

**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 2022**

**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 2022.

**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 2022 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  
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  
GOH AI LIN, SHARON (APPOINTED ON 10 JUNE 2022)

**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.

**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, 17 April 2023



**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 2022, 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 2022 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, 17 April 2023

**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 2022**

	Note	2022 S\$	2021 S\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	4	79,141	205,676
Right-of-use assets	5	484,864	136,346
<b>Total non-current assets</b>		<b>564,005</b>	<b>342,022</b>
<b>Current assets</b>			
Account receivables	6	(357)	5,630
Other receivables	7	23,866	7,511
Deposits and prepayments	8	169,451	95,931
Fixed deposits	9	4,320,017	4,939,323
Cash and bank balances		479,625	633,302
<b>Total current assets</b>		<b>4,992,602</b>	<b>5,681,697</b>
<b>Total assets</b>		<b>5,556,607</b>	<b>6,023,719</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds</b>			
<b>Restricted funds</b>			
ComChest Charity Support Fund	10	-	75,600
CareNights fund	11	249,192	198,713
NCSS - Innovation and Productivity Grant (NCSS IPG)	12	8,120	-
Family Support Fund (formerly known as Hardship Fund)	13	-	-
Family Support Programme	14	112,695	178,961
NOVA Project Fund	15	-	83,401
President's Challenge	16	83,319	70,000
Invictus Fund	17	-	-
Deferred Capital Grant	18	41,999	29,180
Caritas Fund	19	49,500	53,921
NCSS clinical supervision consultation	20	21,444	23,499
Oscar @ Sg Fund	21	-	-
<b>Total restricted funds</b>		<b>566,269</b>	<b>713,275</b>
<b>Unrestricted funds</b>			
Caritas Fund	19	-	-
Accumulated Fund		4,144,076	4,749,080
<b>Total funds</b>		<b>4,710,345</b>	<b>5,462,355</b>
<b>Non-current liabilities</b>			
Lease liabilities	22	383,323	47,752
<b>Current liabilities</b>			
Account payables		56,045	26,585
Contract liabilities	23	25,272	33,622
Lease liabilities	22	106,140	93,732
Other payables and accruals	24	275,482	359,673
<b>Total current liabilities</b>		<b>462,939</b>	<b>513,612</b>
<b>Total liabilities</b>		<b>846,262</b>	<b>561,364</b>
<b>Total funds and liabilities</b>		<b>5,556,607</b>	<b>6,023,719</b>

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.

STATEMENT OF FINANCIAL ACTIVITIES  
For the financial year ended 31 December 2022

		2022			2021		
	Note	Unrestricted Fund Accumulated Fund S\$	Restricted Funds S\$	Total S\$	Unrestricted Fund Accumulated Fund S\$	Restricted Funds S\$	Total S\$
<b>Incoming resources</b>							
<b>Income from generated funds:</b>							
<b>Voluntary income</b>							
Donations in cash	26	163,720	-	163,720	112,911	-	112,911
Other income	27	153,437	-	153,437	253,355	-	253,355
Grant received	28	-	11,520	11,520	187,362	140,955	328,317
<b>Investment income</b>							
Fixed deposit interest		39,585	-	39,585	27,365	-	27,365
		<u>356,742</u>	<u>11,520</u>	<u>368,262</u>	<u>580,993</u>	<u>140,955</u>	<u>721,948</u>
<b>Income, Grants and Donations from Charitable activities</b>							
<b>Student Care services</b>							
Student care fees		1,344,596	-	1,344,596	1,307,218	(20,705)	1,286,513
Registration fee		4,795	-	4,795	6,545	-	6,545
Grant received	28	<u>43,137</u>	<u>-</u>	<u>43,137</u>	<u>62,310</u>	<u>-</u>	<u>62,310</u>
Subtotal Student Care services		<u>1,392,528</u>	<u>-</u>	<u>1,392,528</u>	<u>1,376,073</u>	<u>(20,705)</u>	<u>1,355,368</u>
<b>Family Wellness programme</b>							
Counselling income		13,042	-	13,042	11,888	-	11,888
Training income		74,325	-	74,325	48,639	-	48,639
Grant received	28	<u>-</u>	<u>567,178</u>	<u>567,178</u>	<u>-</u>	<u>504,570</u>	<u>504,570</u>
Subtotal Family Wellness programme		<u>87,367</u>	<u>567,178</u>	<u>654,545</u>	<u>60,527</u>	<u>504,570</u>	<u>565,097</u>
<b>CareNights programme</b>							
Donations in cash	26	-	50,479	50,479	-	323,691	323,691
Other income	27	-	-	-	-	-	-
Grant received	28	<u>-</u>	<u>401,250</u>	<u>401,250</u>	<u>-</u>	<u>392,000</u>	<u>392,000</u>
Subtotal CareNights programme		<u>-</u>	<u>451,729</u>	<u>451,729</u>	<u>-</u>	<u>715,691</u>	<u>715,691</u>
<b>NOVA learning support</b>							
Donations in cash	26	-	45,710	45,710	-	18,915	18,915
Registration fee		-	-	-	105	-	105
Program fees		3,320	-	3,320	-	-	-
Grant received	28	<u>-</u>	<u>468,827</u>	<u>468,827</u>	<u>-</u>	<u>433,943</u>	<u>433,943</u>
Subtotal NOVA learning support		<u>3,320</u>	<u>514,537</u>	<u>517,857</u>	<u>105</u>	<u>452,858</u>	<u>452,963</u>
Subtotal income from charitable activities		<u>1,483,215</u>	<u>1,533,444</u>	<u>3,016,659</u>	<u>1,436,705</u>	<u>1,652,414</u>	<u>3,089,119</u>
Total income		<u>1,839,957</u>	<u>1,544,964</u>	<u>3,384,921</u>	<u>2,017,698</u>	<u>1,793,369</u>	<u>3,811,067</u>
<b>Expenditures</b>							
<b>Resources expended</b>							
Student care services		1,669,261	19,014	1,688,275	1,612,688	83,487	1,696,175
Family wellness programme		501,821	635,499	1,137,320	328,204	544,836	873,040
CareNights programme		(7,767)	419,852	412,085	21,103	466,651	487,754
NOVA learning support		<u>74,678</u>	<u>570,438</u>	<u>645,116</u>	<u>174,610</u>	<u>460,044</u>	<u>634,654</u>
Subtotal resources expended		<u>2,237,993</u>	<u>1,644,803</u>	<u>3,882,796</u>	<u>2,136,605</u>	<u>1,555,018</u>	<u>3,691,623</u>
Governance and Support cost		<u>206,968</u>	<u>47,167</u>	<u>254,135</u>	<u>224,765</u>	<u>22,788</u>	<u>247,553</u>
Total expenditure		<u>2,444,961</u>	<u>1,691,970</u>	<u>4,136,931</u>	<u>2,361,370</u>	<u>1,577,806</u>	<u>3,939,176</u>
Net deficit for the year		<u>(605,004)</u>	<u>(147,006)</u>	<u>(752,010)</u>	<u>(343,672)</u>	<u>215,563</u>	<u>(128,109)</u>

Note 3

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 2022

	← Unrestricted funds →		← Restricted funds →									
	(Note 10)	(Note 11)	(Note 12)	(Note 13)	(Note 14)	(Note 15)	(Note 16)	(Note 17)	(Note 18)	(Note 19)	(Note 20)	(Note 21)
	ComChest Charity Support Fund	CareNights Fund	NCSS IPG	Family Support Fund	Family Support Programme	NOVA Project Fund	President's Challenge Fund	Invictus Fund	Deferred Capital Grant	Carrus Fund	Clinical Supervision Consultation	Oscar @ sg Fund
	Accumulated Fund S\$	Carrus Fund S\$										Total Funds S\$
Balance as at 01.01.2021	5,020,502	72,250	-	20,705	242,726	83,401	-	-	100,880	-	-	5,590,464
Net surplus/(deficit) for the year	(271,422)	(72,250)	-	(20,705)	(63,765)	-	70,000	20,955	(117,055)	53,921	23,499	(128,109)
Transfer of funds	-	-	-	-	-	-	-	(20,955)	45,355	-	-	-
Balance as at 31.12.2021/01.01.2022	4,749,080	-	-	-	178,961	83,401	70,000	-	29,180	53,921	23,499	5,462,355
Net surplus/(deficit) for the year	(605,004)	-	8,120	-	(66,266)	(83,401)	13,319	-	(62,781)	(4,421)	(2,055)	(752,010)
Transfer of funds	-	-	-	-	-	-	-	-	75,600	-	-	-
Balance as at 31.12.2022	4,144,076	-	8,120	-	112,695	-	83,319	-	41,999	49,500	21,444	4,710,345

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 2022**

	2022 S\$	2021 S\$
<b>Cash flows from operating activities</b>		
Net loss for the year	(752,010)	(128,109)
Adjustments for:-		
Allowance for credit losses	-	2,453
Depreciation of plant and equipment	214,079	262,770
Depreciation of right-of-use assets	121,381	90,896
Interest income	(39,585)	(27,365)
Interest expense	7,125	4,580
<b>Operating (deficit)/surplus before working capital changes</b>	<b>(449,010)</b>	<b>205,225</b>
<b>Changes in working capital:-</b>		
(Increase)/Decrease in account and other receivables	(67,953)	90,980
(Decrease)/Increase in trade and other payables	(54,731)	107,652
Decrease in contract liabilities and deferred grant income	(8,350)	(104,379)
<b>Net cash (used in)/generated from operating activities</b>	<b>(580,044)</b>	<b>299,478</b>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(87,544)	(76,006)
Interest received	23,650	29,254
Decrease/ (Increase) in fixed deposits	1,627,132	(417,257)
<b>Net cash generated from/(used in) investing activities</b>	<b>1,563,238</b>	<b>(464,009)</b>
<b>Cash flows from financing activities</b>		
Repayment of principal portion of lease liabilities	(121,920)	(91,420)
Interest paid	(7,125)	(4,580)
<b>Net cash used in financing activities</b>	<b>(129,045)</b>	<b>(96,000)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>854,149</b>	<b>(260,531)</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>733,461</b>	<b>993,992</b>
<b>Cash and cash equivalents at the end of year</b>	<b>1,587,610</b>	<b>733,461</b>
<b>Cash and cash equivalents comprise:-</b>		
Cash at bank	479,625	633,302
Short-term deposits within 3 months (Note 9)	1,107,985	100,159
	<b>1,587,610</b>	<b>733,461</b>

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 2022**

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 1967 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 2022 to 30 June 2025.

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 12 locations (2021: 11), 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;
- i. Monfort Junior School Centre located at 52 Hougang Ave 8, Singapore 538786;
- j. Saint Stephen's School located at 20 Siglap View, Singapore 455789;
- k. Carenight Agape Village located at 7A Lorong Toa Payoh, #03-06, Singapore 319264; and
- l. Blk 112 Whampoa Road, #01-83, Singapore 321112. (effective from 1 July 2022)

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 6 members (2021: 5 members) at the end of the reporting period.

The financial statements of the Company for the year ended 31 December 2022 are authorised for issue in accordance with a resolution of the directors on 17 April 2023.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

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 2022. 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 2022**

**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 2022**

**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.

Plant and equipment costing less than S\$1,000 are charged to the statement of comprehensive income in the year of purchase.

**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 measure 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

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d) Financial Instruments (Continued)**

**i) Financial Assets (Continued)**

*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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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).

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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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) **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 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) **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.

k) **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.

l) **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 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) 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 5 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 22 to the financial statements.

m) 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 2022**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**m) 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.

**n) 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.

**o) 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.**  
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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022**

**3. DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR RESTRICTED FUNDS**

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

	Care Nights Fund	Family Support Programme	NOVA Project Fund	President Challenge	NCSS IPG	Deferred Fund Capital Grant	Caritas	NCSS Clinical Supervision Consultation	Oscar @ Sg Fund	Total Restricted
	S\$	S\$	S\$	S\$	S\$	S\$	S\$		S\$	S\$
<b>Income from generated funds:-</b>										
<u>Voluntary income</u>										
Donations - Tax exempt	28,741	-	4,795	-	-	-	-	-	-	33,536
Donations - Non tax exempt	21,738	-	40,915	-	-	-	-	-	-	62,653
	50,479	-	45,710	-	-	-	-	-	-	96,189
<u>Income from charitable activities</u>										
Student care services	-	-	-	-	-	-	-	-	-	-
Grants received	-	567,178	138,827	84,750	11,520	-	594,000	-	52,500	1,448,775
<b>Total income</b>	<b>50,479</b>	<b>567,178</b>	<b>184,537</b>	<b>84,750</b>	<b>11,520</b>	<b>-</b>	<b>594,000</b>	<b>-</b>	<b>52,500</b>	<b>1,544,964</b>
<b>Expenditure</b>										
<u>Cost of charitable activities - Student care services</u>										
Depreciation of plant and equipment	-	-	-	-	-	19,014	-	-	-	19,014
Repair and maintenance	-	-	-	-	-	-	-	-	-	-
Student care services	-	-	-	-	-	19,014	-	-	-	19,014

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022**

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

	Care Nights Fund S\$	Family Support Programme S\$	NOVA Project Fund S\$	President Challenge S\$	NCSS IPG S\$	Deferred Fund Capital Grant S\$	Caritas S\$	NCSS Clinical		Total Restricted S\$
								Supervision Consultation	Oscar @ Sg Fund S\$	
<b>Expenditure</b>										
<u>Cost of charitable activities - Family wellness</u>										
Audit fee	-	1,000	-	-	-	-	-	-	-	1,000
Bank Charges/Admin fees	-	198	-	-	-	-	-	-	-	198
Depreciation of plant and equipment	-	24,549	-	-	-	-	-	-	-	24,549
Depreciation of right-of-use assets	-	22,666	-	-	-	-	-	-	-	22,666
Food and beverage	-	37	-	-	-	-	-	-	-	37
General expenses	-	4,460	-	-	-	-	-	-	-	4,460
Insurance	-	2,060	-	-	-	-	-	-	-	2,060
Interest expenses on lease liabilities	-	2,608	-	-	-	-	-	-	-	2,608
Printing and stationery	-	929	-	-	-	-	-	-	-	929
Professional fees	-	33,919	-	-	-	-	-	2,055	-	35,974
Publicity and publication	-	4,713	-	-	-	-	-	-	-	4,713
Repair and maintenance	-	4,025	-	-	-	-	-	-	-	4,025
Telecommunication	-	3,144	-	-	-	-	-	-	-	3,144
Salaries and related costs	-	450,692	-	-	-	-	-	-	-	450,692
Employer's contribution to CPF	-	71,205	-	-	-	-	-	-	-	71,205
Other short-term benefits	-	4,316	-	-	-	-	-	-	-	4,316
Travel and entertainment	-	300	-	-	-	-	-	-	-	300
Usage of premises	-	1,269	-	-	-	-	-	-	-	1,269
Utilities	-	1,354	-	-	-	-	-	-	-	1,354
<b>Family wellness</b>	-	633,444	-	-	-	-	-	2,055	-	635,499

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022**

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

Expenditure	Care Nights Fund S\$	Family Support Programme S\$	NOVA Project Fund S\$	President Challenge S\$	NCSS IPG S\$	Deferred Fund Capital Grant S\$	Caritas S\$	NCSS Clinical Supervision Consultation S\$	Oscar @ Sg Fund S\$	Total Restricted S\$
<b>Cost of charitable activities - CareNights</b>										
Audit fee	-	-	-	-	-	-	-	-	-	-
Bank Charges/Admin fees	-	-	-	61	-	-	197	-	-	258
Depreciation of plant and equipment	-	-	-	5,519	-	-	8,640	-	-	14,159
Depreciation of right-of-use assets	-	-	-	4,544	-	-	13,635	-	-	18,179
Food and beverage	-	-	-	9,258	-	-	16,748	-	7,242	33,248
General expenses	-	-	-	30	-	-	1,869	-	-	1,899
Insurance	-	-	-	779	-	-	3,821	-	-	4,600
Interest expenses on lease liabilities	-	-	-	152	-	-	301	-	-	453
Printing and stationery	-	-	-	354	-	-	702	-	-	1,056
Professional fees	-	-	-	126	-	-	759	-	-	885
Publicity and publication	-	-	-	240	-	-	2,361	-	-	2,601
Repair and maintenance	-	-	-	2,544	-	-	5,274	-	-	7,818
Telecommunication	-	-	-	731	-	-	1,691	-	-	2,422
Salaries and related costs	-	-	-	35,463	-	-	200,880	-	39,999	276,342
Employer's contribution to CPF	-	-	-	9,916	-	-	29,417	-	-	39,333
Other short-term benefits	-	-	-	842	-	-	4,341	-	-	5,183
Travel and entertainment	-	-	-	96	-	-	196	-	-	292
Usage of premises	-	-	-	605	-	-	4,126	-	5,259	9,990
Utilities	-	-	-	171	-	-	963	-	-	1,134
CareNights programme	-	-	-	71,431	-	-	295,921	-	52,500	419,852

**MORNING STAR COMMUNITY SERVICES LTD.**  
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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022**

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

	Care Nights Fund S\$	Family Support Programme S\$	NOVA Project Fund S\$	President Challenge S\$	NCSS IPG S\$	Deferred Fund Capital Grant S\$	Carias S\$	NCSS Clinical Supervision Consultation S\$	Oscar @ Sg Fund S\$	Total Restricted S\$
<b>Expenditure</b>										
<u>Cost of charitable activities - NOVA learning support</u>										
Bank Charges/Admin fees	-	-	258	-	-	-	-	-	-	258
Depreciation of plant and equipment	-	-	14,726	-	-	-	-	-	-	14,726
Depreciation of right-of-use assets	-	-	18,179	-	-	-	-	-	-	18,179
Food and beverage	-	-	27	-	-	-	-	-	-	27
General expenses	-	-	517	-	-	-	-	-	-	517
Insurance	-	-	4,627	-	-	-	-	-	-	4,627
Interest expenses on lease liabilities	-	-	454	-	-	-	-	-	-	454
Printing and stationery	-	-	760	-	-	-	-	-	-	760
Professional fee	-	-	709	-	-	-	-	-	-	709
Publicity & Publications	-	-	2,339	-	-	-	-	-	-	2,339
Repair and maintenance	-	-	6,873	-	-	-	-	-	-	6,873
Telecommunication	-	-	2,442	-	-	-	-	-	-	2,442
Salaries and related costs	-	-	126,031	-	-	-	302,500	-	-	428,531
Employer's contribution to CPF	-	-	80,563	-	-	-	-	-	-	80,563
Other short-term benefits	-	-	6,291	-	-	-	-	-	-	6,291
Travel and entertainment	-	-	413	-	-	-	-	-	-	413
Usage of premises	-	-	1,605	-	-	-	-	-	-	1,605
Utilities	-	-	1,124	-	-	-	-	-	-	1,124
NOVA learning support	-	-	267,938	-	-	-	302,500	-	-	570,438
Governance cost - Depreciation	-	-	-	-	-	43,767	-	-	-	43,767
Governance cost - Repair and maintenance	-	-	-	-	3,400	-	-	-	-	3,400
<b>Total expenditure</b>	-	633,444	267,938	71,431	3,400	62,781	598,421	2,055	52,500	1,691,970
<b>Net surplus(deficit)</b>	50,479	(66,266)	(83,401)	13,319	8,120	(62,781)	(4,421)	(2,055)	-	(147,006)

**MORNING STAR COMMUNITY SERVICES LTD.**  
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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022**

**4. PLANT AND EQUIPMENT**

	Furniture and Fittings S\$	Office Equipment S\$	Renovation S\$	Total S\$
<b>Cost</b>				
As at 01.01.2021	145,703	253,173	898,331	1,297,207
Additions	1,900	66,011	8,095	76,006
As at 31.12.2021/01.01.2022	147,603	319,184	906,426	1,373,213
Additions	-	87,544	-	87,544
Written off	(8,297)	(12,833)	-	(21,130)
As at 31.12.2022	139,306	393,895	906,426	1,439,627
<b>Accumulated Depreciation</b>				
As at 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 31.12.2021/01.01.2022	146,019	296,456	725,062	1,167,537
Charge for the year	1,584	59,439	153,056	214,079
Written off	(8,297)	(12,833)	-	(21,130)
As at 31.12.2022	139,306	343,062	878,118	1,360,486
<b>Net book value</b>				
As at 31.12.2022	-	50,833	28,308	79,141
As at 31.12.2021	1,584	22,728	181,364	205,676

Net depreciation charged to statement of financial activities is:-

	2022 S\$	2021 S\$
Depreciation for the year	214,079	205,676
Amortisation of deferred capital grants	(45,239)	(115,482)
Net depreciation of plant and equipment	168,840	90,194

**MORNING STAR COMMUNITY SERVICES LTD.**  
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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022**

**5. RIGHT-OF-USE ASSETS**

	2022 S\$	2021 S\$
Represented by right-of-use of:		
- Office premises	409,035	409,035
Addition during the year	469,899	-
	<u>878,934</u>	<u>409,035</u>
Less: Accumulated Depreciation		
At beginning of year	272,689	181,793
Addition during the year	121,381	90,896
At end of year	<u>(394,070)</u>	<u>(272,689)</u>
	<u>484,864</u>	<u>136,346</u>

**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\$3,318 (2021: S\$8,668). The table below is an aging analysis of account receivables at the end of the period:-

	2022 S\$	2021 S\$
Not past due	2,724	480
Past due:-		
1 - 30 days	(5,833)	8,668
31 - 60 days	854	(696)
61 - 90 days	(566)	(141)
> 90 days	2,464	(2,681)
	<u>(357)</u>	<u>5,630</u>

**7. OTHER RECEIVABLES**

Subsidies receivable	(4,528)	(1,992)
Interest receivable	25,438	9,503
Other receivable	2,956	-
	<u>23,866</u>	<u>7,511</u>

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022**

**8. DEPOSITS AND PREPAYMENTS**

	2022 S\$	2021 S\$
Deposits	55,038	53,531
Prepayments	114,413	42,400
	<u>169,451</u>	<u>95,931</u>

**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 0.62% to 3.75% (2021: 0.23% to 0.65%) per annum.

	2022 S\$	2021 S\$
Short-term deposits within 3 months	1,107,985	100,159
Short-term deposits greater than 3 months	3,212,032	4,839,164
	<u>4,320,017</u>	<u>4,939,323</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.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022**

**14. 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.

	2022	2021
	S\$	S\$
Grant income from MSF	425,952	372,274
Grant income from Community Chest	23,539	18,025
Grant income from TBSSF	117,687	90,132
	<u>567,178</u>	<u>480,431</u>

**15. 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.

**16. PRESIDENT’S CHALLENGE**

This fund is set up for the purpose of financing the Company’s CareNights @ Morningstar Programme, delivery van and Morning Star Whampoa Centre (2021: CareNights @ Morningstar Programme and delivery van). This programme aims to develop learning skills of the children in meeting the requirements of schools, studies and curriculum.

**17. 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.

**18. 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.

**19. 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.

**20. NCSS CLINICAL SUPERVISION CONSULTATION**

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

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**21. OSCAR @ SG FUND**

The purpose of the grant for funding of operating and programming expenses for CareNights across 4 centers (Agape Village Centre, Bedok North Centre, Primavera Centre and Sengkang Centre for year 2021 outcome. The projected no. of children served is expected to be 120.

**22. LEASE LIABILITY**

The Company as a lessee

The Company has a lease contract for its office premises. The Company's obligations under this lease are secured by the lessor's title to the leased asset. The Company is restricted from assigning and subleasing its leased asset.

(a) Lease liability

The carrying amounts of lease liability and the movements during the year are as below:-

	1 January 2022 S\$	Additions S\$	Cash flows S\$	Non-cash changes Accretion of Interest S\$	Others S\$	31 December 2022 S\$
Lease liability:-						
- Current	93,732	86,577	(129,046)	7,125	47,752	106,140
- Non-current	47,752	383,323	-	-	(47,752)	383,323
	141,484	469,900	(129,046)	7,125	-	489,463

	1 January 2021 S\$	Cash flows S\$	Non-cash changes Accretion of Interest S\$	Others S\$	31 December 2021 S\$
Lease liability:-					
- Current	91,420	(96,000)	4,580	93,732	93,732
- Non-current	141,484	-	-	(93,732)	47,752
	232,904	(96,000)	4,580	-	141,484

(b) Amount recognised in statement of financial activities

	2022 S\$	2021 S\$
Depreciation of right-of-use assets	121,381	90,897
Interest expense on lease liability	7,125	4,580
Lease expense not capitalised in lease liability:		
- Expense relating to leases of short-term lease (included in expenses)	80,964	79,278
Total amount recognised in profit or loss	209,470	174,755

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**22. LEASE LIABILITY (Continued)**

The Company as a lessee (Continued)

(c) Total cash outflows

The Company had total cash outflows for leases of S\$210,010 (2021: S\$175,278).

**23. CONTRACT LIABILITIES**

	2022 S\$	2021 S\$
Contract liabilities	<u>25,272</u>	<u>33,622</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 2022 is S\$25,272. The company expects to recognise S\$25,272 as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligation as at 31 December 2022 in the financial year 2023.

**24. OTHER PAYABLES AND ACCRUALS**

	2022 S\$	2021 S\$
Other payables	267,482	351,673
Accruals	<u>8,000</u>	<u>8,000</u>
	<u>275,482</u>	<u>359,673</u>
Other payables consist of:-		
Refundable deposits	<u>88,337</u>	<u>114,437</u>

**25. 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\$NIL (2021: S\$77,832) as income during the financial year.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022**

**26. DONATION IN CASH**

	2022	2021
	S\$	S\$
Voluntary income - donation comprises:-		
- Tax-deductible donations	149,055	325,290
- Non-tax deductible donations	110,854	130,227
	<u>259,909</u>	<u>455,517</u>
Voluntary income - donation comprises:-		
- Tax-deductible donations (Unrestricted Fund)	115,519	103,683
- Tax-deductible donations (CareNights)	28,741	203,042
- Tax-deductible donations (Nova Project)	4,795	18,565
	<u>149,055</u>	<u>325,290</u>
- Non-tax deductible donations (Unrestricted Fund)	48,201	9,228
- Non-tax deductible donations (CareNights)	21,738	120,649
- Non-tax deductible donations (Nova Project)	40,915	350
	<u>110,854</u>	<u>130,227</u>

**27. OTHER INCOME**

Other income generated from:-

**Voluntary income**

- Jobs growth incentive	67,125	21,895
- JSS grant income	-	152,730
- Wage credit scheme	41,718	64,711
- CPF - Child care leave	-	2,214
- Senior employment credit	4,365	3,933
- Special employment credit	4,163	5,467
- SAF imprest	-	2,405
- Training grant	10,761	-
- NCSS grant	9,528	-
- MSF - Government paid leave	3,534	-
- NS make up claim	840	-
- IRAS CPF transition offset government payment	1,403	-
- Workforce Singapore Agency - P-Max for older workers @ SMF programme	10,000	-
	<u>153,437</u>	<u>253,355</u>

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**28. GRANT RECEIVED**

	2022 Unrestricted S\$	2022 Restricted S\$	2021 Unrestricted S\$	2021 Restricted S\$
<u>Voluntary income</u>				
NCSS - VCF Innovation and Productivity Grant	-	11,520	-	-
ComChest Charity Support Fund	-	-	-	50,000
Invictus Fund	-	-	-	20,955
President Challenge 2020	-	-	-	70,000
Training grant	-	-	93,170	-
NCSS STSSFY2019 Singtel	-	-	360	-
NVPC - Bicentennial Community Fund (BCF) Grant	-	-	77,832	-
IRAS - Rental Support Scheme	-	-	16,000	-
	-	11,520	187,362	140,955
<u>Student Care services</u>				
CDC WeCare Art Fund	43,137	-	62,310	-
<u>Family Wellness programme</u>				
Family Support Programme - MSF	-	425,952	-	372,274
Family Support Programme - Community Chest	-	23,539	-	18,025
Family Support Programme - TBSSF	-	117,687	-	90,132
	-	567,178	-	480,431
Clinical Supervision Consultation	-	-	-	24,139
	-	567,178	-	504,570
<u>CareNights programme</u>				
Caritas	-	264,000	-	264,000
President Challenge 2020	-	-	-	57,500
President Challenge 2021	-	84,750	-	18,000
Oscar @ Sg Fund	-	52,500	-	52,500
	-	401,250	-	392,000
<u>NOVA learning support</u>				
Caritas	-	330,000	-	330,000
NCSS - TBSSF	-	138,827	-	103,943
	-	468,827	-	433,943

**29. TAXATION**

The Company has been registered as a charity under the Charities Act and is exempted from income tax for the financial year under the provisions of the Income Tax Act Cap. 134.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022**

**30. ANNUAL REMUNERATION AND STAFF COSTS**

- i) The below disclosure represents remuneration bands for staff with annual remuneration above S\$100,000 in the following band in the year were as follow:-

	2022	2021
Number of employees in bands S\$100,000 to S\$200,000	<u>2</u>	<u>2</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:-

	2022	2021
	S\$	S\$
Salaries and related costs	2,617,102	2,531,407
Employer's contribution to CPF	384,261	347,812
Other short-term benefits	<u>43,908</u>	<u>48,783</u>
	<u>3,045,271</u>	<u>2,928,002</u>

**31. RESERVE POLICY**

Reserves are defined as unrestricted funds that are available for the operating needs of the Company and not subject to commitments and other planned expenditure. The Company has a policy to maintain reserves of up to two times its annual operating expenditure. The reserve policy is reviewed annually.

**32. LOANS**

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

**33. 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 2022**

**33. 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 (2021: 60) basis points higher/lower with all other variables held constant, the Company's net surplus would have been S\$28,000 (2021: 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:-

	2022				
	Carrying amount	Total contractual undiscounted cash flow	Within 12 months or on demand	Between 2 to 5 years	More than 5 years
	S\$	S\$	S\$	S\$	S\$
Account payables	56,045	56,045	56,045	-	-
Other payables and accruals	275,482	275,482	275,482	-	-
Lease liabilities	489,463	525,542	115,392	269,568	140,582
	<u>820,990</u>	<u>857,069</u>	<u>446,919</u>	<u>269,568</u>	<u>140,582</u>

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**33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

**Liquidity Risk (Continued)**

	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	26,585	26,585	26,585	-
Other payables and accruals	359,673	359,673	359,673	-
Lease liabilities	141,484	144,000	96,000	48,000
	527,742	530,258	482,258	48,000

**Foreign Currency Risk**

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

**34. CATEGORIES OF FINANCIAL INSTRUMENTS**

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

	2022 S\$	2021 S\$
<b>Assets</b>		
<u>Financial assets</u>		
Amortised cost:-		
Account receivables	(357)	5,630
Other receivables	23,866	7,511
Deposits	55,038	53,531
Fixed deposits	3,212,032	4,839,164
Cash and cash equivalents	1,587,610	733,461
Total financial assets	4,878,189	5,639,297
<b>Liabilities</b>		
<u>Financial liabilities</u>		
At amortised cost:-		
Account payables	40,197	6,195
Other payables and accruals	275,482	359,673
Lease liabilities	489,463	141,484
Total financial liabilities	805,142	507,352

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2022**

**35. 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.

**36. 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 2023. The Company does not expect that adoption of these accounting standards or interpretations will have a material impact on the Company's financial statements.