

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)
(Incorporated in the Republic of Singapore)

**AUDITED FINANCIAL STATEMENTS AND
OTHER INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021**

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of Morning Star Community Services Ltd. (the "Company") for the year ended 31 December 2021.

1. OPINION OF THE DIRECTORS

In our opinion:-

- i) the accompanying financial statements together with the notes thereto are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and the financial performance, changes in funds and cash flows of the Company for the financial year ended on that date; and
- ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

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

LIM CHRISTINA
YEO KIEN SWEE
POON KIN MUN KELVIN (PAN JIANWEN KELVIN)
TAN WEE HAN GERALD
MICHAEL KOH AH SAN
TAN SAW WEI
MARIA ELIZABETH SULISTIO
YEE WENG WAI BERNARD

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

4. DIRECTORS' INTERESTS IN SHARES OF DEBENTURES

The Company is a company limited by guarantee.

There were no shares or debentures issued.

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

DIRECTORS' STATEMENT

5. OPTIONS GRANTED, EXERCISED AND OUTSTANDING

There are no options granted, exercised and outstanding to take up unissued shares as the Company is limited by guarantee.

To provide greater clarity on its income and expenditure, the company has done the following:

- a. Reclassified its income from student care services as charitable income to reflect the charitable nature of the work in accordance to the mission of the company.
- b. Re-presented comparative figures to conform to current year's presentation. Refer to note 36.

6. AUDITOR

The auditor, Kreston David Yeung PAC, has expressed its willingness to accept re-appointment.

On behalf of the Board,



POON KIN MUN KELVIN
(PAN JIANWEN KELVIN)
Director

Singapore, **28 APR 2022**



MARIA ELIZABETH SULISTIO
Director



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MORNING STAR COMMUNITY SERVICES LTD. (UEN: 201617675H)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Morning Star Community Services Ltd. (the "Company"), which comprise the statement of financial position of the Company as at 31 December 2021, and the statement of financial activities, statement of changes in general and specific funds and statement of cash flows of the Company 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 Companies Act 1967 (the "Companies Act"), the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and of the financial performance, changes in funds 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 Directors' Statement [set out on pages 1 and 2] and the information included in 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 on the other information obtained prior to the date of this auditor's report, 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORNING STAR COMMUNITY SERVICES LTD. (UEN: 201617675H)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance comprises the directors. Their responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MORNING STAR COMMUNITY SERVICES LTD. (UEN: 201617675H)**

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

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

Report on Other Legal and Regulatory Requirements

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

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

- a) the Company has not used the donation monies 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.

KRESTON DAVID YEUNG PAC
Public Accountants and
Chartered Accountants

Singapore, **28 APR 2022**

KRESTON DAVID YEUNG PAC (UEN: 200717891W)

A public accounting corporation incorporated with limited liability and an independent member of the **Kreston Global** network
128A Tanjong Pagar Road, Singapore 088535
Tel: 6223 7979 Fax: 6222 7979

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	2021 S\$	2020 S\$
ASSETS			
Non-current assets			
Plant and equipment	4	205,676	392,440
Right-of-use assets	5	136,346	227,242
Total non-current assets		342,022	619,682
Current assets			
Account receivables	6	5,630	5,530
Other receivables	7	7,511	90,920
Deposits and prepayments	8	95,931	107,944
Fixed deposits	9	4,939,323	4,722,139
Cash and bank balances		633,302	693,760
Total current assets		5,681,697	5,620,293
Total assets		6,023,719	6,239,975
FUNDS AND LIABILITIES			
Funds			
Restricted funds			
ComChest Charity Support Fund	10	75,600	50,000
CareNights fund	11	198,713	-
NCSS - Innovation and Productivity Grant (NCSS IPG)	12	-	-
Family Support Fund (formerly known as Hardship Fund)	13	-	20,705
CDC Grant	14	-	-
Family Support Programme	15	178,961	242,726
NOVA Project Fund	16	83,401	83,401
President's Challenge	17	70,000	-
Invictus Fund	18	-	-
Deferred Capital Grant	19	29,180	100,880
Caritas Fund	20	53,921	-
NCSS clinical supervision consultation	21	23,499	-
Oscar @ Sg Fund	22	-	-
Total restricted funds		713,275	497,712
Unrestricted funds			
Caritas Fund	20	-	72,250
Accumulated Fund		4,749,080	5,020,502
Total funds		5,462,355	5,590,464
Non-current liabilities			
Lease liabilities	23	47,752	141,484
Current liabilities			
Account payables		26,585	29,451
Contract liabilities	24	33,622	31,246
Deferred grant income		-	106,755
Lease liabilities	23	93,732	91,420
Other payables and accruals	25	359,673	249,155
Total current liabilities		513,612	508,027
Total liabilities		561,364	649,511
Total funds and liabilities		6,023,719	6,239,975

The notes set out on pages 10 to 35 form an integral part of and should be read in conjunction with this set of financial statements.

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

STATEMENT OF FINANCIAL ACTIVITIES
For the financial year ended 31 December 2021

		2021			Restated 2020		
	Note	Unrestricted Fund Accumulated Fund S\$	Restricted Funds S\$	Total S\$	Unrestricted Fund Accumulated Fund S\$	Restricted Funds S\$	Total S\$
Incoming resources							
Income from generated funds:							
Voluntary income							
Donations in cash		112,911	-	112,911	321,441	-	321,441
Other income	27	253,355	-	253,355	227,818	-	227,818
Grant received		187,362	140,955	328,317	1,392,439	419,999	1,812,438
Investment income							
Fixed deposit interest		27,365	-	27,365	54,218	-	54,218
		580,993	140,955	721,948	1,995,916	419,999	2,415,915
Income from Charitable activities							
Student Care services							
Student care fees		1,307,218	(20,705)	1,286,513	1,059,637	-	1,059,637
Registration fee		6,545	-	6,545	6,580	-	6,580
Other income	27	-	-	-	206,880	-	206,880
Grant received		62,310	-	62,310	63,838	-	63,838
Subtotal Student Care services		1,376,073	(20,705)	1,355,368	1,336,935	-	1,336,935
Family Wellness programme							
Counselling income		11,888	-	11,888	27,558	-	27,558
Training income		48,639	-	48,639	59,312	-	59,312
Other income		-	-	-	73,695	-	73,695
Grant received		-	504,570	504,570	22,368	565,781	588,149
Subtotal Family Wellness programme		60,527	504,570	565,097	182,933	565,781	748,714
CareNights programme							
Donations in cash		-	323,691	323,691	45,219	-	45,219
Other income	27	-	-	-	29,128	-	29,128
Grant received		-	392,000	392,000	535	-	535
Subtotal CareNights programme		-	715,691	715,691	74,882	-	74,882
NOVA learning support							
Donations in cash		-	18,915	18,915	2,988	-	2,988
Registration fee		105	-	105	565	-	565
Other income	27	-	-	-	94,997	-	94,997
Grant received		-	433,943	433,943	648	127,123	127,771
Subtotal NOVA learning support		105	452,858	452,963	99,198	127,123	226,321
Subtotal income from charitable activities		1,436,705	1,652,414	3,089,119	1,693,948	692,904	2,386,852
Total income		2,017,698	1,793,369	3,811,067	3,689,864	1,112,903	4,802,767
Expenditures							
Resources expended							
Student care services		1,612,688	83,487	1,696,175	1,398,009	18,934	1,416,943
Family wellness programme		328,204	544,836	873,040	284,686	332,638	617,324
CareNights programme		21,103	466,651	487,754	292,560	136,906	429,466
NOVA learning support		174,610	460,044	634,654	473,738	127,123	600,861
Subtotal resources expended		2,136,605	1,555,018	3,691,623	2,448,993	615,601	3,064,594
Governance cost		224,765	22,788	247,553	338,264	230,387	568,651
Total expenditure		2,361,370	1,577,806	3,939,176	2,787,257	845,988	3,633,245
Net surplus/(deficit) for the year		(343,672)	215,563	(128,109)	902,607	266,915	1,169,522
		Note 3			Note 36		Note 36

The notes set out on pages 10 to 35 form an integral part of and should be read in conjunction with this set of financial statements.

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

STATEMENT OF CHANGES IN GENERAL AND SPECIFIC FUNDS
For the financial year ended 31 December 2021

	←--Unrestricted funds-->		-----Restricted funds----->									
	(Note 10)	(Note 11)	(Note 13)	(Note 15)	(Note 16)	(Note 17)	(Note 18)	(Note 19)	(Note 20)	(Note 21)	(Note 22)	
	ComChest	CareNights	Family	Family	NOVA	President's	Invictus	Deferred	Caritas	Clinical	Oscar @	Total
	Charity	Fund	Support	Support	Project	Challenge	Fund	Capital	Fund	Supervision	sg	Funds
	Support Fund	Fund	Fund	Programme	Fund	Fund	Fund	Grant	Fund	Consultation	Fund	Funds
	\$S	\$S	\$S	\$S	\$S	\$S	\$S	\$S	\$S	\$S	\$S	\$S
Balance as at 01.01.2020	-	-	39,639	9,584	83,401	-	-	98,173	-	-	-	4,420,942
Net surplus/(deficit) for the year	50,000	-	(18,934)	233,142	-	-	-	2,707	-	-	-	1,169,522
Balance as at 31.12.2020/01.01.2021	50,000	-	20,705	242,726	83,401	-	-	100,880	-	-	-	5,590,464
Net surplus/(deficit) for the year	50,000	198,713	(20,705)	(63,765)	-	70,000	20,955	(117,055)	53,921	23,499	-	(128,109)
Transfer of funds	(24,400)	-	-	-	-	-	(20,955)	45,355	-	-	-	-
Balance as at 31.12.2021	75,600	198,713	-	178,961	83,401	70,000	-	29,180	53,921	23,499	-	5,462,355

The notes set out on pages 10 to 35 form an integral part of and should be read in conjunction with this set of financial statements.

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2021

	2021 S\$	2020 S\$
Cash flows from operating activities		
Net (loss)/surplus for the year	(128,109)	1,169,522
Adjustments for:-		
Allowance for credit losses	2,453	-
Bad debts written off	-	11,901
Depreciation of plant and equipment	262,770	212,842
Depreciation of right-of-use assets	90,896	90,896
Interest income	(27,365)	(54,219)
Interest expense	4,580	6,835
Operating surplus before working capital changes	205,225	1,437,777
Changes in working capital:-		
Decrease/(Increase) in account and other receivables	90,980	(113,707)
Increase/(Decrease) in trade and other payables	107,652	(236,192)
(Decrease)/Increase in contract liabilities and deferred grant income	(104,379)	138,001
Net cash generated from operating activities	299,478	1,225,879
Cash flows from investing activities		
Purchase of plant and equipment	(76,006)	(39,626)
Interest received	29,254	73,878
Increase in fixed deposits	(417,257)	(810,262)
Net cash used in investing activities	(464,009)	(776,010)
Cash flows from financing activities		
Repayment of principal portion of lease liabilities	(91,420)	(89,165)
Interest paid	(4,580)	(6,835)
Net cash used in financing activities	(96,000)	(96,000)
Net (decrease)/increase in cash and cash equivalents	(260,531)	353,869
Cash and cash equivalents at the beginning of year	993,992	640,123
Cash and cash equivalents at the end of year	733,461	993,992
Cash and cash equivalents comprise:-		
Cash in hand	-	1,412
Cash at bank	633,302	692,348
Short-term deposits within 3 months (Note 9)	100,159	300,232
	733,461	993,992

The notes set out on pages 10 to 35 form an integral part of and should be read in conjunction with this set of financial statements.

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

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

1. GENERAL

The Company is incorporated as a private company limited by guarantee under the Companies Act, Chapter 50 and domiciled in the Republic of Singapore.

The Company has been registered as a charity under the Charities Act, Chapter 37 with effect from 31 August 2016.

The principal activities of the Company are to provide student care services as well as activities to improve and strengthen family life in Singapore. It had been granted IPC status since 1 October 2016 and renewed for the period from 1 July 2020 to 30 June 2022.

The registered office of the Company is located at No. 25 Lorong 33 Geylang, #04-01 Pu Tian Building, Singapore 387985.

Under the Company, there are 11 locations (2020: 10), namely:-

- a. Hougang Centre located at 4 Lorong Low Koon, Singapore 536450;
- b. Primavera Centre located at Blk 95 Bedok North Ave 4, #01-1415, Singapore 460095;
- c. Bedok North Centre located at Blk 508 Bedok North Ave 3, #01-369, Singapore 460508;
- d. Sengkang Centre located at Blk 261B Sengkang East Way, #01-400, Singapore 542261;
- e. St. Gabriel's Primary School Centre located at 220 Lorong Chuan, Singapore 556742;
- f. St. Joseph's Institution Junior Centre located at 3 Essex Road, Singapore 309331;
- g. Training Centre located at Blk 323B Sengkang East Way, #01-553, Singapore 542323;
- h. Family Wellness Centre located at Blk 323A Sengkang East Way, #01-545, Singapore 541323; and
- i. Monfort Junior School Centre located at 52 Hougang Ave 8, Singapore 538786. (new centre)
- j. Saint Stephen's School located at 20 Siglap View, Singapore 455789 (effective from 19 April 2021)
- k. Carenight Agape Village located at 7A Lorong Toa Payoh, #03-06, Singapore 319264 (effective from February 2021)

Each member of the Company has undertaken to contribute such amounts not exceeding S\$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 has 5 members at the end of the reporting period.

The financial statements of the Company for the year ended 31 December 2021 are authorised for issue in accordance with a resolution of the directors on 28 April 2022.

The financial statements of the Company are expressed in Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES

a) **Basis of Preparation**

The financial statements of Company have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the Singapore Financial Reporting Standards (“FRS”).

In the current financial year, Company has adopted all the new and revised FRS and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual period beginning on or after 1 January 2021. The adoptions of these new/revised FRSs and INT FRSs have no material effect on the financial statements.

b) **Significant Accounting Estimates and Judgements**

The preparation of the financial statements in conformity with FRS requires the use of judgements, 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 management’s best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below.

Critical assumptions used and accounting estimates in applying accounting policies

Depreciation of plant and equipment

Plant and equipment are depreciated on straight-line basis over their estimated useful lives. Management estimated the useful lives of these plant and equipment to be within 1 to 5 years. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values, if any, of these assets, therefore future depreciation charges could be revised.

Critical judgements made in applying accounting policies

In the process of applying Company’s accounting policies, the management had made the following judgement that have the most significant effect on the amounts recognised in the financial statements.

Impairment of plant and equipment

The management assesses annually whether plant and equipment have any indication of impairment in accordance with the accounting policy. The recoverable amounts of plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgement and estimates.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Significant Accounting Estimates and Judgements (Continued)

Useful lives of plant and equipment

As described in Note 2(c) to the financial statements, the Company reviews the estimated useful lives of plant and equipment at the end of each annual reporting period. The estimated useful lives reflect the management's estimation of the periods that the Company intends to derive future economic benefits from the use of the plant and equipment.

The carrying amount of plant and equipment at the end of reporting period are disclosed in Note 3 to the financial statements.

Allowance for expected credit losses

The Company uses provision matrix to calculate the expected credit losses (ECLs) for financial assets. The amount of ECLs are estimated based on historical credit loss experience with forward-looking information. At the end of each reporting period, historical loss information is updated and changes in the forward-looking estimates are analysed. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

c) Plant and Equipment

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line method so as to write off the costs over the estimated useful lives of the plant and equipment as follows:-

Furniture and fittings	1 to 2 years
Office equipment	1 to 5 years
Renovation	1 to 5 years

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

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) **Plant and Equipment** (Continued)

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of financial activities in the year the asset is derecognised.

d) **Financial Instruments**

i) **Financial Assets**

Initial recognition and measurement

Financial assets are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, transaction costs that are directly attributable to the acquisition of the financial asset.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods and services to a customer, excluding amount collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Subsequent measurement of debt instrument depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company only has debt instruments at amortised cost.

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 the effective interest method, less impairment. Gains or losses are recognised in statement of financial activities when the assets are derecognised or impaired, and through amortisation process

Derecognition

A financial asset is derecognised where the contractual right 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 the consideration received is recognised in statement of financial activities.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Financial Instruments (Continued)

ii) Financial Liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in statement of financial activities when the liabilities are derecognised, and through the amortisation process.

Derecognition

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

e) Impairment of Financial Assets

The Company recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company 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 of other credit enhancement that are integral to the contractual term.

Financial assets carried at amortised cost

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 timing of the default (a lifetime ECL).

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) **Impairment of Financial Assets (Continued)**

Financial assets carried at amortised cost (Continued)

For trade and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each reporting period. The Company 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.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

f) **Cash and Cash Equivalents**

Cash and cash equivalents are defined as cash in hand, cash at bank and short-term (mature within 3 months) fixed deposits which form part of the Company's cash management that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

g) **Impairment of Non-Financial Assets**

The Company assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell 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 the statement of financial activities in those expense categories consistent with the function of the impaired asset.

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 asset is increased to its recoverable amount. That increased amount 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 the statement of financial activities.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) **Income Recognition**

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

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good 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.

Donations are recognised when monies are received or pledged and collection is reasonably certain.

Student care services income is recognised over the period in which the services are rendered.

Interest income is recognised using the effective interest method.

i) **Government 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 financial activities over the period necessary to match the depreciation of the assets purchased with the related grant. Grants for operating expenses are recognised in the statement of financial activities over the period necessary to match them on a systematic basis to the costs that it was intended to compensate.

j) **Key Management Personnel**

Key management personnel of the Company are those having authority and responsibility for planning, directing and controlling the activities of the Company. The directors are considered as key management personnel.

k) **Employee Benefits**

Defined Contribution Plans

As required by law, the Company makes contributions to the state pension scheme, the Central Provident Fund (CPF). CPF contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) **Employee Benefits** (Continued)

Employee Leave Entitlement

Employee entitlement to annual leave is recognised when it accrues to employees. An accrual is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

l) **Provisions**

Provisions are recognised when the Company has 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.

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.

m) **Leases**

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

As lessee

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

Right-of-use asset

The Company recognises right-of-use asset at the initial application of FRS116 or at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use asset are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of right-of-use asset includes the amount of lease liability recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the asset.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Leases (Continued)

As lessee (Continued)

Right-of-use asset (Continued)

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use asset is also subject to impairment. The accounting policy for impairment is disclosed in Note 2(g) to the financial statements.

The Company's right-of-use assets is disclosed Note 4 to the financial statements.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liability 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.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

The Company's lease liability is disclosed in Note 21 to the financial statements.

n) Contingencies

A contingent liability is:-

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) **Contingencies** (Continued)

A present obligation that arises from past events but is not recognised because:

- i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised on the statement of financial position of the Company.

o) **Foreign Currencies**

Functional and Presentation Currencies

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (“the functional currency”). The financial statements of the Company are presented in Singapore dollar, which is the functional currency of the Company.

Transaction and balances

Monetary assets and liabilities in foreign currencies are translated into Singapore dollar at rates of exchange closely approximating those ruling at end of reporting period. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Exchange differences arising from such transactions are taken to the statement of financial activities.

p) **Funds**

Unrestricted funds are available for use at the discretion of the management in furtherance of the general objectives of the Company.

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

Income and expenditure relating to specific or designated funds are accounted for directly in the fund accounts to which they related.

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

3. DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR RESTRICTED FUNDS

The detailed statement of financial activities for restricted funds are as follows:-

	ComChest Charity Support Fund	Care Nights Fund	Family Support Fund	Family Support Programme	NOVA Project Fund	Resident Challenge	Invictus	Deferred Fund Capital Grant	Cantus	NCSS Clinical Supervision Consultation	Oscar (a Sg Fund	Total Restricted
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Income from generated funds:-												
Voluntary income												
Donations - Tax exempt	-	203,042	-	-	18,565	-	-	-	-	-	-	221,607
Donations - Non tax exempt	-	120,649	-	-	350	-	-	-	-	-	-	120,999
	-	323,691	-	-	18,915	-	-	-	-	-	-	342,606
Income from charitable activities												
Student care services	-	-	(20,705)	-	-	-	-	-	-	-	-	(20,705)
Grants received	50,000	-	-	480,431	103,943	145,500	20,955	-	594,000	24,139	52,500	1,471,468
Total income	50,000	323,691	(20,705)	480,431	122,858	145,500	20,955	-	594,000	24,139	52,500	1,793,369
Expenditure												
<u>Cost of charitable activities - Student care services</u>												
Depreciation of plant and equipment	-	-	-	-	-	-	-	81,915	-	-	-	81,915
Repair and maintenance	-	-	-	-	-	-	-	1,573	-	-	-	1,573
Student care services	-	-	-	-	-	-	-	83,488	-	-	-	83,488

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

3. DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR RESTRICTED FUNDS (Continued)

Expenditure	ComChest Charity Support Fund	Care Nights Fund	Family Support Fund	Family Support Programme	NOVA Project Fund	Resident Challenge	Invictus	Deferred Fund Capital Grant	Caritas	NCSS Clinical Supervision Consultation	Oscar (i) Sg Fund	Total Restricted
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<u>Cost of charitable activities - Family wellness</u>												
Audit fee	-	-	-	800	-	-	-	-	-	-	-	800
Bank Charges/Admin fees	-	-	-	228	-	-	-	-	-	-	-	228
Depreciation of plant and equipment	-	-	-	18,584	-	-	-	-	-	-	-	18,584
Depreciation of right-of-use assets	-	-	-	6,363	-	-	-	-	-	-	-	6,363
Food and beverage	-	-	-	51	-	-	-	-	-	-	-	51
General expenses	-	-	-	2,076	-	-	-	-	-	-	-	2,076
Insurance	-	-	-	1,718	-	-	-	-	-	-	-	1,718
Interest expenses on lease liabilities	-	-	-	321	-	-	-	-	-	-	-	321
Printing and stationery	-	-	-	760	-	-	-	-	-	-	-	760
Professional fees	-	-	-	47,715	-	-	-	-	-	640	-	48,355
Publicity and publication	-	-	-	512	-	-	-	-	-	-	-	512
Repair and maintenance	-	-	-	4,672	-	-	-	-	-	-	-	4,672
Telecommunication	-	-	-	5,504	-	-	-	-	-	-	-	5,504
Staff costs	-	-	-	450,181	-	-	-	-	-	-	-	450,181
Travel and entertainment	-	-	-	56	-	-	-	-	-	-	-	56
Usage of premises	-	-	-	3,990	-	-	-	-	-	-	-	3,990
Utilities	-	-	-	665	-	-	-	-	-	-	-	665
Family wellness	-	-	-	544,196	-	-	-	-	-	640	-	544,836

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

3. DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR RESTRICTED FUNDS (Continued)

	ComChest Charity Support Fund	Care Nights Fund	Family Support Fund	Family Support Programme	NOVA Project Fund	Resident Challenge	Invictus	Deferred Fund Capital Grant	Caritas	NCCS Clinical Supervision Consultation	Oscar (G) Sg Fund	Total Restricted
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Expenditure												
<u>Cost of charitable activities - CoreNights</u>												
Audit fee	-	-	-	-	-	-	-	-	-	-	-	-
Bank Charges/Admin fees	-	-	-	-	-	-	-	-	275	-	-	275
Depreciation of plant and equipment	-	3,298	-	-	-	-	-	3,593	15,099	-	-	21,990
Depreciation of right-of-use assets	-	-	-	-	-	-	-	-	16,089	-	-	16,089
Food and beverage	-	-	-	-	-	-	-	-	2,834	-	15,101	17,935
General expenses	-	-	-	-	-	-	-	-	500	-	334	834
Insurance	-	-	-	-	-	-	-	-	4,656	-	-	4,656
Interest expenses on lease liabilities	-	-	-	-	-	-	-	-	822	-	-	822
Printing and stationery	-	-	-	-	-	-	-	-	778	-	-	778
Professional fees	-	960	-	-	-	-	-	-	-	-	-	960
Publicity and publication	-	-	-	-	-	-	-	-	1,081	-	305	1,386
Repair and maintenance	-	845	-	-	-	-	-	-	11,576	-	45	12,466
Telecommunication	-	-	-	-	-	-	-	-	1,408	-	1,309	2,717
Staff costs	-	119,875	-	-	-	75,500	-	-	146,068	-	35,406	376,849
Travel and entertainment	-	-	-	-	-	-	-	-	142	-	-	142
Usage of premises	-	-	-	-	-	-	-	-	7,825	-	-	7,825
Utilities	-	-	-	-	-	-	-	-	926	-	-	926
CareNights programme	-	124,978	-	-	-	75,500	-	3,593	210,079	-	52,500	466,650

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

3. DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR RESTRICTED FUNDS (Continued)

	ComChest Charity Support Fund	Care Nights Fund	Family Support Fund	Family Support Programme	NOVA Project Fund	Resident Challenge	Invictus	Deferred Fund Capital Grant	Carrus	NCSS Clinical Supervision Consultation	Oscar (t) Sg Fund	Total Restricted
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Expenditure												
Cost of charitable activities - NOVA learning support												
Bank Charges/Admin fees	-	-	-	-	-	-	-	-	276	-	-	276
Depreciation of plant and equipment	-	-	-	-	-	-	-	7,186	13,009	-	-	20,195
Depreciation of right-of-use assets	-	-	-	-	-	-	-	-	18,179	-	-	18,179
Food and beverage	-	-	-	-	-	-	-	-	2	-	-	2
General expenses	-	-	-	-	-	-	-	-	1,024	-	-	1,024
Insurance	-	-	-	-	-	-	-	-	4,707	-	-	4,707
Interest expenses on lease liabilities	-	-	-	-	-	-	-	-	822	-	-	822
Printing and stationery	-	-	-	-	-	-	-	-	564	-	-	564
Publicity and publication	-	-	-	-	-	-	-	-	1,081	-	-	1,081
Repair and maintenance	-	-	-	-	-	-	-	-	10,117	-	-	10,117
Telecommunication	-	-	-	-	-	-	-	-	2,275	-	-	2,275
Staff costs	-	-	-	-	122,858	-	-	-	275,316	-	-	398,174
Travel and entertainment	-	-	-	-	-	-	-	-	90	-	-	90
Usage of premises	-	-	-	-	-	-	-	-	1,612	-	-	1,612
Utilities	-	-	-	-	-	-	-	-	926	-	-	926
NOVA learning support	-	-	-	-	122,858	-	-	7,186	330,000	-	-	460,044
Governance cost - Depreciation	-	-	-	-	-	-	-	22,788	-	-	-	22,788
Total expenditure	-	124,978	-	544,196	122,858	75,400	-	117,055	540,079	640	52,500	1,577,806
Net surplus/deficit	50,000	198,713	(20,705)	(63,765)	-	70,000	20,955	(117,055)	53,921	23,499	-	215,563

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

4. PLANT AND EQUIPMENT

	Furniture and Fittings S\$	Office Equipment S\$	Renovation S\$	Total S\$
Cost				
As at 01.01.2020	145,703	221,597	890,281	1,257,581
Additions	-	31,576	8,050	39,626
As at 31.12.2020/01.01.2021	145,703	253,173	898,331	1,297,207
Additions	1,900	66,011	8,095	76,006
As at 31.12.2021	147,603	319,184	906,426	1,373,213
Accumulated Depreciation				
As at 01.01.2020	141,319	208,046	342,560	691,925
Charge for the year	3,350	15,526	193,966	212,842
As at 31.12.2020/01.01.2021	144,669	223,572	536,526	904,767
Charge for the year	1,350	72,884	188,536	262,770
As at 31.12.2021	146,019	296,456	725,062	1,167,537
Net book value				
As at 31.12.2021	1,584	22,728	181,364	205,676
As at 31.12.2020	1,034	29,601	361,805	392,440

Net depreciation charged to statement of financial activities is:-

	2021 S\$	2020 S\$
Depreciation for the year	205,676	212,842
Amortisation of deferred capital grants	(115,482)	(163,185)
Net depreciation of plant and equipment	90,194	49,657

5. RIGHT-OF-USE ASSETS

Represented by right-of-use of:

- Office premises 409,035 409,035

Less: Accumulated Depreciation

At beginning of year 181,793 90,897

Addition during the year 90,896 90,896

At end of year (272,689) (181,793)

136,346 227,242

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

6. ACCOUNT RECEIVABLES

Trade receivables are non-interest bearing and are generally on 7 to 30 days credit terms. Trade receivables (exclude over payments) which are past due at the end of reporting period but not impaired amounted to S\$2,961 (2020: S\$2,961). The table below is an aging analysis of account receivables at the end of the period:-

	2021	2020
	S\$	S\$
Not past due	480	6,626
Past due:-		
1 - 30 days	8,668	868
31 - 60 days	(696)	(436)
61 - 90 days	(141)	(3,621)
> 90 days	(2,681)	2,093
	<u>5,630</u>	<u>5,530</u>

7. OTHER RECEIVABLES

Subsidies receivable	(1,992)	(944)
Interest receivable	9,503	11,392
Grant receivable - JSS	-	66,906
Other receivable	-	13,566
	<u>7,511</u>	<u>90,920</u>

The Jobs Support Scheme (JSS) is government assistance intended to provide wage support up to 17 months to entities who retain their local employees during the period of economic uncertainty. The Company's operation was significantly impacted from April 2020, following the circuit-breaker measures which took effect on 7 April 2020. As a result, the Company will recognise the grant income from April 2020 till August 2021.

The grant receivable – JSS of S\$66,906 represents 4th payout of JSS for wage support from September to December 2020 and receivable in March 2021. JSS grant income of S\$152,730 (2020: S\$536,553) has been recognised during the financial year.

8. DEPOSITS AND PREPAYMENTS

	2021	2020
	S\$	S\$
Deposits	53,531	52,150
Prepayments	<u>42,400</u>	<u>55,794</u>
	<u>95,931</u>	<u>107,944</u>

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

9. FIXED DEPOSITS

Short-term deposits are made for varying periods of between one month and twelve months, depending on the immediate cash requirements of the management, and earn interests range from 0.275% to 1% (2020: 0.275% to 1%) per annum.

	2021 S\$	2020 S\$
Short-term deposits within 3 months	100,159	300,232
Short-term deposits greater than 3 months	4,839,164	4,421,907
	<u>4,939,323</u>	<u>4,722,139</u>

10. COMCHEST CHARITY SUPPORT FUND

This fund is set up for the project to develop a web application to reach out to parents and provide 12-hours training for volunteers with the CareNights programme and develop an online e-learning course for volunteers who are unable to attend the weekend training sessions.

11. CARENIGHTS FUND

This fund is set up for the purpose of financing CareNights programme, which provides night care for less privileged children aged 7 – 14 to offer their stressed parents an opportunity for caregiving respite or a chance to improve their earning capacity by taking night classes/upgrading courses.

12. NATIONAL COUNCIL OF SOCIAL SERVICE – INNOVATION AND PRODUCTIVITY GRANT (NCSS IPG)

The fund is set up for the purpose of enhancing the salesforce platform.

13. FAMILY SUPPORT FUND (FORMERLY KNOWN AS HARDSHIP FUND)

The fund is set up for the purpose of providing financial assistance to families whose children are attending the Company's student care centres and fee subsidy for family enhancement programmes.

14. CDC GRANT

This fund is set up for the purpose of increasing art access for beneficiaries within the social service sector.

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

15. FAMILY SUPPORT PROGRAMME

A joint funding agreement for family support programmes between National Council of Special Service and the company, MSF, Community Chest Fund (Comchest) and Tote Board Social Service Fund (TBSSF) to fund this programme.

	2021	2020
	S\$	S\$
Grant income from MSF	372,274	434,042
Grant income from Community Chest	18,025	21,957
Grant income from TBSSF	90,132	109,781
	<u>480,431</u>	<u>565,780</u>

16. NOVA PROJECT FUND

The fund is set up for the purpose of financing NOVA Learning Intervention – the learning support programme for children with learning difficulties.

17. PRESIDENT'S CHALLENGE

This fund is set up for the purpose of financing the Company's CareNights @ Morningstar Programme and delivery van (2020: CareNights @ Morningstar Programme and Manpower cost of one fundraising manager). This programme aims to develop learning skills of the children in meeting the requirements of schools, studies and curriculum.

18. NATIONAL COUNCIL OF SOCIAL SERVICE – INVICTUS FUND

The fund is set up for purchasing of computer for the purpose of safe delivery of services and staff wellbeing.

19. DEFERRED CAPITAL GRANTS

The grants were given to fund the purchase of property, plant and equipment subject to the terms and conditions as prescribed in the agreements.

20. CARITAS FUND

The Caritas Fund, a grant provided by Caritas Singapore Community Limited, for NOVA Learning Intervention Programme, CareNights Programme and New CareNights Programme. The grant can be used for expenditure on manpower and other operating expenditure for the said purpose.

21. NCSS CLINICAL SUPERVISION CONSULTATION

The grant received for its intention to undertake a project known as "Clinical Supervision (Counsellor)".

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

23. LEASE LIABILITY (Continued)

The Company as a lessee (Continued)

(c) Total cash outflows

The Company had total cash outflows for leases of S\$175,278 (2020: S\$181,425).

24. CONTRACT LIABILITIES

	2021 S\$	2020 S\$
Contract liabilities	<u>33,622</u>	<u>31,246</u>

Contract liabilities represent unearned student fees of future period.

The aggregate amount of price allocated to the unsatisfied (or partially unsatisfied) performances obligations as at 31 December 2021 is S\$33,622. The company expects to recognise S\$33,622 as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligation as at 31 December 2021 in the financial year 2021.

25. OTHER PAYABLES AND ACCRUALS

	2021 S\$	2020 S\$
Other payables	351,673	243,155
Accruals	<u>8,000</u>	<u>6,000</u>
	<u>359,673</u>	<u>249,155</u>
Other payables consist of:-		
Refundable deposits	<u>114,437</u>	<u>119,937</u>

26. INCOMING RESOURCES

Bicentennial Community Fund (BCF) is an initiative that provides dollar-for-dollar matching for cash donations of IPC for the qualifying period from 1 April 2019 to 31 March 2020 (extended to 31 December 2020). The BCF is provided up to a cap of S\$400,000 per IPC. The BCF supports the SG Cares movement to build a caring & inclusive home for all and it is non-restricted fund in nature. The company recognised the fund received of S\$77,832 (2020: S\$322,167) as income during the financial year.

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

27. OTHER INCOME

	2021	2020
	S\$	S\$
Other income generated from:-		
Voluntary income		
- Jobs growth incentive	21,895	-
- JSS grant income	152,730	113,941
- Wage credit scheme	64,711	85,789
- CPF - Child care leave	2,214	1,345
- Senior employment credit	3,933	-
- Special employment credit	5,467	10,177
- Foreign Workers Rebate	-	3,000
- SAF imprest	2,405	-
- Government - Paid maternity leave	-	13,566
	<u>253,355</u>	<u>227,818</u>
Student care services		
- JSS grant income	-	200,365
- CPF - Child care leave	-	683
- SAF imprest	-	1,290
- Government - Paid maternity leave	-	4,542
	<u>-</u>	<u>206,880</u>
Family well programme		
- JSS grant income	-	72,710
- CPF - Child care leave	-	985
	<u>-</u>	<u>73,695</u>
CareNights programme		
- JSS grant income	-	29,128
	<u>-</u>	<u>29,128</u>
Nova learning support		
- JSS grant income	-	94,585
- CPF - Child care leave	-	412
	<u>-</u>	<u>94,997</u>

28. TAXATION

The Company has been registered as a charity under the Charities Act and is exempted from income tax for the financial year under section 13(1)(zm) of the Income Tax Act 1947.

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

29. ANNUAL REMUNERATION AND STAFF COSTS

- i) The below disclosure represents remuneration bands for staff with annual remuneration above S\$50,000:-

	<u>No. of staff</u>	
	2021	2020
Between S\$50,000 and S\$150,000	<u>9</u>	<u>9</u>

None of the directors received any emoluments in respect of their services for both of the financial years.

- ii) Staff costs are charged and included in:-

	2021	2020
	S\$	S\$
Salaries and related costs	2,531,407	2,390,129
Employer's contribution to CPF	347,812	354,522
Other short-term benefits	<u>48,783</u>	<u>43,354</u>
	<u>2,928,002</u>	<u>2,788,005</u>

30. RESERVE POLICY

The purpose of the policy is to provide financial stability and the means for the development of its principal activities. The Company aims to keep its reserves up to two times of total operating expenses.

The management regularly reviews the amount of reserves that are required to ensure substantially to fulfil its obligations and mission.

31. LOANS

No loans were given to any parties during both financial years.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company does not use derivative and other instrument in its risk management activities. The main risks arising from the Company's financial instrument are credit risk, foreign currency risk, liquidity risk and interest risk. The management reviews and agrees with the policies and control procedures to manage its exposure to financial risks.

Credit Risk

The Company's has no significant concentrations of credit risk. Cash is placed with established financial institutions. The maximum exposure risk is represented by the carrying amount of each financial asset in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit Risk (Continued)

Financial assets that are neither past due nor impaired

Account and other receivables that are neither past due nor impaired are creditworthy debtors. Cash and cash equivalents that are neither past due nor impaired are placed with financial institution with high credit ratings.

Financial assets that are either past due and/or impaired

Information regarding financial assets that are past due but not impaired is disclosed in Note 6 to the financial statements.

Interest Rate Risk

The Company is exposed to market risk for changes in interest rates relates primarily to its holding of fixed deposits as disclosed in Note 9 to the financial statements. The Company's policy is to obtain the most favourable interest rates available.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD fixed deposit interest rates had been 60 (2020: 60) basis points higher/lower with all other variables held constant, the Company's net surplus would have been S\$28,000 (2020: S\$28,000) higher/lower.

Liquidity Risk

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

The following table details the remaining contractual maturities at the end of the reporting period of the Company's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date that the Company required to pay:-

	2021			
	Carrying amount S\$	Total contractual undiscounted cash flow S\$	Within 12 months or on demand S\$	Between 2 to 5 years S\$
Account payables	33,622	33,622	33,622	-
Other payables and accruals	359,673	359,673	359,673	-
Lease liabilities	141,484	144,000	96,000	48,000
	534,779	537,295	489,295	48,000

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity Risk (Continued)

	2020			
	Carrying amount S\$	Total contractual undiscounted cash flow S\$	Within 12 months or on demand S\$	Between 2 to 5 years S\$
Account payables	29,451	29,451	29,451	-
Other payables and accruals	249,155	249,155	249,155	-
Lease liabilities	232,904	240,000	96,000	144,000
	511,510	518,606	374,606	144,000

Foreign Currency Risk

The Company is not exposed to foreign currency risk as all its transactions are denominated in Singapore dollar.

33. CATEGORIES OF FINANCIAL INSTRUMENTS

The following table sets out the financial instruments as at the end of the reporting period:-

	2021 S\$	2020 S\$
Assets		
<u>Financial assets</u>		
Amortised cost:-		
Account receivables	5,630	5,530
Other receivables	7,511	90,920
Deposits	53,531	52,150
Fixed deposits	4,839,164	4,722,139
Cash and bank balances	95,931	693,760
Total financial assets	5,001,767	5,564,499
Liabilities		
<u>Financial liabilities</u>		
At amortised cost:-		
Account payables	6,195	8,158
Other payables and accruals	359,673	249,155
Lease liabilities	141,484	232,904
Total financial liabilities	507,352	490,217

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

34. FAIR VALUES

The carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

35. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2022. The Company does not expect that adoption of these accounting standards or interpretations will have a material impact on the Company's financial statements.

36. COMPARATIVE FIGURES

The Company has reclassified its income from student care services as income from charitable activities to reflect the charitable nature of the work in keeping with the mission of the Company. Certain reclassifications were made in the balances in the statement of financial activities for 2020 to reflect the split between Unrestricted and Restricted Funds. These did not affect the net results.

The changes are summarised as follows:-

Statement of financial activities

2020		As previously reported S\$	Restated S\$
	Note		
Voluntary Income			
Grants received	A	1,392,439	1,812,438
Income from Charitable Activities			
Student Care Services	B	1,336,935	1,336,935
Family Wellness Programme	C	182,933	748,714
NOVA Learning Support	D	99,198	226,321
Resources Expended for Charitable Activities			
Student Care Services	E	1,398,009	1,416,943
Family Wellness Programme	F	284,686	617,324
CareNights Programme	F	292,560	429,466
NOVA Learning Support	F	473,738	600,861
Governance Cost	G	338,264	568,651

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

36. COMPARATIVE FIGURES (Continued)

Note A: The restated Grant Received comprised Unrestricted Funds of S\$1,392,439 and Restricted Funds of S\$419,999. Previously, Restricted Funds was shown under Net Surplus/ (Deficit) of Restricted Funds.

Note B: Income from Student Care Services (SCS) of S\$1,336,935 has been reclassified from Income for Generating Funds to Income from Charitable Activities as SCS is part of core charitable activities of MSCS.

Note C: Income of S\$748,714 comprise Unrestricted Funds S\$182,933 and Restricted Funds S\$565,781. Previously, S\$565,781 was reflected as Net Surplus/ (Deficit) of Restricted Funds.

Note D: Income of S\$226,321 comprise Unrestricted Fund S\$99,198 and Restricted Fund S\$127,123. Previously, S\$127,123 was reflected as Net Surplus/ (Deficit) of Restricted Funds.

Note E: Expenditure on Student Care Services (SCS) has been reclassified from Cost of Generating Funds to Resources Expended on Charitable Activities in line with the SCS income reclassification. The balance of S\$1,416,943 comprised Unrestricted Fund S\$1,398,009 and Restricted Fund of S\$18,934.

Note F: Expenditure for Family Wellness, CareNights, NOVA Learning Support programmes of S\$1,647,651 comprised Unrestricted Funds of S\$1,050,984 and Restricted Funds of S\$596,667. Previously, Expenditure from Restricted Funds was grouped under Net Surplus/ (Deficit) in Restricted Funds.

Note G: Governance Cost of S\$568,651 comprised Unrestricted Fund of S\$338,264 and Restricted Funds of S\$230,387.