

MARYMOUNT CENTRE
Unique Entity Number: 201402049Z
(Incorporated in the Republic of Singapore)

**AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2023**

MARYMOUNT CENTRE
(Incorporated in the Republic of Singapore)

DIRECTORS' STATEMENT

We are pleased to present this statement to the members of Marymount Centre (the "Company") together with the audited financial statements for the financial year ended 31 December 2023.

In our opinion,

- (a) the financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and the financial activities, changes in funds and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act 1967, the Singapore Charities Act 1994 and Financial Reporting Standards in Singapore; and
- (b) 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

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

Beh Pur-Lin Elaine	(Appointed on 2 August 2023)
Foo Winnie (Winnie Fu Wenjing)	
Ho Teik Tiong	
Lim Lai Yan Betty	(Appointed on 1 April 2024)
Ng Yin Gek Jane Marie	
Ong Yueh Ling Joycelyn	
Prempal Singh Hundal	(Appointed on 2 August 2023)
Quek Toi Wee	
Siew Hui Zhen Natalie	
Woo Mei Lin Jacqueline	
Yap Lian Hiang Vivien	

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

OPTIONS

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

MARYMOUNT CENTRE
(Incorporated in the Republic of Singapore)

DIRECTORS' STATEMENT

AUDITOR

The auditor, Singapore Assurance PAC, has indicated its willingness to accept re-appointment.

On behalf of the Board of Directors



Ng Yin Gek Jane Marie
Director



Ho Teik Tiong
Director

Singapore

22 APR 2024

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MARYMOUNT CENTRE**
(Incorporated in the Republic of Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Marymount Centre (the "Company"), which comprise the statement of financial position as at 31 December 2023, the statement of financial activities, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies information.

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 2023 and of the financial activities, 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), 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 MARYMOUNT CENTRE**
(Incorporated in the Republic of Singapore)

Report on the Audit of the Financial Statements

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, 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 MARYMOUNT CENTRE**

(Incorporated in the Republic of Singapore)

Report on the Audit of the Financial Statements*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 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 moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Company has not complied with the requirements of Regulation 15 (fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

**SINGAPORE ASSURANCE PAC**

Public Accountants and
Chartered Accountants

Singapore
22 April 2024

MARYMOUNT CENTRE
(Incorporated in the Republic of Singapore)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	<u>Note</u>	<u>2023</u> S\$	<u>2022</u> S\$
ASSETS			
Non-current assets			
Property, plant and equipment	(4)	3,920,026	4,174,860
Funds with fund managers	(5)	4,771,043	4,600,000
		<u>8,691,069</u>	<u>8,774,860</u>
Current assets			
Trade receivables	(6)	3,244	8,357
Other receivables	(7)	287,627	91,289
Fixed deposits	(8)	4,880,955	2,702,058
Cash and bank balances	(9)	3,056,278	3,762,448
		<u>8,228,104</u>	<u>6,564,152</u>
Total assets		<u>16,919,173</u>	<u>15,339,012</u>
FUNDS AND LIABILITIES			
Funds			
Unrestricted funds			
General funds	(10)(i)	5,345,735	4,235,668
Sinking fund	(10)(i)	6,000,000	6,000,000
		<u>11,345,735</u>	<u>10,235,668</u>
Restricted funds			
Ahuva Good Shepherd	(10)(ii)	-	-
Good Shepherd Centre	(10)(ii)	1,463,924	1,136,406
Interim Placement and Assessment Centre	(10)(ii)	837,029	758,411
Small Group Care	(10)(ii)	246,145	146,464
		<u>2,547,098</u>	<u>2,041,281</u>
Total funds		<u>13,892,833</u>	<u>12,276,949</u>
Non-current liability			
Deferred capital grant	(11)	2,375,485	2,507,962
Current liabilities			
Deferred capital grant	(11)	132,480	132,480
Other payables	(12)	518,375	421,621
		<u>650,855</u>	<u>554,101</u>
Total liabilities		<u>3,026,340</u>	<u>3,062,063</u>
Total funds and liabilities		<u>16,919,173</u>	<u>15,339,012</u>

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

MARYMOUNT CENTRE
(Incorporated in the Republic of Singapore)

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

		Unrestricted	Restricted		
	<u>Note</u>	<u>funds</u> <u>2023</u> S\$	<u>funds</u> <u>2023</u> S\$	<u>Total</u> <u>2023</u> S\$	<u>Total</u> <u>2022</u> S\$
<u>Income</u>					
Income from generated funds					
Voluntary income	(13)	1,204,700	24,000	1,228,700	1,089,408
Funding from government		238,600	181,616	420,216	353,490
Investment loss on funds		-	-	-	(173,054)
Interest income		117,937	248	118,185	8,509
Income from charitable activities					
Clients' contribution		-	26,265	26,265	17,275
Funding from government		31,843	3,631,278	3,663,121	3,295,304
Programme fees		773,275	150	773,425	762,748
Other income	(14)	26,167	1,777	27,944	25,322
Fair value gain on funds	(5)	171,043	-	171,043	-
		<u>2,563,565</u>	<u>3,865,334</u>	<u>6,428,899</u>	<u>5,379,002</u>
<u>Expenditure</u>					
Cost of charitable activities					
Manpower costs	(15)	778,893	3,059,572	3,838,465	3,543,354
Other costs					
- Depreciation		3,399	258,596	261,995	237,351
- Property related costs	(16)	7,623	246,820	254,443	184,939
- Operating costs	(17)	31,599	117,199	148,798	133,176
- Administrative costs	(18)	24,107	102,735	126,842	136,152
- Accounting service fee		5,250	21,000	26,250	25,752
Governance costs					
Audit fees		4,922	19,690	24,612	21,159
Depreciation		2,113	-	2,113	6,697
Manpower costs	(15)	49,147	-	49,147	27,641
Property related costs	(16)	39,011	-	39,011	34,549
Operating costs	(17)	5,792	-	5,792	5,341
Administrative costs	(18)	35,547	-	35,547	41,937
		<u>987,403</u>	<u>3,825,612</u>	<u>4,813,015</u>	<u>4,398,048</u>
Surplus for the financial year		<u>1,576,162</u>	<u>39,722</u>	<u>1,615,884</u>	<u>980,954</u>

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

MARYMOUNT CENTRE
(Incorporated in the Republic of Singapore)

**STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Unrestricted funds		Restricted funds					Total S\$
	General funds S\$	Sinking fund S\$	Ahuva Good Shepherd S\$	Good Shepherd Centre S\$	Placement and Assessment Centre S\$	Small Group Care S\$		
Balance at 1 January 2022	7,520,539	2,000,000	-	900,128	799,531	75,797	11,295,995	
Surplus/(Deficit) for the financial year	1,068,210	-	(353,081)	236,278	(41,120)	70,667	980,954	
Transfer (to)/from other funds	(4,353,081)	4,000,000	353,081	-	-	-	-	
Balance at 31 December 2022	4,235,668	6,000,000	-	1,136,406	758,411	146,464	12,276,949	
Surplus/(Deficit) for the financial year	1,576,162	-	(466,095)	327,518	78,618	99,681	1,615,884	
Transfer (to)/from other funds	(466,095)	-	466,095	-	-	-	-	
Balance at 31 December 2023	5,345,735	6,000,000	-	1,463,924	837,029	246,145	13,892,833	

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

MARYMOUNT CENTRE
(Incorporated in the Republic of Singapore)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	<u>Note</u>	<u>2023</u> S\$	<u>2022</u> S\$
Cash flows from operating activities			
Surplus for the financial year		1,615,884	980,954
Adjustments for:			
Amortisation of deferred capital grant	(11)	(132,477)	(132,480)
Depreciation of property, plant and equipment	(4)	264,108	244,048
Fair value gain on funds	(5)	(171,043)	-
Interest income on fixed deposits		(118,185)	(8,509)
Loss on disposal of funds		-	173,054
Operating surplus before working capital changes		<u>1,458,287</u>	<u>1,257,067</u>
Changes in working capital:			
Trade receivables		5,113	(5,327)
Other receivables		(147,546)	19,621
Other payables		96,754	(8,458)
Net cash from operating activities		<u>1,412,608</u>	<u>1,262,903</u>
Cash flows from investing activities			
Investment in funds	(5)	-	(6,000,000)
Interest received		69,393	10,933
Proceed from disposal of funds		-	1,226,946
Purchase of property, plant and equipment	(4)	(9,274)	(121,138)
(Placement)/withdrawal of fixed deposits		(2,168,897)	4,072,960
Net cash used in investing activities		<u>(2,108,778)</u>	<u>(810,299)</u>
Cash flows from financing activity			
Fixed deposits pledged	(8)	(10,000)	-
Net cash used in financing activity		<u>(10,000)</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents		(706,170)	452,604
Cash and cash equivalents at beginning of the financial year		<u>3,762,448</u>	<u>3,309,844</u>
Cash and cash equivalents at end of the financial year	(9)	<u>3,056,278</u>	<u>3,762,448</u>

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

MARYMOUNT CENTRE
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

The financial statements were authorised for issue by the Board of Directors on the date of the Directors' Statement.

1. **GENERAL**

Marymount Centre (the "Company") is a company limited by guarantee and is domiciled in the Republic of Singapore.

The address of the Company's registered office is 10 Collyer Quay, #10-01 Ocean Financial Centre, Singapore 049315. The address of the Company's principal place of business is 9 Lorong 8 Toa Payoh, Good Shepherd Place, Singapore 319253.

The principal activity of the Company is those of providing social services encompassing residential care, crisis shelter, and student care services.

The Company is registered as a charity under the Charities Act 1994 and is an approved Institution of a Public Character.

Every member has undertaken to contribute such amounts not exceeding S\$10 to the assets of the Company in the event the Company is wound up and the monies are required for payment of liabilities of the Company. The Company has 6 (2022: 6) members at the end of the year.

The Company currently operates 5 Centres specifically providing:

- (i) Ahuva Good Shepherd Children's Home ("CH"):
Residential care for girls aged between 4 to 18, who have experienced challenges in their families, like financial difficulties, family violence, divorce, abuse and parents' incarceration.
- (ii) Interim Placement and Assessment Centre ("IPAC"):
Interim placement for children aged between 4 to 16, who have experienced some form of abuse, while investigations and assessments take place and long-term care arrangements are made. A typical length of stay is 30 days.
- (iii) Small Group Care ("SGC"):
Residential care for girls aged between 7 to 12, who have been assessed by the Ministry of Social and Family Development to have moderate to high needs due to past abuse. The usual length of stay is up to 18 months.
- (iv) Good Shepherd Centre ("GSC"):
Crisis shelter for women and their children experiencing family violence, and other women facing seemingly insurmountable difficulties in their lives. GSC is appointed by the Singapore Government to provide victim care for women who have been trafficked into Singapore.
- (v) Good Shepherd Student Care ("GSSC"):
After-school care for students at Marymount Convent School, including students from vulnerable families such as single-parent and low-income households.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore (FRSs).

2.2 Basis of measurement

The financial statements have been prepared on a going concern basis under the historical cost convention, except as otherwise described in the accounting policies below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore Dollar (S\$), which is the Company's functional currency. All financial information is presented in Singapore Dollar, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Useful lives of property, plant and equipment

The useful life of an item of property, plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly.

The carrying amounts of the Company's property, plant and equipment as at 31 December 2023 are disclosed in Note 4 to the financial statements.

Provision for expected credit losses (ECLs) of other financial assets

The Company uses the ageing analysis and management's continuous evaluation of the ECLs for other financial assets. In assessing the ultimate realisation of these assets, management considers, among other factors, the creditworthiness and the past collection history of counter parties. If the financial conditions of these counter parties were to deteriorate, resulting in an impairment of their ability to make payments, additional provisions may be required.

The carrying amounts of the Company's other financial assets including other receivables as at 31 December 2023 are disclosed in Note 7 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

In addition, the Company adopted the Amendments to FRS1: *Presentation of Financial Statements* from 1 January 2023. The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in Note 3 in certain instances.

3.1 Financial instruments

(i) Financial assets

Initial recognition and measurement

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

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

Trade receivables are measured at the amount of 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 party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

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

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

Investment in funds with fund managers

Investments that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values is recognised in statement of financial activities in the period in which it arises and presented in “fair value gain on funds”.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.1 Financial instruments (cont'd)

(i) Financial assets (cont'd)

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 profit or loss.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised 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 plus in the case of financial liabilities not at FVPL, net of directly attributable transaction costs.

Subsequent measurement

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

Derecognition

A financial liability is derecognised 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 profit or loss.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(iv) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Company's cash management are included in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.2 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of the asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over their estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Leasehold building	27 years
Furniture and fittings	3 years
Office equipment	3 years

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.3 Impairment

(i) *Non-derivative financial assets and contract assets*

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised costs; and
- contract assets (as defined in FRS115).

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Company applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Company applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.3 Impairment (cont'd)

(i) *Non-derivative financial assets and contract assets (cont'd)*

General approach (cont'd)

The Company considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.3 Impairment (cont'd)

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.4 Employee benefits

(i) Defined contribution plans

The Company makes contributions to the Central Provident Fund scheme, a defined contribution plan in Singapore. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.5 Revenue

(i) Rendering of services

Revenue from rendering of services in the ordinary course of business is recognised when the Company satisfies a performance obligation (PO) by transferring control of a promised service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised services. The individual standalone selling price of a service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations POs.

Transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised services.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

Programme fees

Programme fees are recognised over time as the student residents simultaneously receive and consume the benefits as the Company performed.

(ii) Voluntary income

Voluntary income are recognised as and when they are received.

(iii) Funding from government

Operating grants from government are accounted for on an accrual basis when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant.

(iv) Client's contribution

Clients refer to the residents seeking temporary shelter at crisis shelter. Client's contribution is recognised when received.

(v) Interest income

Interest income is recognised as interest accrues using the effective interest method ("EIR") that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.6 Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

3.7 Funds

(i) Unrestricted funds

Unrestricted funds are expendable at the discretion of the Board of Directors in furtherance of the objects.

(ii) Restricted funds

Restricted funds are donations or grant income held for the needs of the Company as specified by donors or funding organisations.

(iii) Sinking funds

Sinking funds are funds set aside for the Company to pay for expenditure related to land and building.

3.8 Income tax

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

3.9 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2023. The adoption of these standards did not have any material effect on the financial performance and position of the Company.

3.10 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are issued but effective for annual periods beginning on or after 1 January 2024, and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards. None of these are expected to have a significant effect on the financial statements of the Company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

4. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold building</u> S\$	<u>Furniture and fittings</u> S\$	<u>Office equipment</u> S\$	<u>Total</u> S\$
<u>Cost</u>				
Balance at 1/1/2022	5,583,565	381,778	3,578	5,968,921
Additions	-	121,138	-	121,138
Balance at 31/12/2022	5,583,565	502,916	3,578	6,090,059
Additions	-	9,274	-	9,274
Balance at 31/12/2023	5,583,565	512,190	3,578	6,099,333
<u>Accumulated depreciation</u>				
Balance at 1/1/2022	1,305,228	362,345	3,578	1,671,151
Depreciation	217,538	26,510	-	244,048
Balance at 31/12/2022	1,522,766	388,855	3,578	1,915,199
Depreciation	217,538	46,570	-	264,108
Balance at 31/12/2023	1,740,304	435,425	3,578	2,179,307
<u>Net carrying amount</u>				
Balance at 31/12/2022	4,060,799	114,061	-	4,174,860
Balance at 31/12/2023	3,843,261	76,765	-	3,920,026

Leasehold building

The leasehold building is situated on land that is owned by the Good Shepherd Nuns in Malaya which is a charitable organisation. The development of the building was partially funded by the government with the condition to operate the place as a “Place of Safety” under the Children and Young Persons Act and no other purpose.

5. FUNDS WITH FUND MANAGERS

The investment in funds is all mandatorily measured at fair value through profit or loss.

	<u>2023</u> S\$	<u>2022</u> S\$
<u>Unquoted funds, at FVPL</u>		
Balance at beginning of the financial year	4,600,000	-
Additions	-	6,000,000
Disposal	-	(1,400,000)
Fair value gain recognised in statement of financial activities	171,043	-
Balance at end of the financial year	4,771,043	4,600,000
Bonds Fund	4,285,012	4,100,000
Multi-Asset Fund	486,031	500,000
	4,771,043	4,600,000

Fair value measurement of the funds is disclosed in Note 24(ii).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

6. TRADE RECEIVABLES

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Trade receivables:		
- Third parties, at amortised cost	<u>3,244</u>	<u>8,357</u>

The trade receivables are non-interest bearing, unsecured and generally on Nil days' (2022: Nil days') terms. They are recognised at their original invoice amounts which represents their fair value on initial recognition.

7. OTHER RECEIVABLES

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Deposits	13,099	9,699
Interest receivable	54,489	5,697
Other receivables - related parties	39,885	30,798
At amortised cost	107,473	46,194
Government grant receivable	171,022	36,980
Prepayment	9,132	8,115
	<u>287,627</u>	<u>91,289</u>

8. FIXED DEPOSITS

Fixed deposits are placed with financial institutions and mature within 1 to 12 months (2022: 3 to 12 months). The effective interest ranged between 0.15% to 3.55% (2022: 0.35% to 3.62%) per annum. Included in the fixed deposits are (i) an amount of S\$1,269,641 (2022: S\$1,226,946) designated for the Sinking Fund; and (ii) an amount of S\$10,000 (2022: S\$Nil) pledged to banker for the application of corporate credit card.

9. CASH AND BANK BALANCES

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Cash at bank	3,044,678	3,748,848
Cash on hand	11,600	13,600
Cash and cash equivalents as per statement of cash flows	<u>3,056,278</u>	<u>3,762,448</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. FUNDS

(i) Unrestricted funds

General funds

The general funds represent cumulative surpluses available for general use for the furtherance of the Company's objectives.

Sinking fund

The sinking fund is used to fund for expenditure related to land and buildings including leases payment, property development, alteration and maintenance, and such other expenses subject to the approval by Board of Directors.

(ii) Restricted fund

For AGS and GSC, these centres receive government grants and public donations. Any excess of the grants received for these centres are ring-fenced for the operations of these centres. Any deficit in these funds will be met by the Company's general funds.

For IPAC and SGC, these centres are set up as pilot projects which are solely funded by government grants. The excess of funds received for these centres is ring-fenced for the operations of the programmes only. Any deficit in these funds will be met by the Company's general funds.

11. DEFERRED CAPITAL GRANT

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Balance at beginning of the financial year	2,640,442	2,772,922
Amortisation recognised in statement of financial activities	<u>(132,477)</u>	<u>(132,480)</u>
Balance at end of the financial year	<u>2,507,965</u>	<u>2,640,442</u>
Presented in the statement of financial position as:		
Current	132,480	132,480
Non-current	<u>2,375,485</u>	<u>2,507,962</u>
	<u>2,507,965</u>	<u>2,640,442</u>

This refers to the government grant received by the Company for the purpose of the construction of the children's block at Good Shepherd Place. This is amortised over the useful life of the children's block. The grant represents the net amount after deducting an amount of S\$1,522,875 that was returned to the government during the previous years. The reason for the partial return of the grant was due to the Company's decision not to proceed with a certain programme that was initially to be housed on the second level of the children's block.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

12. OTHER PAYABLES

	<u>Note</u>	<u>2023</u> S\$	<u>2022</u> S\$
Accruals		304,150	200,866
Refundable deposits	a	69,890	67,860
Other payables		121,705	129,445
At amortised cost		495,745	398,171
Contract liabilities	b	22,630	23,450
		<u>518,375</u>	<u>421,621</u>

a. Refundable deposits

Refundable deposits are those collected by GSSC upon registration of the children in the Centre. These will be refunded when the children withdraw from the student care centre.

b. Contract liabilities

Contract liabilities represent programme fees received in advance from the parents of student residents. Contract liabilities are recognised as revenue when the Company fulfils its performance obligations.

13. VOLUNTARY INCOME – TAX EXEMPT RECEIPT

The Company enjoys a concessionary tax treatment whereby qualifying donors are granted 2.5 times double tax deduction for the donations made to the Company. This status was renewed from 1 July 2023 to 30 June 2026.

	<u>2023</u> S\$	<u>2022</u> S\$
<u>Included in the voluntary income:</u>		
Donations for which tax exempt receipts were issued	<u>358,257</u>	<u>399,425</u>

14. OTHER INCOME

	<u>Unrestricted</u> <u>funds</u> S\$	<u>Restricted</u> <u>funds</u> S\$	<u>Total</u> S\$
<u>2023</u>			
Other fees	25,474	-	25,474
Rental income	693	1,777	2,470
	<u>26,167</u>	<u>1,777</u>	<u>27,944</u>
<u>2022</u>			
Other fees	23,877	-	23,877
Rental income	591	854	1,445
	<u>24,468</u>	<u>854</u>	<u>25,322</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

15. MANPOWER COSTS

	Unrestricted <u>funds</u> S\$	Restricted <u>funds</u> S\$	<u>Total</u> S\$
<u>2023</u>			
<i>Cost of charitable activities</i>			
Salaries and bonuses	636,417	2,564,754	3,201,171
Contributions to defined contribution plans	95,609	374,115	469,724
Other short term benefits	46,867	120,703	167,570
	<u>778,893</u>	<u>3,059,572</u>	<u>3,838,465</u>
<i>Governance costs</i>			
Salaries and bonuses	42,120	-	42,120
Contributions to defined contribution plans	3,637	-	3,637
Other short term benefits	3,390	-	3,390
	<u>49,147</u>	<u>-</u>	<u>49,147</u>
<u>2022</u>			
<i>Cost of charitable activities</i>			
Salaries and bonuses	570,551	2,443,680	3,014,231
Contributions to defined contribution plans	78,703	347,477	426,180
Other short term benefits	18,714	84,229	102,943
	<u>667,968</u>	<u>2,875,386</u>	<u>3,543,354</u>
<i>Governance costs</i>			
Salaries and bonuses	24,953	-	24,953
Contributions to defined contribution plans	2,065	-	2,065
Other short term benefits	623	-	623
	<u>27,641</u>	<u>-</u>	<u>27,641</u>

16. PROPERTY RELATED COSTS

	Unrestricted <u>funds</u> S\$	Restricted <u>funds</u> S\$	<u>Total</u> S\$
<u>2023</u>			
<i>Cost of charitable activities</i>			
IT services	2,795	6,206	9,001
Maintenance of land and building	3,890	197,786	201,676
Purchase of low-value assets	938	5,065	6,003
Rental	-	37,763	37,763
	<u>7,623</u>	<u>246,820</u>	<u>254,443</u>
<i>Governance costs</i>			
IT services	6,711	-	6,711
Maintenance of land and building	28,701	-	28,701
Purchase of low-value assets	3,599	-	3,599
	<u>39,011</u>	<u>-</u>	<u>39,011</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. PROPERTY RELATED COSTS (CONT'D)

	Unrestricted <u>funds</u> S\$	Restricted <u>funds</u> S\$	<u>Total</u> S\$
<u>2022</u>			
<i>Cost of charitable activities</i>			
Maintenance of land and building	2,184	99,614	101,798
Maintenance of equipment and furnishings	4,613	38,583	43,196
Maintenance of motor vehicles	-	185	185
Purchase of equipment	7	2,275	2,282
Rental	-	37,478	37,478
	<u>6,804</u>	<u>178,135</u>	<u>184,939</u>
<i>Governance costs</i>			
Maintenance of land and building	17,362	-	17,362
Maintenance of equipment and furnishings	11,866	-	11,866
Purchase of equipment	5,321	-	5,321
	<u>34,549</u>	<u>-</u>	<u>34,549</u>

17. OPERATING COSTS

	Unrestricted <u>funds</u> S\$	Restricted <u>funds</u> S\$	<u>Total</u> S\$
<u>2023</u>			
<i>Cost of charitable activities</i>			
Clients assistance	5,518	17,016	22,534
Enrichment programme costs	5,765	45,321	51,086
Food and refreshments	19,586	51,987	71,573
Professional fees	730	2,875	3,605
	<u>31,599</u>	<u>117,199</u>	<u>148,798</u>
<i>Governance costs</i>			
Professional fees	5,792	-	5,792
<u>2022</u>			
<i>Cost of charitable activities</i>			
Clients assistance	1,456	13,940	15,396
Enrichment programme costs	3,604	36,997	40,601
Food and refreshments	15,474	51,803	67,277
Professional fees	1,626	8,276	9,902
	<u>22,160</u>	<u>111,016</u>	<u>133,176</u>
<i>Governance costs</i>			
Professional fees	5,341	-	5,341

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

18. ADMINISTRATIVE COSTS

	Unrestricted <u>funds</u> S\$	Restricted <u>funds</u> S\$	<u>Total</u> S\$
<u>2023</u>			
<i>Cost of charitable activities</i>			
Household supplies	493	6,231	6,724
Insurance	7,258	25,030	32,288
Postage and communications	2,700	8,501	11,201
Printing and stationery	581	1,007	1,588
Rental of office equipment	907	2,155	3,062
Transportation	45	5,402	5,447
Utilities	10,152	47,843	57,995
Others	1,971	6,566	8,537
	24,107	102,735	126,842
<i>Governance costs</i>			
Insurance	2,720	-	2,720
Postage and communications	5,121	-	5,121
Printing and stationery	2,771	-	2,771
Rental of office equipment	1,722	-	1,722
Transportation	99	-	99
Utilities	15,255	-	15,255
Others	7,859	-	7,859
	35,547	-	35,547
<u>2022</u>			
<i>Cost of charitable activities</i>			
Household supplies	562	7,099	7,661
Insurance	6,943	26,235	33,178
Postage and communications	1,805	5,945	7,750
Printing and stationery	1,107	3,554	4,661
Rental of office equipment	974	2,247	3,221
Transportation	424	10,847	11,271
Utilities	7,539	51,158	58,697
Others	1,391	8,322	9,713
	20,745	115,407	136,152
<i>Governance costs</i>			
Insurance	2,808	-	2,808
Postage and communications	3,361	-	3,361
Printing and stationery	5,613	-	5,613
Rental of office equipment	1,708	-	1,708
Transportation	42	-	42
Utilities	19,573	-	19,573
Others	8,832	-	8,832
	41,937	-	41,937

**NOTES TO THE FINANCIAL STATEMENTS
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19. FUND-RAISING ACTIVITY

	<u>2023</u> S\$	<u>2022</u> S\$
Income	82,188	-
Expenditure	-	-
Net surplus	<u>82,188</u>	<u>-</u>
Fund-raising efficiency ratio	<u>100%</u>	<u>-</u>

20. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year:

	<u>2023</u> S\$	<u>2022</u> S\$
Donations received from related parties	564,000	564,000
Maintenance expense allocated to a related party	25,571	50,052
Utilities expense allocated to a related party	37,475	26,026
Payment on behalf of a related party	<u>33,093</u>	<u>28,856</u>

Compensation of key management personnel

Key management of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The directors are also considered as key management personnel of the Company but do not receive any remuneration from the Company.

	<u>2023</u> S\$	<u>2022</u> S\$
<u>Key management personnel</u>		
Salaries and bonuses	135,000	146,300
Contributions to defined contribution plans	<u>6,683</u>	<u>7,141</u>

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management is integral to the whole business of the Company. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

No derivatives shall be undertaken except for use as hedging instruments where appropriate and cost-efficient. The Company does not apply hedge accounting.

The key financial risks include credit risk, liquidity risk and market risk. The following provide details regarding the Company's exposure to the risks and the objectives, policies and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS
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21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

21.1 Credit risk

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

The Company has adopted a policy of only dealing with creditworthy counterparties. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 90 days, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

To minimise credit risk, the Company has developed and maintained the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Company's own trading records to rate its major customers and other debtors.

The Company's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

**NOTES TO THE FINANCIAL STATEMENTS
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21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

21.1 Credit risk (cont'd)

The table below details the credit quality of the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	<u>Note</u>	<u>Category</u>	12-month or lifetime <u>ECL</u>	Gross carrying <u>amount</u> S\$	Loss <u>allowance</u> S\$	Net carrying <u>amount</u> S\$
31 December 2023						
Trade receivables	(6)	Note 1	Lifetime ECL (simplified)	3,244	-	3,244
Other receivables (excluding government grant receivable and prepayment)	(7)	I	12-month ECL	107,473	-	107,473
Fixed deposits	(8)	I	12-month ECL	4,880,955	-	4,880,955
Cash and bank balances	(9)	I	12-month ECL	3,056,278	-	3,056,278
					<u>-</u>	
31 December 2022						
Trade receivables	(6)	Note 1	Lifetime ECL (simplified)	8,357	-	8,357
Other receivables (excluding government grant receivable and prepayment)	(7)	I	12-month ECL	46,194	-	46,194
Fixed deposits	(8)	I	12-month ECL	2,702,058	-	2,702,058
Cash and bank balances	(9)	I	12-month ECL	3,762,448	-	3,762,448
					<u>-</u>	

Trade receivables (Note 1)

For trade receivables, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Company determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

21.1 Credit risk (cont'd)

Trade receivables (Note 1) (cont'd)

	Trade receivables	
	Days past due	
	≤ 30 days S\$	Total S\$
31 December 2023		
Trade receivables	3,244	3,244
Individually impaired	-	-
Estimated total gross carrying amount at default	3,244	3,244
ECL rate	0%	
ECL	-	-
		<u>3,244</u>
31 December 2022		
Trade receivables	8,357	8,357
Individually impaired	-	-
Estimated total gross carrying amount at default	8,357	8,357
ECL rate	0%	
ECL	-	-
		<u>8,357</u>

Other non-derivative financial assets

The Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

21.2 Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Company finances its working capital requirements through funds generated from operations. The directors are satisfied that funds are available to finance the operations of the Company.

The Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations profile are equivalent to their carrying amounts and are recoverable or repayable within one year.

**NOTES TO THE FINANCIAL STATEMENTS
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21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

21.3 Market risk

The investment portfolio includes bonds and equities managed by external asset managers. It is subject to market risk arising from market price fluctuations mainly due to changes in interest rates and equity prices. There is no foreign exchange risk given that all investments are denominated in Singapore Dollar. Direct financial derivatives are strictly prohibited.

The Investment Committee adheres to the Investment Policy established and approved by the Board of Directors. The Investment Policy stipulates the investment guidelines and terms of reference including portfolio review frequency, monitoring and evaluation of the performance of asset managers.

In prior year, a realised loss of S\$173,054 was recognised due to the closure and liquidation of the equity fund namely Catholic Values Fund managed by Wellington Management. The said fund closure was initiated by Wellington Management arising from their decision to discontinue this investment strategy.

22. FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of the financial instruments in each of the categories are as follows:

	<u>2023</u>	<u>2022</u>
	S\$	S\$
Financial assets measured at FVPL:		
- Funds with fund managers	<u>4,771,043</u>	<u>4,600,000</u>
Financial assets measured at amortised cost:		
- Trade receivables	3,244	8,357
- Other receivables (excluding government grant receivable and prepayment)	107,473	46,194
- Fixed deposits	4,880,955	2,702,058
- Cash and bank balances	<u>3,056,278</u>	<u>3,762,448</u>
	<u>8,047,950</u>	<u>6,519,057</u>
Financial liability measured at amortised cost:		
- Other payables (excluding contract liabilities)	<u>495,745</u>	<u>398,171</u>

23. FUND MANAGEMENT

The Board of Directors reviews the Company's unrestricted reserves annually to ensure that the Company will be able to continue as a going concern. The reserve target is established at a level equivalent to two times the amount of the Company's annual operating expenditure.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

24. FAIR VALUE OF ASSETS

(i) Fair value hierarchy

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(ii) Assets measured at fair value

The following table shows an analysis of each class of assets measured at fair value at the reporting date:

	<u>2023</u>			
	Fair value measurements at the report date using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant observable inputs (Level 3)	Total
	S\$	S\$	S\$	S\$
<u>Financial assets</u>				
Funds with fund managers (Note 5)	-	4,771,043	-	4,771,043
Financial assets as at 31 December 2023	-	4,771,043	-	4,771,043
	<u>2022</u>			
	Fair value measurements at the report date using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant observable inputs (Level 3)	Total
	S\$	S\$	S\$	S\$
<u>Financial assets</u>				
Funds with fund managers (Note 5)	-	4,600,000	-	4,600,000
Financial assets as at 31 December 2022	-	4,600,000	-	4,600,000

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

24. FAIR VALUE OF ASSETS (CONT'D)

(iii) Assets and liabilities not measured at fair value

The carrying amounts of trade and other receivables, fixed deposits, cash and bank balances and other payables are reasonable approximation of fair values, either due to their short-term nature; that they are subject to normal trade credit term; or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.