

iC2 PREPHOUSE LIMITED
(Co. Reg. No. 201136583G)

**FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2018**

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iC2 PREPHOUSE LIMITED

(A company limited by guarantee and not having a share capital)

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of the Company for the financial year ended 31 December 2018.

In the opinion of the directors:

- (i) the financial statements of the Company as set out on pages 5 to 21 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2018 and of the financial performance, changes in funds and cash flows of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50, Charities Act, Chapter 37 and other relevant regulations and Financial Reporting Standards in Singapore; 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.

Directors

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

Ang Beng Ti, Christopher
Wong Meng Ee
Looi Lee Geok Audrey
Chia Hsien Lin Jennifer
Goh Shuet-Li

Arrangement to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Other matters

As the Company is limited by guarantee and does not have a share capital, matters relating to the issue of shares, debentures or share options are not applicable.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors



Ang Beng Ti, Christopher
Director



Looi Lee Geok Audrey
Director

10 May 2019

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
iC2 PREPHOUSE LIMITED**

(A company limited by guarantee and not having a share capital)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of iC2 PrepHouse Limited (the "Company") as set out on pages 5 to 21, which comprise the balance sheet as at 31 December 2018, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Companies Act"), the Charities Act, Chapter 37 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 2018 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 information included in the Annual Report for the year ended 31 December 2018 but does not include the financial statements and our auditor's report thereon.

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
iC2 PREPHOUSE LIMITED (cont'd)**

(A company limited by guarantee and not having a share capital)

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of Management and Directors for the Financial Statements

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

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- 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
iC2 PREPHOUSE LIMITED (cont'd)**

(A company limited by guarantee and not having a share capital)

Report on the Audit of the Financial Statements (cont'd)

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) the Company has not used the donation moneys in accordance with the objectives of the Company 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 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.



Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

10 May 2019

iC2 PREPHOUSE LIMITED

(A company limited by guarantee and not having a share capital)

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2018

	Note	Restricted Funds					Community Chest Charity Support Fund	Total 2018	Total 2017
		General Fund	Deferred Capital Fund	Care and Share Matching Fund	SG Enable CSVI Grant Fund - AT Services	SG Enable CSVI Grant Fund - Counselling Services			
		\$	\$	\$	\$	\$	\$	\$	
Income									
Grants from Singapore									
TOTE Board Social Service Fund									
- Income grant		331,162	—	—	—	—	331,162	312,609	
Care and Share Matching Fund	9	—	—	231,636	—	—	231,636	192,843	
Donations and fund-raising income	3	407,652	—	—	—	—	407,652	385,108	
Program income		7,098	—	—	—	—	7,098	10,818	
SG Enable CSVI Grant		—	—	—	26,581	17,902	44,483	84,638	
Community Chest Charity Support Fund	13	—	—	—	—	—	50,000	—	
Other income		29,798	—	—	—	—	29,798	17,663	
		775,710	—	231,636	26,581	17,902	1,101,829	1,003,679	
Less expenditure									
Auditor's remuneration		3,933	—	—	—	—	3,933	3,100	
Bad debt written off		—	—	—	—	—	—	1,391	
Bank charges		277	—	—	—	—	277	367	
CPF contributions		35,674	—	15,631	18,736	6,022	76,063	71,863	
Depreciation	4	30,771	13,681	—	—	—	44,452	38,572	
Fund raising cost		915	—	—	—	—	915	88,731	
General expenses		8,763	—	—	—	—	8,763	2,108	
Insurance		3,521	—	—	—	—	3,521	2,726	
Marketing and promotion expenses		—	—	—	—	—	—	1,508	
Memberships and dues		139	—	—	—	—	139	139	
Office maintenance		3,210	—	—	—	—	3,210	8,266	
Office supplies		498	—	—	—	—	498	754	
Printing and copying		51	—	—	581	—	632	810	
Professional services		31	—	14,738	—	5,438	20,207	21,010	
Rental expenses		—	—	76,650	—	—	76,650	73,432	
Staff cost		38,576	—	275,695	58,677	34,478	457,426	531,324	
Stationery & postage		2,157	—	—	—	—	2,157	3,473	
Telephone expenses		4,746	—	—	—	—	4,746	4,631	
Transportation expenses		5,805	—	—	—	—	5,805	1,643	
Utilities		9,054	—	—	—	—	9,054	10,132	
Travelling expenses		2,918	—	—	—	—	2,918	1,044	
		151,039	13,681	382,714	77,994	45,938	721,366	867,024	
Net surplus/(deficit) and total comprehensive income/(loss) for the financial year		624,671	(13,681)	(151,078)	(51,413)	(28,036)	380,463	136,655	

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

iC2 PREPHOUSE LIMITED

(A company limited by guarantee and not having a share capital)

BALANCE SHEET**At 31 December 2018**

	Note	2018 \$	2017 \$
Non-current assets			
Property, plant and equipment	4	52,202	65,201
Fixed deposit	7	357,000	350,000
		409,202	415,201
Current assets			
Trade and other receivables	5	109,804	7,451
Deposits and prepayments	6	28,391	24,711
Cash and cash equivalents	7	1,216,381	957,997
		1,354,576	990,159
Total assets		1,763,778	1,405,360
Current liabilities			
Trade and other payables	8	58,078	80,123
Net assets		1,705,700	1,325,237
Funds			
<i>Restricted Funds</i>			
General Fund		1,606,547	981,876
Care and Share Matching Fund	9	171,806	324,334
Deferred Capital Fund	10	18,861	31,092
SG Enable CSVI Grant Fund - AT Services	11	(75,375)	(23,962)
SG Enable CSVI Grant Fund - Counselling Services	12	(16,139)	11,897
Community Chest Charity Support Fund	13	—	—
Total funds		1,705,700	1,325,237

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

iC2 PREPHOUSE LIMITED

(A company limited by guarantee and not having a share capital)

**STATEMENT OF CHANGES IN FUNDS
For the financial year ended 31 December 2018**

	← Restricted Funds →					Total \$
	*General Fund \$	Deferred Capital Fund \$	Share Matching Fund \$	SG Enable Care and CSVI Grant Fund - AT Services \$	SG Enable Care and CSVI Grant Fund - Counselling Services \$	
Balance at 1 January 2017	791,305	37,810	359,467	—	—	1,188,582
Net surplus/(deficit) and total comprehensive income/(loss) for the financial year	190,571	(25,974)	(17,899)	(21,940)	11,897	136,655
Transfer of funds	—	19,256	(17,234)	(2,022)	—	—
Balance at 31 December 2017	981,876	31,092	324,334	(23,962)	11,897	1,325,237
Net surplus/(deficit) and total comprehensive income/(loss) for the financial year	624,671	(13,681)	(151,078)	(51,413)	(28,036)	380,463
Transfer of funds	—	1,450	(1,450)	—	—	—
Balance at 31 December 2018	1,606,547	18,861	171,806	(75,375)	(16,139)	1,705,700

* The General Fund is for operations of the vision and rehabilitation programme only for the benefit of its intended clients. In keeping with funder/donor's interest for the use of monies, the reserve will not be transferred out of the programme for other purpose.

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

iC2 PREPHOUSE LIMITED

(A company limited by guarantee and not having a share capital)

STATEMENT OF CASH FLOWS**For the financial year ended 31 December 2018**

	2018	2017
	\$	\$
Cash flows from operating activities		
Net surplus for the year	380,463	136,655
Adjustment for:		
Depreciation of property, plant and equipment	44,452	38,572
Operating cash flows before movements in working capital	424,915	175,227
Receivables	(106,033)	(5,209)
Payables	(22,045)	20,560
Net cash from operating activities	296,837	190,578
Cash flows from investing activities		
Purchase of property, plant and equipment	(31,453)	(54,118)
Placement of fixed deposit (non-current)	(7,000)	–
Net cash used in investing activities	(38,453)	(54,118)
Net increase in cash and cash equivalents	258,384	136,460
Cash and cash equivalents at beginning of financial year	957,997	821,537
Cash and cash equivalents at end of financial year	1,216,381	957,997

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

iC2 PREPHOUSE LIMITED

(A company limited by guarantee and not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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

1 Corporate information

The Company (Co. Reg. No. 201136583G) is incorporated and domiciled in Singapore with its principal place of activity at 1 Jurong West Central 2, #04-02 Jurong Point Shopping Centre, Singapore 648886.

The Company is an approved Institution of a Public Character. The principal activity of the Company is to provide programs and services for the children and youths with visual impairments.

2 Summary of significant accounting policies

(a) Basis of preparation

The financial statements, expressed in Singapore dollar (“\$”) which is the Company’s functional currency have been prepared in accordance with the provisions of the Companies Act, Chapter 50, Charities Act, Chapter 37 and other relevant regulations and Financial Reporting Standards in Singapore (“FRSs”). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There were no significant judgements and estimates made during the financial year.

The carrying amounts of cash and cash equivalents and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

New and revised standards

In the current financial year, the Company has adopted all the new and revised FRSs and Interpretations of FRSs (“INT FRSs”) that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRSs and INT FRSs did not have any material effect on the financial results or position of the Company.

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

FRS 109 Financial Instruments

FRS 109 replaces FRS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. It includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on expected credit loss model and replace FRS 39 incurred loss model.

The Company applied FRS 109 using a modified retrospective approach, with date of initial application on 1 January 2018. The Company has not restated the comparative information, which continues to be reported under FRS 39.

(a) Classification and measurement

Under FRS 109, the Company classifies its financial assets based on entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The assessment of the Company's business model was made as of the date of initial application on 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The following are the changes in classification and measurement arising from adopting FRS 109:

- Loans and receivables (including trade and other receivables, sundry deposits, fixed deposit and cash and cash equivalents) as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 January 2018.

The Company has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Company's financial liabilities.

The following summarises the required or elected reclassifications as at 1 January 2018 upon adoption of FRS 109:

	FRS 109 measurement category	
	Original carrying amount \$	Amortised cost \$
FRS 39 measurement category		
<i>Loans and receivables</i>		
Trade and other receivables	7,451	7,451
Sundry deposits	23,165	23,165
Fixed deposit	350,000	350,000
Cash and cash equivalents	957,997	957,997

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

FRS 109 Financial Instruments (cont'd)

(b) Impairment

FRS 109 requires the Company to record expected credit losses on all of its financial assets at amortised cost on a 12-month or lifetime basis. Management has assessed that there is no material impact of applying the new standard on the Company's financial statements.

At the date of initial application and 31 December 2018, the Company has assessed that the adoption of FRS 109 does not have any material impact to the financial position and results of the Company.

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 December 2018 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company except as disclosed below:

FRS 116 Leases

FRS 116 replaces the existing FRS 17: Leases. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their balance sheets to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as FRS 116 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 January 2019. The standard will affect primarily the accounting for the Company's operating leases. As at balance sheet date, the Company has non-cancellable operating lease commitments of \$368,448 (Note 14). The Company anticipates that the adoption of FRS 116 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the impact of FRS 116 until the Company performs a detailed assessment. The Company will perform a detailed assessment of the impact and plan to adopt the standard on the required effective date.

(b) Income recognition

Donations are recognised when received and program revenue are recognised as income when the program is held.

Grants from government and other organisations are recognised as income only when there is sufficient evidence that the Company has complied with the conditions attached to them and there is reasonable certainty that they will be received. These grants are recognised on an accrual basis. Grants with specific conditions are recognised either when they have been conformed to, or when there is sufficient evidence that they will be met. In instances where there is uncertainty about the ability of the Company to meet the conditions set by grantors, the recognitions of the grants as income is deferred until conditions imposed at the time of the grants can be complied with.

2 Summary of significant accounting policies (cont'd)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment loss where its recoverable amount is estimated to be lower than its carrying amount. Property, plant and equipment are depreciated on a straight line basis so as to allocate the depreciable amount of the assets over their estimated useful lives using the straight line method as follow:

Furniture and fittings	3 years
Leasehold improvement	Over period of lease
Machinery and equipment	3 years
Office equipment	3 years

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

(d) Taxation

The Company is a registered charity under the Charities Act and is exempted from income tax under the Income Tax Act.

(e) Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund (“CPF”), and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

Employee leave entitlement

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

(f) Impairment of non-financial assets

Non-financial assets are reviewed for impairment at each balance sheet date or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in income. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years.

2 Summary of significant accounting policies (cont'd)

(g) Financial assets

The accounting policy for financial assets before 1 January 2018 are as follows:

Classification

The Company classifies its financial assets according to the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. The Company's only financial assets are "loans and receivables" which comprise fixed deposit, trade and other receivables, deposits and cash and cash equivalents.

Loans and receivables

Loans and receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. When such evidence exists, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in profit or loss.

The accounting policy for financial assets from 1 January 2018 onwards are as follows:

Recognition and derecognition

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

Classification and measurement

All financial assets are subsequently measured in their entirety at amortised cost.

The Company classifies its financial assets at amortised cost.

The classification is based on the Company's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Company reclassifies financial assets when and only when its business model for managing those assets changes.

Subsequent measurement

Debt instruments

Debt instruments include trade and other receivables, sundry deposits, fixed deposit and cash and cash equivalents.

2 Summary of significant accounting policies (cont'd)

(g) Financial assets (cont'd)

The accounting policy for financial assets from 1 January 2018 onwards are as follows (cont'd):

Amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Impairment

The Company recognises an allowance for expected credit losses (“ECLs”) for financial assets carried at amortised cost. 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 impairment methodology applied depends on whether there has been a significant increase in credit risk. 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-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

If the Company has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Company recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

(h) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash at bank and on hand and deposits with financial institutions which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2 Summary of significant accounting policies (cont'd)

(i) Financial liabilities

Financial liabilities, which comprise trade and other payables excluding provision for unutilised leave are initially measured at fair value plus directly attributable transaction costs, and are subsequently measured at amortised cost, using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gain and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

(j) Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

(k) Operating lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(l) Restricted Income Funds

Restricted income funds are funds subject to specific trusts, which may be declared by the donors or with their authority such as in the literature of a public appeal or created through legal process, but still within the wider objects of the Company.

(m) Funds

Unless specifically indicated, fund balances are not represented by any specific accounts but are represented by all assets of the Company.

3 Donations and fund-raising income

	2018 \$	2017 \$
Donations		
Tax deductible	31,279	13,572
Others	26,373	29,157
	<u>57,652</u>	<u>42,729</u>
Fund-raising income		
Tax deductible	325,876	266,369
Non-tax deductible	24,124	76,010
	<u>350,000</u>	<u>342,379</u>
Total	<u>407,652</u>	<u>385,108</u>

4 **Property, plant and equipment**

	Furniture and fittings \$	Leasehold improvement \$	Machinery and equipment \$	Office equipment \$	Total \$
2018					
Cost					
At 1.1.2018	28,958	28,457	80,272	126,795	264,482
Additions	–	–	11,208	20,245	31,453
At 31.12.2018	28,958	28,457	91,480	147,040	295,935
Accumulated depreciation					
At 1.1.2018	23,502	25,440	67,809	82,530	199,281
Depreciation charge	3,319	3,017	9,364	28,752	44,452
At 31.12.2018	26,821	28,457	77,173	111,282	243,733
Net carrying value					
At 31.12.2018	2,137	–	14,307	35,758	52,202
2017					
Cost					
At 1.1.2017	23,958	22,925	71,326	92,155	210,364
Additions	5,000	5,532	8,946	34,640	54,118
At 31.12.2017	28,958	28,457	80,272	126,795	264,482
Accumulated depreciation					
At 1.1.2017	19,810	22,925	56,431	61,543	160,709
Depreciation charge	3,692	2,515	11,378	20,987	38,572
At 31.12.2017	23,502	25,440	67,809	82,530	199,281
Net carrying value					
At 31.12.2017	5,456	3,017	12,463	44,265	65,201

5 **Trade and other receivables**

	2018 \$	2017 \$
Trade receivables	1,418	1,626
Other receivables	6,330	5,825
Grant receivables	102,056	–
	109,804	7,451

6 Deposits and prepayments

	2018	2017
	\$	\$
Prepayments	2,324	1,546
Sundry deposits	26,067	23,165
	28,391	24,711

**7 Fixed deposit
Cash and cash equivalents**

	2018	2017
	\$	\$
Fixed deposits	860,486	851,902
Cash at bank and on hand	712,895	456,095
	1,573,381	1,307,997
Less fixed deposit (non-current)	(357,000)	(350,000)
Cash and cash equivalents	1,216,381	957,997

The fixed deposits are placed with banks and mature on varying dates within 19 months from the balance sheet date.

The interest rates of these deposits at the balance sheet date ranges from 1.0% to 1.3% per annum.

8 Trade and other payables

	2018	2017
	\$	\$
Trade payables	–	2,100
Other payables	–	5,726
Accruals	58,078	72,297
	58,078	80,123

9 Care and Share Matching Grant

The Grant which is given out under the Care and Share movement, is managed by the Ministry of Social and Family Development (“MSF”) and is called the Care and Share Matching Grant.

	2018	2017
	\$	\$
Balance at 1 January	324,334	359,467
Income	231,636	192,843
Expenditure	(382,714)	(210,742)
Fund transfer to Deferred Capital Fund	(1,450)	(17,234)
Balance at 31 December	171,806	324,334

9 Care and Share Matching Grant (cont'd)

As per the Variation to the Funding Agreement dated 30 October 2016 (the "Agreement"), this represents a dollar and twenty-five cents for every eligible donation dollar for the first \$1,000,000 and a dollar for every eligible donation dollar for the subsequent \$1,000,000 that the Company raises between 1 December 2013 and 31 March 2016. The Grant shall be used to develop social service related VWOs and their programmes to better serve the beneficiaries. The Grant can be used for the following areas:

- (i) Capability Building
- (ii) Capacity Building
- (iii) New Initiatives/Expansion of existing services
- (iv) Critical Existing Needs (up to 20%)

The Company has up to 5 years after the end of the matching grant period i.e. 31 March 2021 to utilise the grants.

The Company participates in the Care and Share Matching scheme and is subjected to the terms and conditions of the Agreement. During the financial year, the Company received approved grant of \$231,636 (2017: \$192,843).

10 Deferred Capital Fund

	2018 \$	2017 \$
Balance at 1 January	31,092	37,810
Expenditure	(13,681)	(25,974)
Fund transfer from Care and Share Matching Fund	1,450	17,234
Fund transfer from SG Enable CSVI Grant Fund - AT Services	—	2,022
Balance at 31 December	<u>18,861</u>	<u>31,092</u>

This comprises the grant received for purchase of office equipment, furniture and fittings and machinery and equipment. The depreciation charge of assets purchased with related grant is taken to the Deferred Capital Fund over the useful lives of the related assets.

11 SG Enable CSVI Grant Fund - AT Services

	2018 \$	2017 \$
Balance at 1 January	(23,962)	—
Income	26,581	18,060
Expenditure	(77,994)	(40,000)
Fund transfer to Deferred Capital Fund	—	(2,022)
Balance at 31 December	<u>(75,375)</u>	<u>(23,962)</u>

This comprises the grant received for the purpose to provide comprehensive Assistive Technology assessment and trainings for the visually impaired individuals. The grant period covers 24 months commencing from 1 July 2017 to 30 June 2019.

12 SG Enable CSVI Grant Fund - Counselling Services

	2018	2017
	\$	\$
Balance at 1 January	11,897	–
Income	17,902	66,578
Expenditure	(45,938)	(54,681)
Balance at 31 December	(16,139)	11,897

This comprises the grant received for the purpose to provide counselling services for the visually impaired individuals. The grant period covers 24 months commencing from 1 January 2017 to 31 December 2018.

13 Community Chest Charity Support Fund

	2018	2017
	\$	\$
Balance at 1 January	–	–
Income	50,000	–
Expenditure	(50,000)	–
Balance at 31 December	–	–

This comprises the grant received for the purpose to support programmes to empower social service users and families, capital expenditure and build capacity for community engagements to benefit social users. The grant period covers 24 months commencing from 1 May 2018 to 30 April 2020.

14 Operating lease commitment

Commitments in relation to non-cancellable operating lease of office premise contracted for, but not recognised as liabilities, are payable as follows:

	2018	2017
	\$	\$
Within one year	70,525	64,648
Within two to five years	297,923	–
	368,448	64,648

15 Financial instruments

a) Categories of financial instruments

Financial instruments as at balance sheet date are as follows:

	2018 \$	2017 \$
<i>Financial assets</i>		
Loans and receivables	—	1,338,613
Financial assets at amortised costs	1,709,252	—
	<u>1,709,252</u>	<u>1,338,613</u>
 <i>Financial liabilities</i>		
At amortised cost	48,924	57,725
	<u>48,924</u>	<u>57,725</u>

b) Financial risk management

The Company's activities expose it to minimal financial risks and overall risk management is determined and carried out by the board of directors on an informal basis.

Foreign exchange risk

The Company's exposure to foreign exchange risk is minimal as its transactions are substantially in Singapore dollar. The Company does not utilise any derivatives to hedge foreign currency exposures.

Interest rate risk

The Company's income and operating cash flows are not substantially affected by changes in market interest rates as they do not have significant interest-bearing assets or liabilities as at the balance sheet date except for fixed deposits where interest earned is not significant.

The sensitivity analysis for interest rate is not disclosed as the effect on financial statements is not expected to be significant.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company places its cash with financial institutions that are regulated. As the Company does not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the balance sheet.

Credit risk exposure in relation to fixed deposit, cash and cash equivalents, trade and other receivables and sundry deposits as at 31 December 2018 are insignificant as the majority of the Company's financial assets are bank and cash balances which are placed in bank with good credit rating. Accordingly no credit loss allowance is recognised as at 31 December 2018.

Liquidity and cash flow risk

The board of directors exercises prudent liquidity and cash flow risk management policies and aims at maintaining an adequate level of liquidity and cash flow at all times to meet the Company's financial liabilities which are due and payable within 12 months from the balance sheet date.

15 Financial instruments (cont'd)

c) Fair value

The carrying amounts of the financial assets and liabilities recorded in the financial statements of the Company approximate their fair values due to their short-term nature or are repriced to market interest rates on or near the end of the financial year.

16 Related party transactions

In addition to information disclosed elsewhere in the financial statements, total remuneration of \$138,895 (2017: \$136,872) which includes CPF contributions of \$17,340 (2017: \$20,506) was paid to a key management personnel of the Company during the financial year.

17 Fund management

The Company's objectives when managing its funds are to safeguard and to maintain adequate working capital to continue as a going concern as well as to extend its support base in order that it can develop and enhance its principal activities over the long term.

No changes were made to the fund management objectives during the financial years ended 31 December 2018 and 31 December 2017.

18 Authorisation of financial statements

The financial statements of the Company for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors dated 10 May 2019.