre are to assist in recovery and rehabilitation of ex-drug addicts and persons with criminal backgrounds or delinquent behavior and to assist in their re-integration into mainstream society.

The principal activities of the Centre's subsidiary are described in Note 7 to the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(2.1) Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore (FRS) and on a historical cost convention, except as disclosed in the accounting policies below.

(2.2) Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous year and that in current financial year, the Group adopted all relevant and new FRS and amendments to FRS that are effective in the current financial statements. Except for the adoption of FRS 116 Leases described below, the adoption of these new FRS and amendments to FRS did not have any material effect on the financial performance or position of the Group.

FRS 116 Leases

FRS 116 supersedes *FRS 17 Leases, INT FRS 104 Determining whether an Arrangement contains a Lease, INT FRS 15 Operating Leases-Incentives and INT FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

The Group adopted *FRS 116* using the modified retrospective method of adoption with the date of initial application of 1 April 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 April 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying *FRS 17* and *INT FRS 104* at the date of initial application.

Upon adoption of FRS 116, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 April 2019 is disclosed in Note 2.19. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(2.2) **Adoption of new and amended standards and interpretations (continued)**

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under *FRS 17*). The requirements of *FRS 116* were applied to these leases from 1 April 2019.

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leasses of low-value assets. The right-of-use assets for the leases were recognised based on the carrying amount as if the standard had always been applied, using the incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;

- relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;

- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;

- excluded the initial direct costs from the measurement of the right-of-use assets at the date of initial application; and

- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

(2.3) **Standards issued but not yet effective**

A number of new standards, amendments to standards and interpretations to FRS are issued but not yet effective at beginning of the current financial year, and have not been applied in preparing these financial statements. The adoption of these standards will have no material impact on the financial statements in the period of initial application.

(2.4) **Functional and presentation currency**

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements of the Group and the Centre are presented in Singapore Dollar, which is the functional currency of the Centre.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(2.5) **Revenue**

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

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

Revenue is principally derived from donations, programme fee, rental of facilities and logistic support services.

Donations are accounted for when monies are received.

Programme fee and logistic support service fees are recognised upon the services being rendered.

Income from rental of facilities is recognised on an agreed fixed rental with its customers.

(2.6) **Employee benefits**

Defined contribution plan

The Centre makes contributions to the state provident fund known as Central Provident Fund (CPF). CPF contributions are recognised as compensation expense in the same period as the employment that gives rise to the contributions.

(2.7) **Grants**

Grants for the purchase of depreciable assets are taken to the deferred grant account at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. The deferred grant is recognised in the statement of comprehensive income over the period necessary to match the depreciation of the assets purchased with the related grant. Grants for operating expenses is recognised in the statement of comprehensive income over the period necessary to match them on a systematic basis to the costs that it was intended to compensate.

(2.8) **Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Management Committee. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(2.8) Property, plant and equipment (Continued)

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

	Useful lives
Air-conditioners	- 5 years
Computers	- 5 years
Electrical installation	- 5 years
Furniture and fittings	- 10 years
Futsal court	- 5 years
Musical and electronic equipment	- 5 years
Motor vehicles	- 2 to 5 years
Office equipment	- 5 years
Renovation	- 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in income and expenditure in the year the asset is derecognised.

(2.9) Fund accounting

Unrestricted funds are available for use at the discretion of the Management Committee in furtherance of the general objectives of the Centre.

Restricted funds are subject to restriction on their expenditure imposed by the donor or through the terms of the fund raised.

Funds received for restricted purpose of providing property, plant and equipment is accounted for immediately as restricted funds and subsequently discharge of its restriction upon the acquisition of property, plant and equipment and the asset will be held in the unrestricted fund.

(2.10) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Group makes an estimate of the asset's recoverable amount.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(2.10) **Impairment of non-financial assets (Continued)**

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in income and expenditure.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in income and expenditure.

(2.11) **Government incentives**

Government incentives are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government incentives relating to expenses are shown separately as government incentives.

(2.12) **Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(2.13) **Financial instruments**

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial assets not at fair value through income or expenditure (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in income or expenditure.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(2.13) **Financial instruments (Continued)**

(a) ***Financial assets (Continued)***

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income (FVOCI) and FVPL. The Group has only debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using effective interest method, less impairment. Gains or losses are recognised in income or expenditure when the assets are derecognised or impaired, and through the amortisation process.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be classified subsequently to income or expenditure. Dividends from such investments are to be recognised in income or expenditure when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in income or expenditure.

Derecognition

A financial asset is derecognised where the contractual rights to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in income or expenditure.

(b) ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(2.13) **Financial instruments (Continued)**

(b) ***Financial liabilities (Continued)***

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in income or expenditure when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in income or expenditure.

(2.14) **Subsidiaries**

(i) Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date when control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest are that part of the net results of operations and of net assets of a subsidiary attributable to the interests that are not owned directly or indirectly by the Centre. They are shown separately in the consolidated statement of comprehensive income and expenditure, statement of changes in funds and statement of financial position. Total comprehensive income is attributed to the non-controlling interest based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Business combinations

The acquisition method of accounting is used to account for business combinations entered into by the Group. The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair value at the acquisition date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(2.14) **Subsidiaries (continued)**

(ii) Business combinations (Continued)

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill.

(iii) Disposal of subsidiaries

When a change in the Centre's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary, including any goodwill are derecognised. Amounts previously recognised in other comprehensive income and expenditure in respect of that entity are also reclassified to income and expenditure or transferred directly to general funds if required by a specific FRS.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in income and expenditure.

(2.15) **Investment in subsidiary**

Investment in subsidiary is stated in the financial statements of the Centre at cost less any impairment loss in value.

(2.16) **Cash and cash equivalents**

Cash and cash equivalents comprise bank and cash balances, and fixed deposits.

(2.17) **Impairment of financial assets**

The Group recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(2.17) **Impairment of financial assets (Continued)**

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 - months ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtor's ability to pay.

The Group considers a financial asset in default when contractual payments exceed a prescribed number of days past due, as established within the Group's credit risk management practices. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(2.18) **Income tax**

(a) **Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in income or expenditure except to the extent that the tax relates to items recognised outside income or expenditure, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) **Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(2.18) **Income tax (Continued)**

(b) **Deferred tax (Continued)**

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set of current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(2.19) **Leases**

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

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

As lessee

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

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

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

The Group's right-of-use assets are presented within property, plant and equipment (Note 6).

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(2.19) **Leases (Continued)**

Lease liabilities (Continued)

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

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

Short-term leases and leases of low-value assets

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

Following accounting policies on leases are applied before the initial application date of *FRS 116*, 1 April 2019:

As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged to income or expenditure. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in income or expenditure on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(2.20) **Gifts in kind**

A gift-in-kind is included in the statement of comprehensive income based on an estimate of the fair value at the date of the receipt of the gift of the non-monetary asset or the grant of a right to the monetary asset. The gift is recognised if the amount of the gift can be measured reliably and there is no uncertainty that it will be received.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the financial statements in conformity with FRSs requires the Management Committee to exercise judgements and, the use of 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 financial year. Although these estimates are based on the Management Committee's best knowledge of current events and actions, actual results may differ from those estimates.

The estimates, judgements and assumptions which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of trade receivables

The Group and the Centre make allowance for impairment of trade receivables based on credit risk characteristics and days past due, with expected loss rates assessed based on the Group's and the Centre's historical credit loss experience.

The Group and the Centre further evaluate the expected credit loss on customers on a case-by-case basis, which will be assessed based on indicators such as changes in financial capability of the debtor and default or significant delay in payments.

The Group's and the Centre's credit risk exposure for trade receivables are disclosed in Note 21.

The carrying amounts of trade receivables at the end of the reporting period are disclosed in Note 4 to the financial statements.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The Management Committee estimates the useful lives of these assets to be 2 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of the Group's and the Centre's property, plant and equipment at the end of the reporting period is disclosed in Note 6 to the financial statements.

Provision for reinstatement

The provision for reinstatement represents the necessary costs to be incurred by the Centre for restoring the leased premises to its original conditions in the event of non-renewal of the tenancy agreement with the landlord. The Management Committee determines the provision for reinstatement based on the contractor's quotation and other currently available evidence. If actual reinstatement costs differ from the Management Committee's estimate, revision to the estimate would be required. The carrying amounts of the Group's and the Centre's provision for reinstatement is disclosed in Note 12 to the financial statements.

4 TRADE AND OTHER RECEIVABLES

	GROUP		CENTRE	
	2020	2019	2020	2019
	$	$	$	$
Trade receivables	42,630	49,434	5,333	6,503
Amount owing by subsidiary	-	-	8,600	8,600
Other receivables	3,337	-	3,337	-
Grant receivable - JSS	105,876	-	61,713	-
Advanced payments for special activities	7,100	109,763	7,100	109,763
Advanced payment for property, plant and equipment	-	49,277	-	49,277
Cash advances	3,500	3,500	3,500	3,500
Deposits	31,330	32,261	23,263	24,812
Prepayments	22,913	213,549	22,913	74,425
	216,686	457,784	135,759	276,880

No credit term is granted to trade receivables.

The amount owing by a subsidiary is trade debt, unsecured, non-interest bearing and repayable on demand.

5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following:

	GROUP		CENTRE	
	2020	2019	2020	2019
	$	$	$	$
Bank balance	834,064	358,531	776,473	245,064
Cash balance	14,978	6,799	12,156	4,179
Fixed deposits	550,000	409,899	550,000	409,899
	1,399,042	775,229	1,338,629	659,142

THE NEW CHARIS MISSION

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2020

6 PROPERTY, PLANT AND EQUIPMENT

GROUP

2020	AT 01.04.2019	ADDITIONS	DISPOSALS	AT 31.03.2020
	$	$	$	$
COST				
Air-conditioners	96,859	-	-	96,859
Computers	45,263	11,024	-	56,287
Electrical installation	45,553	5,744	-	51,297
Furniture and fittings	174,810	21,235	-	196,045
Futsal court	-	421,113	-	421,113
Musical and electronic equipment	145,210	3,306	-	148,516
Motor vehicles	573,996	75,801	-	649,797
Office equipment	31,004	1,741	-	32,745
Renovation	302,425	-	-	302,425
	1,415,120	539,964	-	1,955,084
ACCUMULATED DEPRECIATION				
Air-conditioners	93,634	806	-	94,440
Computers	32,747	7,029	-	39,776
Electrical installation	42,446	2,472	-	44,918
Furniture and fittings	81,960	19,605	-	101,565
Futsal court	-	84,223	-	84,223
Musical and electronic equipment	110,473	17,106	-	127,579
Motor vehicles	447,823	63,163	-	510,986
Office equipment	24,210	2,415	-	26,625
Renovation	298,455	3,970	-	302,425
	1,131,748	200,789	-	1,332,537

	2020
	$
NET CARRYING AMOUNT	
Air-conditioners	2,419
Computers	16,511
Electrical installation	6,379
Furniture and fittings	94,480
Futsal court	336,890
Musical and electronic equipment	20,937
Motor vehicles	138,811
Office equipment	6,120
Renovation	-
	622,547

THE NEW CHARIS MISSION

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2020

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP

2019	AT 01.04.2018	ADDITIONS	DISPOSALS	AT 31.03.2019
	$	$	$	$
COST				
Air-conditioners	92,828	4,031	-	96,859
Computers	40,263	5,000	-	45,263
Electrical installation	44,398	1,155	-	45,553
Furniture and fittings	174,200	610	-	174,810
Musical and electronic equipment	145,210	-	-	145,210
Motor vehicles	588,496	-	(14,500)	573,996
Office equipment	27,013	3,991	-	31,004
Renovation	302,425	-	-	302,425
	1,414,833	14,787	(14,500)	1,415,120
ACCUMULATED DEPRECIATION				
Air-conditioners	74,263	19,371	-	93,634
Computers	27,533	5,214	-	32,747
Electrical installation	33,336	9,110	-	42,446
Furniture and fittings	64,479	17,481	-	81,960
Musical and electronic equipment	81,820	28,653	-	110,473
Motor vehicles	400,819	61,504	(14,500)	447,823
Office equipment	19,639	4,571	-	24,210
Renovation	237,970	60,485	-	298,455
	939,859	206,389	(14,500)	1,131,748

	2019
	$
NET CARRYING AMOUNT	
Air-conditioners	3,225
Computers	12,516
Electrical installation	3,107
Furniture and fittings	92,850
Musical and electronic equipment	34,737
Motor vehicles	126,173
Office equipment	6,794
Renovation	3,970
	283,372

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

CENTRE

2020	AT 01.04.2019	ADDITIONS	DISPOSALS	AT 31.03.2020
	$	$	$	$
COST				
Air-conditioners	96,859	-	-	96,859
Computers	41,309	8,117	-	49,426
Electrical installation	44,398	-	-	44,398
Furniture and fittings	174,810	20,529	-	195,339
Futsal court	-	163,828	-	163,828
Musical and electronic equipment	145,210	3,306	-	148,516
Motor vehicles	573,996	75,801	-	649,797
Office equipment	28,204	-	-	28,204
Renovation	302,425	-	-	302,425
	1,407,211	271,581	-	1,678,792
ACCUMULATED DEPRECIATION				
Air-conditioners	93,634	806	-	94,440
Computers	31,165	5,657	-	36,822
Electrical installation	42,215	1,092	-	43,307
Furniture and fittings	81,960	19,534	-	101,494
Futsal court	-	32,766	-	32,766
Musical and electronic equipment	110,473	17,106	-	127,579
Motor vehicles	447,823	63,163	-	510,986
Office equipment	23,650	1,507	-	25,157
Renovation	298,455	3,970	-	302,425
	1,129,375	145,601	-	1,274,976

	2020
	$
NET CARRYING AMOUNT	
Air-conditioners	2,419
Computers	12,604
Electrical installation	1,091
Furniture and fittings	93,845
Futsal court	131,062
Musical and electronic equipment	20,937
Motor vehicles	138,811
Office equipment	3,047
Renovation	-
	403,816

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

CENTRE

2019	AT 01.04.2018	ADDITIONS	DISPOSALS	AT 31.03.2019
	$	$	$	$
COST				
Air-conditioners	92,828	4,031	-	96,859
Computers	36,309	5,000	-	41,309
Electrical installation	44,398	-	-	44,398
Furniture and fittings	174,200	610	-	174,810
Musical and electronic equipment	145,210	-	-	145,210
Motor vehicles	588,496	-	(14,500)	573,996
Office equipment	27,013	1,191	-	28,204
Renovation	302,425	-	-	302,425
	1,410,879	10,832	(14,500)	1,407,211
ACCUMULATED DEPRECIATION				
Air-conditioners	74,263	19,371	-	93,634
Computers	26,742	4,423	-	31,165
Electrical installation	33,336	8,879	-	42,215
Furniture and fittings	64,479	17,481	-	81,960
Musical and electronic equipment	81,820	28,653	-	110,473
Motor vehicles	400,819	61,504	(14,500)	447,823
Office equipment	19,639	4,011	-	23,650
Renovation	237,970	60,485	-	298,455
	939,068	204,807	(14,500)	1,129,375

	2019
	$
NET CARRYING AMOUNT	
Air-conditioners	3,225
Computers	10,144
Electrical installation	2,183
Furniture and fittings	92,850
Musical and electronic equipment	34,737
Motor vehicles	126,173
Office equipment	4,554
Renovation	3,970
	277,836

In previous year, the Group and the Centre had property, plant and equipment with net carrying amount of $31,334 under finance lease agreements.

7 INVESTMENT IN SUBSIDIARY

	CENTRE	
	2020	2019
	$	$
Unquoted equity shares, at cost	100	100

The subsidiary was fully owned at date of incorporation on 10th March 2017, hence there were no identifiable net assets and goodwill on acquisition.

Information relating to the subsidiary is as follow:

Name of entity	Principal activities	Country of incorporation/ place of business	Group interest 2020	Group interest 2019
			%	%
New Charis Enterprise Pte. Ltd.	Moving services, premises relocation, warehousing services and general building contract works.	Republic of Singapore	100	100

8 TRADE AND OTHER PAYABLES

	GROUP		CENTRE	
	2020	2019	2020	2019
	$	$	$	$
Trade payables	16,723	15,005	-	-
Advanced receipts	50,950	52,138	50,950	52,138
Other payables	860	535	860	535
Staff costs and benefits	23,217	23,802	13,476	13,608
Other operating costs	22,437	19,362	19,437	16,362
	114,187	110,842	84,723	82,643

Advanced receipts refer to amounts received in advance for events happening after the end of the financial year. The amounts will be recognised as income when the events take place.

9 FINANCE LEASE OBLIGATIONS

As at 31 March 2019, the Group leases its motor vehicles under finance leases. As at financial year end. The average effective interest rates are charged at approximately 5.65% per annum.

9 FINANCE LEASE OBLIGATIONS (CONTINUED)

The future minimum lease payments under finance leases and their present values are as follows:

	GROUP AND CENTRE	
	Minimum lease payments	Present value of minimum lease payments
	2019	2019
	$	$
Amount payable under finance leases:		
Due within one year	32,352	29,538
Due after one year but within five years	34,640	33,560
	66,992	63,098
Less: future finance charges	(3,894)	N/A
Present value of lease obligations	63,098	63,098

Finance lease liabilities were reclassified to lease liabilities on 1 April 2019 arising from the adoption of FRS 116. The impact of adoption is disclosed in Note 2.2.

10 LEASE LIABILITIES

Group as a lessee

The Group has lease contracts for motor vehicles. The Group is restricted from assigning and subleasing the leased asset.

(a) Carrying amount of right-of-use assets classified as motor vehicles within property, plant and equipment

	01.04.2019	Depreciation	31.03.2020
	$	$	$
Right-of-use assets - motor vehicles	35,671	(17,836)	17,835

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follow and the maturity analysis of lease liabilities is disclosed in Note 21.

10 **LEASE LIABILITIES (CONTINUED)**

(a) Lease liabilities (Continued)

	01.04.2019	Cash Flows	Non-cash Accretion of Interest	Non-cash Others	31.03.2020
	$	$	$	$	$
Lease liabilities					
Current	29,538	(32,353)	2,815	28,960	28,960
Non-current	33,560	-	-	(28,960)	4,600
	63,098	(32,353)	2,815	-	33,560

(b) Amounts recognised in income or expenditure

	2020
	$
Depreciation of right-of-use assets	17,836
Interest expense on lease liabilities	2,815
Total amount recognised in income or expenditure	20,651

(c) Total cash flow

The Group had total cash outflows for leases of $32,353 in 2020.

(d) Extension options

The Group has lease contracts without extension option.

11 **DEFERRED GRANTS**

Group

2020	Futsal court	JSS	Total
	$	$	
Balance at beginning of year	50,000	-	50,000
Receipts for the year	190,000	-	190,000
Grant receivables	-	105,876	105,876
Amortisation for the year	(48,000)	-	(48,000)
Balance at end of year	192,000	105,876	297,876
Current:			
- within 1 year	48,000	105,876	153,876
Non-current:			
- after 1 year but within 5 years	144,000	-	144,000

11 DEFERRED GRANTS (CONTINUED)

Group (Continued)

2019	Futsal court $
Balance at beginning of year	-
Receipts for the year	50,000
Balance at end of year	50,000
Current:	
- within 1 year	10,000
Non-current:	
- after 1 year but within 5 years	40,000

Centre

2020	Futsal court $	JSS $	Total
Balance at beginning of year	-	-	-
Receipts for the year	100,000	-	100,000
Grant receivables	-	61,713	61,713
Amortisation for the year	(20,000)	-	(20,000)
Balance at end of year	80,000	61,713	141,713
Current:			
- within 1 year			81,713
Non-current:			
- after 1 year but within 5 years			60,000

Futsal court is grant given by both Singapore Centre for Social Enterprise, raiSE Ltd and Lee Foundation for the construction of futsal facility primarily for the reaching out to ex-offenders by providing training, football coaching and employment opportunities.

The Job Support Scheme ("JSS") is government grant to provide wage support to employers to help retain local employees during COVID-19 economic uncertainty.

Deferred grants are recognised as income in the manner as per note 2.7.

12 PROVISION FOR REINSTATEMENT

An amount of $130,000 was estimated by the Management Committee for the reinstatement cost on the rented Centre's premises to be incurred in the event of non-renewal of the tenancy agreement either by the Centre or the Ministry of Social and Family Development.

13 GENERAL FUND

	GROUP		CENTRE	
	2020	2019	2020	2019
	$	$	$	$
Income				
Donations	1,169,945	609,600	1,169,945	609,600
Fundraising events (Note 16)	552,153	555,493	552,153	555,493
Income from rental of facilities	136,645	140,732	136,645	140,732
Income from futsal court	48,020	-	48,020	-
Service income	737,119	731,200	-	-
Deficit from Unlabelled Run (Note 15)	(75,600)	(84,899)	(75,600)	(84,899)
Programme income	37,576	31,661	37,576	31,661
Other income (Note 17)	165,062	182,009	219,570	262,929
	2,770,920	2,165,796	2,088,309	1,515,516
Less: Expenditure				
Administrative charges for charity portal	3,419	2,235	3,419	2,235
Advertising and promotion	-	155	-	-
Bad debts written off	6,405	768	-	768
Bank charges	1,392	1,300	808	689
Benevolent fund	8,600	8,100	8,600	8,100
Compensation	1,749	1,980	-	-
Depreciation of property, plant and equipment (Note 6)	200,789	206,389	145,601	204,807
Donations	6,000	4,500	5,000	4,500
Finance least interest	-	4,455	-	4,455
Fines and penalties	413	150	-	-
Fundraising expenses (Note 16)	100,801	120,757	100,801	120,757
General expenses	1,645	535	999	356
Gifts and hospitality	13,659	7,904	13,659	7,436
Insurance	11,292	10,258	6,315	3,856
Interest charge arises from right-of-use assets	2,815	-	2,815	-
Internet expenses	255	-	-	-
Logistic expenses	36,534	31,617	36,534	31,617
Magazine, books and periodicals	527	329	527	329
Motor vehicle expenses	54,632	60,506	29,484	36,525
Postage and courier	512	592	345	547
Printing and stationery	17,476	17,126	11,864	14,036
Professional fees	19,605	15,920	14,605	12,000
Programme expenses:				
- Residential Aftercare Support Programme	136,692	-	136,692	-
- Project Hearts of Love	44,540	-	53,212	-
- Others	26,515	26,528	26,515	26,528
Purchases	50,067	47,858	-	-
Rental of premises - operating lease	202,286	202,286	202,286	202,286
Rental of futsal court	24,899	-	24,899	-
Repair and maintenance	28,116	24,539	28,116	24,539
Special activities	10,703	24,405	10,703	24,405
Staff salaries and related costs	963,612	881,678	548,219	525,264
Employer's CPF for staff	142,622	130,720	81,039	77,998
Staff welfare	82,907	83,690	50,552	49,470
Storage expenses	12,042	8,800	-	-
Sub-contractor expenses	41,850	17,585	-	-
Subscription fee	2,729	1,956	1,961	1,956
Telecommunication expenses	12,380	16,078	5,006	11,538
Transportation and fringe	9,311	627	4,986	511
Upkeep of facilities	401	4,048	401	4,048
Upkeep of futsal court	2,949	-	2,949	-
Utilities	66,644	56,203	66,644	56,203
	2,349,785	2,022,577	1,625,556	1,457,759
Surplus	421,135	143,219	462,753	57,757

14 RESTRICTED FUNDS

GROUP

2020	Care and Share fund	RASP fund	PHOL fund	Educational fund	Other funds	Total
	$	$	$	$	$	$
Income						
Donations	189,984	-	8,911	26,091	-	224,986
Grants received	-	40,500	-	-	-	40,500
	189,984	40,500	8,911	26,091	-	265,486
Less: Expenditure						
PHOL expenses	-	-	37,648	-	-	37,648
Residents aftercare support programme	-	27,660	-	-	-	27,660
Unutilised fund return to donor	-	12,840	-	-	-	12,840
Transfer to deferred grants (Note 11)	-	-	-	-	100,000	100,000
	-	40,500	37,648	-	100,000	178,148
Surplus/(Deficit)	189,984	-	(28,737)	26,091	(100,000)	87,338

2019	Care and Share fund	RASP fund	PHOL fund	Educational fund	Other funds	Total
	$	$	$	$	$	$
Income						
Donations	-	-	12,844	-	100,000	112,844
Grants received	-	40,500	-	-	-	40,500
	-	40,500	12,844	-	100,000	153,344
Less: Expenditure						
PHOL expenses	-	-	56,329	-	-	56,329
Residents aftercare support programme	-	131,724	-	-	-	131,724
	-	131,724	56,329	-	-	188,053
(Deficit)/Surplus	-	(91,224)	(43,485)	-	100,000	(34,709)

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NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2020

14 RESTRICTED FUNDS (CONTINUED)

CENTRE

2020	Care and Share fund	RASP fund	PHOL fund	Educational fund	Other funds	Total
	$	$	$	$	$	$
Income						
Donations	189,984	-	8,911	26,091	-	224,986
Grants received	-	40,500	-	-	-	40,500
	189,984	40,500	8,911	26,091	-	265,486
Less: Expenditure						
PHOL expenses	-	-	37,648	-	-	37,648
Residents aftercare support programme	-	27,660	-	-	-	27,660
Unutilised fund return to donor	-	12,840	-	-	-	12,840
Transfer to deferred grants (Note 11)	-	-	-	-	100,000	100,000
	-	40,500	37,648	-	100,000	178,148
Surplus/(Deficit)	189,984	-	(28,737)	26,091	(100,000)	87,338

2019	Care and Share fund	RASP fund	PHOL fund	Educational fund	Other funds	Total
	$	$	$	$	$	$
Income						
Donations	-	-	12,844	-	100,000	112,844
Grants received	-	40,500	-	-	-	40,500
	-	40,500	12,844	-	100,000	153,344
Less: Expenditure						
PHOL expenses	-	-	59,985	-	-	59,985
Residents aftercare support programme	-	131,724	-	-	-	131,724
	-	131,724	59,985	-	-	191,709
(Deficit)/Surplus	-	(91,224)	(47,141)	-	100,000	(38,365)

14 RESTRICTED FUNDS (CONTINUED)

(i) Care and Share fund

The Care and Share Fund is a matching grant provided by the government of one dollar and twenty five cents on every dollar raised by the Centre for the first one million dollars and one dollar for every dollar raised by the Centre for the subsequent one million dollars. This is to provide additional resources for the Centre to enhance its organisational infrastructure, technological and manpower development as well as to fund new programmes and expansion of existing services so as to better serve the community. The amount of $189,984 was transferred from the fund to General Fund as the amount was fully disbursed for the intended objectives.

(ii) RASP fund

The RASP fund refers to the Residential Aftercare Support Programme funded by the Yellow Ribbon Fund to support the daily running of the halfway house for ex-offenders.

(iii) PHOL fund

The PHOL fund refers to the 'Project Heart of Love' (PHOL) programme is to finance the refurbishments of homes for the elderlies.

(iv) Educational fund

The educational fund is to finance the staff training cost to enhance their skills and knowledges, so as to better serve the community.

(v) Other funds

The amount of $100,000 is donation by Lee Foundation to finance the Centre's construction of a futsal court, which has not been completed as at financial year end. The donation received was transferred from the funds to deferred grants.

15 DEFICIT FROM UNLABELLED RUN

	GROUP AND CENTRE	
	2020	2019
INCOME	$	$
Donations	94,073	57,985
Grants received	-	20,000
Registration fees	105,407	110,401
Sales of merchandise	7,670	-
	207,150	188,386
LESS: EXPENDITURE	(282,750)	(273,285)
	(75,600)	(84,899)

16 **FUND RAISING EVENTS**

2020	GROUP AND CENTRE	
	Income (Note 13)	Expenditure (Note 13)
	$	$
Anniversary Dinner	258,439	45,834
Charity Golf	293,714	54,967
	552,153	100,801

2019	GROUP AND CENTRE	
	Income (Note 13)	Expenditure (Note 13)
	$	$
Anniversary Dinner	372,791	89,041
Charity Golf	182,702	31,716
	555,493	120,757

The total fundraising expenses is 18.25% (2019: 21.74%) of the total receipts.

17 **OTHER INCOME**

	GROUP		CENTRE	
	2020	2019	2020	2019
	$	$	$	$
Amortisation of capital grants	48,000	-	20,000	-
Government grants	37,441	176,085	19,410	164,605
Fixed deposit interest	9,048	5,230	9,048	5,230
Logistics and administrative support	-	-	103,200	92,400
Others	70,573	694	67,912	694
	165,062	182,009	219,570	262,929

18 **INCOME TAX**

	GROUP	
	2020	2019
	$	$
Current taxation		
- Based on subsidiary's profit for the year	-	3,777
- Previous year tax underprovided	6,026	-
	6,026	3,777

18 INCOME TAX (CONTINUED)

The income tax on the results for the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax to surplus before income tax was due to the following factors:

	GROUP	
	2020	2019
	$	$
Surplus before income tax	508,473	108,510
Tax calculated at tax rate of 17%	86,440	18,446
Donations	(425)	-
Expenses not deductible for tax purposes	7,452	363
Income not taxable	(98,275)	(3,297)
Previous year tax underprovided	6,026	-
Statutory stepped income exemption	-	(11,332)
Current year deferred tax assets/(liabilities) not recognised	4,808	(403)
	6,026	3,777

The Centre is a registered Charity under the Charities Act and is exempted from income tax subject to compliance with the Income Tax Act Cap. 134.

19 COMMITMENTS

Future minimum lease rental payable under the non-cancellable operating leases as at financial year end but not recognised as payable, is as follows:

	GROUP AND CENTRE	
	2020	2019
	$	$
<u>Rental of premises</u>		
- Payable within one year	234,719	228,430
- Payable after one year but within five years	469,437	-
	704,156	228,430
<u>Rental of office equipment</u>		
- Payable within one year	-	1,284

The lease agreement for the rental of premises is cancellable by giving 6 months' notice by either the Centre or the landlord.

20 RELATED PARTY TRANSACTIONS

Significant related party transactions carried out at mutually agreed amounts during the financial year are as follow:

	GROUP		CENTRE	
	2020	2019	2020	2019
	$	$	$	$
With key management personnel				
Salaries and related costs	117,452	116,277	117,452	116,277
Employer's CPF contribution	12,640	13,221	12,640	13,221
With spouse of a key management personnel				
Salaries and related costs	33,363	33,400	33,363	33,400
Employer's CPF contribution	5,673	5,678	5,673	5,678
Staff training	4,672	-	4,672	-
With subsidiary				
Logistics support	-	-	(60,000)	(60,000)
Administrative and accounting fees	-	-	(30,000)	(22,500)
Rental income	-	-	(9,600)	(7,200)
Programme expenses	-	-	1,280	-
PHOL expenses	-	-	6,867	3,656

None of the Group's nor the Centre's staff received more than $100,000 in annual remuneration.

Key management personnel are those person having authority and responsibility for planning, directing and controlling the activities of the Group and the Centre, directly or indirectly.

21 FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's and the Centre's financial instruments are credit risk and liquidity risk. The Group's and the Centre's risk management seeks to minimise the potential adverse effects from these exposures. The Group and the Centre review and agree policies for managing each of these risks and they are summarised below:

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and the Centre. The Group's and the Centre's exposure to credit risk arises primarily from trade receivables. For other financial assets (including cash and cash equivalents), the Group and the Centre minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Centre adopted the following:

(a) Policy of only dealing with creditworthy counterparties and perform ongoing credit evaluation of their counterparties' financial condition and generally do not require a collateral;

(b) Consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period;

21 **FINANCIAL RISK MANAGEMENT (CONTINUED)**

Credit risk (Continued)

(c) Determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days or there is significant difficulty of the counterparty; and

(d) Developed and maintained credit risk grading to categorise exposures according to their degree of risk of default.

The Group and the Centre categorise a receivable for potential write-off when a receivable fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the receivable is in severe financial difficulty and the receivable has no realistic prospect of recovery.

The Group and the Centre used actual credit loss experience over the past years to assess the expected credit loss rate with management considering the economic conditions during the period over which the historical data has been collected, current conditions and the Group's and the Centre's view of economic conditions over the expected lives of receivables.

As the Group and the Centre have no actual credit loss experienced or it has been insignificant during the period under review and at financial year end, credit risk exposure to the financial assets at amortised cost is insignificant, and accordingly no credit loss allowance is recognised during the financial year.

Liquidity risk

In the management of liquidity risk, the Group and the Centre monitor and maintain a level of cash and bank balances deemed adequate to finance the Group's and the Centre's operations and mitigate the effects of fluctuations in cash flows.

The table below summaries the maturity profile of the Group's and the Centre's financial liabilities at the end of reporting period based on contractual undiscounted payments.

GROUP	Within 1 year	Between 1 and 5 years	Total
	$	$	$
2020			
Trade and other payables	63,237	-	63,237
Lease liabilities	29,992	4,647	34,639
	93,229	4,647	97,876
2019			
Trade and other payables	58,704	-	58,704
Finance lease obligations	32,352	34,640	66,992
	91,056	34,640	125,696

21 **FINANCIAL RISK MANAGEMENT (CONTINUED)**

Liquidity risk (Continued)

CENTRE	Within 1 year	Between 1 and 5 years	Total
	$	$	$
2020			
Trade and other payables	33,773	-	33,773
Lease liabilities	29,992	4,647	34,639
	63,765	4,647	68,412
2019			
Trade and other payables	30,505	-	30,505
Finance lease obligations	32,352	34,640	66,992
	62,857	34,640	97,497

Sensitivity analysis

The operation of the Group and the Centre does not expose itself to any significant market risk. In view of this, sensitivity analysis of market risk is not considered necessary for disclosure.

22 **FAIR VALUE**

The carrying amounts of current financial assets and current financial liabilities recorded in the financial statements approximate their respective net fair values due to the relatively short-term maturity of these financial instruments.

23 **TAX-EXEMPT RECEIPTS**

The Centre is a member of the National Council of Social Services (NCSS) and an Institution of Public Character (IPC). The IPC status was renewed for 33 months with effect from 10 August 2018. Tax-exempt receipts issued for donations received during the year amounted to $1,463,458 (2019: $1,275,274).

24 **AUTHORISATION OF FINANCIAL STATEMENTS**

The financial statements were authorised for issue in accordance with a resolution of the Management Committee passed on 1 December 2020.

25 **CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to safeguard its assets; to effectively and efficiently manage the usage of available capital resources towards supporting the Group's principal and related activities, and ensuring long-term financial sustainability. No changes were made in the objectives, policies or processes of the Group since prior year.

26 FINANCIAL INSTRUMENTS BY CATEGORY

At the end of the reporting period, the aggregate carrying amounts of financial assets and financial liabilities at amortised cost were as follows:

	GROUP		CENTRE	
	2020	2019	2020	2019
	$	$	$	$
Financial assets				
Trade and other receivables	183,173	81,695	102,246	39,915
Cash and cash equivalents	1,399,042	775,229	1,338,629	659,142
	1,582,215	856,924	1,440,875	699,057
Financial liabilities				
Trade and other payables	63,237	58,704	33,773	30,505
Finance lease obligations	-	63,098	-	63,098
Lease liabilities	28,960	-	4,600	-
	92,197	121,802	38,373	93,603

27 SUBSEQUENT EVENTS

The emergence of COVID-19 has brought about uncertainties to the Group's operating environment and its financial position subsequent to the financial year end.

As the outbreak of COVID-19 occurred before 31 March 2020, its impact is considered an event that is indicative of conditions that arose before the reporting period and accordingly, effect of the COVID-19 outbreak is an adjusting event. Accounting estimates, assumptions and judgements particularly in the areas of impairment assessments and valuation will need to reflect the adjustments, expectations and conditions present as at financial year end. Management discussed and analysed the following:

- Estimation of recoverable amounts of an asset or a cash-generating unit
- Going concern
- Adjustable events

As the situation is still evolving, the effect of the outbreak is subject to uncertainty hence the Group is unable to reasonably consider the adjustable amount, critical accounting estimates, assumptions and judgements.