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

AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022

MARYMOUNT CENTRE
(Incorporated in the Republic of Singapore)

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

CONTENTS

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 2022.

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 2022 and the financial performance, 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, Chapter 37 and Singapore Financial Reporting Standards; 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:

Ho Teik Tiong
Jane Marie Ng Yin Gek
Joycelyn Ong Yueh Ling
Liew Nyuk Yen
Natalie Siew Hui Zhen
Quek Toi Wee
Salomi Cruz Anselm Cruz
Tang Edmund Koon Kay
Winnie Foo (Winnie Fu Wenjing)
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

Quek Toi Wee
Director

Jane Marie Ng Yin Gek
Director

Singapore
14 APR 2023

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 2022, 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Companies Act"), the Charities Act, 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 2022 and of the financial performance, changes in funds and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement (set out on pages 1 and 2), 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.

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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.

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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
14 April 2023

Singapore Assurance PAC
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MARYMOUNT CENTRE
(Incorporated in the Republic of Singapore)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 S$	2021 S$
ASSETS			
Non-current assets			
Property, plant and equipment	(4)	4,174,860	4,297,770
Funds with fund manager	(5)	4,600,000	-
		8,774,860	4,297,770
Current assets			
Trade receivables	(6)	8,357	3,030
Other receivables	(7)	91,289	113,334
Fixed deposits	(8)	2,702,058	6,775,018
Cash and bank balances	(9)	3,762,448	3,309,844
		6,564,152	10,201,226
Total assets		15,339,012	14,498,996
FUNDS AND LIABILITIES			
Funds			
Unrestricted funds			
General funds	(10)	4,235,668	7,520,539
Sinking fund	(10)	6,000,000	2,000,000
		10,235,668	9,520,539
Restricted funds			
Ahuva Good Shepherd	(10)	-	-
Good Shepherd Centre	(10)	970,795	900,128
Interim Placement and Assessment Centre	(10)	758,411	799,531
Small Group Care	(10)	312,075	75,797
		2,041,281	1,775,456
Total funds		12,276,949	11,295,995
Non-current liability			
Deferred capital grant	(11)	2,507,962	2,640,442
Current liabilities			
Deferred capital grant	(11)	132,480	132,480
Other payables	(12)	421,621	430,079
		554,101	562,559
Total funds and liabilities		15,339,012	14,498,996

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 2022

	Note	Unrestricted funds 2022 S$	Restricted funds 2022 S$	Total 2022 S$	Total 2021 S$
Income					
Income from generated funds					
Voluntary income	(13)	1,044,008	45,400	1,089,408	1,433,117
Funding from government		237,352	116,138	353,490	555,447
Investment (loss)/income		(164,793)	248	(164,545)	19,191
Income from charitable activities					
Clients' contribution		-	17,275	17,275	15,635
Funding from government		12,734	3,282,570	3,295,304	3,199,093
Programme fees		761,108	1,640	762,748	679,113
Other income	(14)	24,468	854	25,322	27,890
		1,914,877	3,464,125	5,379,002	5,929,486
Expenditure					
Cost of charitable activities					
Manpower costs	(15)	667,968	2,875,386	3,543,354	3,101,544
Other costs					
- Depreciation		3,450	233,901	237,351	230,021
- Property related costs	(16)	6,804	178,135	184,939	169,380
- Operating costs	(17)	22,160	111,016	133,176	112,604
- Administrative costs	(18)	20,745	115,407	136,152	136,801
Governance costs					
Manpower costs	(15)	27,641	-	27,641	66,270
Audit fees		9,375	37,536	46,911	41,545
Depreciation		6,697	-	6,697	17,564
Property related costs	(16)	34,549	-	34,549	67,777
Operating costs	(17)	5,341	-	5,341	4,933
Administrative costs	(18)	41,937	-	41,937	36,894
		846,667	3,551,381	4,398,048	3,985,333
Surplus/(deficit) for the financial year		1,068,210	(87,256)	980,954	1,944,153

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 2022

	Unrestricted funds		Restricted funds				
	General funds S$	Sinking fund S$	Ahuva Good Shepherd S$	Good Shepherd Centre S$	Interim Placement and Assessment Centre S$	Small Group Care S$	Total S$
Balance at 1 January 2021	8,059,066	-	-	707,969	584,807	-	9,351,842
Surplus/(Deficit) for the financial year	1,736,132	-	(274,659)	192,159	214,724	75,797	1,944,153
Transfer (to)/from other funds	(2,274,659)	2,000,000	274,659	-	-	-	-
Balance at 31 December 2021	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

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 2022

	Note	2022 S$	2021 S$
Cash flows from operating activities			
Surplus for the financial year		980,954	1,944,153
Adjustments for:			
Amortisation of deferred capital grant	(11)	(132,480)	(132,480)
Depreciation of property, plant and equipment	(4)	244,048	247,585
Interest income on fixed deposits		(8,509)	(19,191)
Loss on disposal of investment		173,054	-
Operating surplus before working capital changes		1,257,067	2,040,067
Changes in working capital:			
Trade receivables		(5,327)	(2,740)
Other receivables		19,621	(10,151)
Other payables		(8,458)	12,707
Net cash from operating activities		1,262,903	2,039,883
Cash flows from investing activities			
Acquisition of funds	(5)	(6,000,000)	-
Interest received		10,933	11,070
Proceed from disposal of funds		1,226,946	-
Purchase of property, plant and equipment	(4)	(121,138)	(7,070)
Withdrawal/(placement) of fixed deposits		4,072,960	(3,025,000)
Net cash used in investing activities		(810,299)	(3,021,000)
Net increase/(decrease) in cash and cash equivalents		452,604	(981,117)
Cash and cash equivalents at beginning of the financial year		3,309,844	4,290,961
Cash and cash equivalents at end of the financial year	(9)	3,762,448	3,309,844

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

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, Chapter 37 and is an approved Institutions 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 (2021: 4) members at the end of the year.

The Company currently operates 5 Centres specifically providing:

(i) Ahuva Good Shepherd ("AGS"):
Residential care for girls aged between 4 to 18 years old from single parent families or from families in which parents are not able to cope with child and/or experiencing marital discord;

(ii) Good Shepherd Student Care ("GSSC"):
After school care for children aged between 7 to 14 years old who need adult supervision, and/or come from single parent and low income family;

(iii) Good Shepherd Centre ("GSC"):
Crisis shelter for abused women, mothers and their children and foreign domestic workers and women in pregnancy crisis and trafficking-in-person;

(iv) Interim Placement and Assessment Centre ("IPAC"):
Interim placement for children aged between 4 to 14 years old while their cases are assessed and investigated by the Ministry of Social and Family Development (Child Protective Service); and

(v) Small Group Care ("SGC"):
Residential care for girls aged between 7 to 12 years old to receive treatment and intervention for a period up to 18 months.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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 2022 are disclosed in Note 4 to the financial statements.

Provision for expected credit losses (ECLs) of trade receivables
The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

2. BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

Provision for expected credit losses (ECLs) of trade receivables (cont'd)
The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 20.1.

The carrying amount of the Company's trade receivables as at 31 December 2022 is disclosed in Note 6 to the financial statements.

Provision for 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 2022 are disclosed in Note 7 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Financial instruments (cont'd)

(i) Financial assets (cont'd)

Initial recognition and measurement (cont'd)

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. The Company only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using 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.

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

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 and any cumulative gain or loss that had been recognised in OCI for debt instruments is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Financial instruments (cont'd)

(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, 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

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.

3.3 Leases

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Leases (cont'd)

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Company uses the lessee's incremental borrowing rate as the discount rate.

The Company determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Leases (cont'd)

As a lessee (cont'd)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' in the statement of financial position.

Short-term leases and leases of low-value assets
The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.4 Impairment

(i) Non-derivative financial assets and contract assets

The Company recognises loss allowances for ECLs on:
- financial assets measured at amortised costs;
- contract assets (as defined in FRS115); and
- lease receivables.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Impairment (cont'd)

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

General approach (cont'd)
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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Impairment (cont'd)

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

<u>*Credit-impaired financial assets (cont'd)*</u>
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.

<u>*Presentation of allowance for ECLs in the statement of financial position*</u>
Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

<u>*Write-off*</u>
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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Impairment (cont'd)

(ii) Non-financial assets (cont'd)

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.

3.5 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.

3.6 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.7 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Revenue (cont'd)

(i) Rendering of services (cont'd)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 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.

3.9 Funds

(i) Unrestricted funds

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

(ii) Restricted fund

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

3.10 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.

3.11 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 2022. The adoption of these standards did not have any material effect on the financial performance and position of the Company.

3.12 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 2023, and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards. The Company is currently assessing the potential impact of adopting these standards and interpretations, on the financial statements of the Company. None of these are expected to have a significant effect on the financial statements of the Company.

4. PROPERTY, PLANT AND EQUIPMENT

	Leasehold building S$	Furniture and fittings S$	Office equipment S$	Total S$
Cost				
Balance at 1/1/2021	5,583,565	374,708	3,578	5,961,851
Additions	-	7,070	-	7,070
Balance at 31/12/2021	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
Accumulated depreciation				
Balance at 1/1/2021	1,087,690	332,298	3,578	1,423,566
Depreciation	217,538	30,047	-	247,585
Balance at 31/12/2021	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
Net carrying amount				
Balance at 31/12/2021	4,278,337	19,433	-	4,297,770
Balance at 31/12/2022	4,060,799	114,061	-	4,174,860

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 MANAGER

The Company designated the funds with fund manager at FVOCI because these funds represent investments that the Company intends to hold for long-term strategic purposes. These assets are designated for sinking fund.

	2022 S$	2021 S$
Unquoted funds, at FVOCI		
Balance at beginning of the financial year	-	-
Additions	6,000,000	-
Disposal	(1,400,000)	-
Balance at end of the financial year	4,600,000	-
Bonds Fund	4,100,000	-
Multi-Asset Fund	500,000	-
	4,600,000	-

Fair value measurement of the funds is disclosed in Note 23.

6. TRADE RECEIVABLES

	2022 S$	2021 S$
Trade receivables:		
- Third parties	8,357	3,030

The trade receivables are non-interest bearing, unsecured and generally on Nil days' (2021: Nil days') terms. They are recognised at their original invoice amounts which represents their fair value on initial recognition.

7. OTHER RECEIVABLES

	2022 S$	2021 S$
Deposits	9,699	8,909
Government grant receivable	36,980	90,702
Interest receivable	5,697	8,121
Prepayment	8,115	941
Other receivables - related parties	30,798	4,661
	91,289	113,334

8. FIXED DEPOSITS

Fixed deposits are placed with financial institutions and mature within 3 to 12 months (2021: 3 to 12 months). The effective interest ranged between 0.35% to 3.62% (2021: 0.10% to 0.40%) per annum. Included in the fixed deposits is an amount of $1,400,000 (2021: S$2,000,000) designated for the Sinking Fund.

9. CASH AND BANK BALANCES

	2022 S$	2021 S$
Cash at bank	3,748,848	3,294,744
Cash on hand	13,600	15,100
	3,762,448	3,309,844

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.

10. FUNDS (CONT'D)

(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

	2022 S$	2021 S$
Balance at beginning of the financial year	2,772,922	2,905,402
Amortisation	(132,480)	(132,480)
Balance at end of the financial year	2,640,442	2,772,922
Presented in the statement of financial position as:		
Current	132,480	132,480
Non-current	2,507,962	2,640,442
	2,640,442	2,772,922

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 transferred from Marymount Centre (UEN: 84CC0054G) is 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.

12. OTHER PAYABLES

	Note	2022 S$	2021 S$
Accruals		200,866	211,705
Contract liabilities	a	23,450	20,962
Refundable deposits	b	67,860	63,800
Other payables		129,445	133,612
		421,621	430,079

a. 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.

12. OTHER PAYABLES (CONT'D)

b. 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.

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 2020 to 30 June 2023.

	2022 S$	2021 S$
Donations for which tax exempt receipts were issued	399,425	362,348

14. OTHER INCOME

	Unrestricted funds S$	Restricted funds S$	Total S$
2022			
Other fees	23,877	-	23,877
Rental income	591	854	1,445
	24,468	854	25,322
2021			
Other fees	26,352	-	26,352
Rental income	202	1,336	1,538
	26,554	1,336	27,890

15. MANPOWER COSTS

	Unrestricted funds S$	Restricted funds S$	Total S$
2022			
Cost of charitable activities			
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
	667,968	2,875,386	3,543,354
Governance costs			
Salaries and bonuses	24,953	-	24,953
Contributions to defined contribution plans	2,065	-	2,065
Other short term benefits	623	-	623
	27,641	-	27,641

15. MANPOWER COSTS (CONT'D)

	Unrestricted funds S$	Restricted funds S$	Total S$
2021			
Cost of charitable activities			
Salaries and bonuses	444,811	2,139,307	2,584,118
Contributions to defined contribution plans	65,497	325,772	391,269
Other short term benefits	23,058	103,099	126,157
	533,366	2,568,178	3,101,544
Governance costs			
Salaries and bonuses	47,787	-	47,787
Contributions to defined contribution plans	5,683	-	5,683
Other short term benefits	12,800	-	12,800
	66,270	-	66,270

16. PROPERTY RELATED COSTS

	Unrestricted funds S$	Restricted funds S$	Total S$
2022			
Cost of charitable activities			
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
	6,804	178,135	184,939
Governance costs			
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
	34,549	-	34,549
2021			
Cost of charitable activities			
Maintenance of land and building	2,384	89,589	91,973
Maintenance of equipment and furnishings	1,847	42,773	44,620
Maintenance of motor vehicles	-	2,914	2,914
Purchase of equipment	-	1,655	1,655
Rental	-	28,218	28,218
	4,231	165,149	169,380
Governance costs			
Maintenance of land and building	29,551	-	29,551
Maintenance of equipment and furnishings	3,235	-	3,235
Purchase of equipment	34,991	-	34,991
	67,777	-	67,777

17. OPERATING COSTS

	Unrestricted funds S$	Restricted funds S$	Total S$
2022			
Cost of charitable activities			
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
	22,160	111,016	133,176
Governance costs			
Professional fees	5,341	-	5,341
2021			
Cost of charitable activities			
Clients assistance	968	12,758	13,726
Enrichment programme costs	319	31,073	31,392
Food and refreshments	13,215	49,256	62,471
Professional fees	-	5,015	5,015
	14,502	98,102	112,604
Governance costs			
Professional fees	4,933	-	4,933

18. ADMINISTRATIVE COSTS

	Unrestricted funds S$	Restricted funds S$	Total S$
2022			
Cost of charitable activities			
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
Governance costs			
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

18. ADMINISTRATIVE COSTS (CONT'D)

	Unrestricted funds S$	Restricted funds S$	Total S$
2021			
Cost of charitable activities			
Household supplies	4,512	13,265	17,777
Insurance	7,025	23,161	30,186
Postage and communications	1,821	5,871	7,692
Printing and stationery	474	3,420	3,894
Rental of office equipment	829	2,247	3,076
Transportation	36	12,659	12,695
Utilities	6,907	53,415	60,322
Others	109	1,050	1,159
	21,713	115,088	136,801
Governance costs			
Insurance	2,545	-	2,545
Postage and communications	3,905	-	3,905
Printing and stationery	2,653	-	2,653
Rental of office equipment	1,743	-	1,743
Utilities	23,042	-	23,042
Others	3,006	-	3,006
	36,894	-	36,894

19. 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:

	2022 S$	2021 S$
Donations received from related parties	564,000	795,500
Maintenance expense allocated to a related party	50,052	23,399
Utilities expense allocated to a related party	26,026	20,777
Payment on behalf of a related party	28,856	-

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 of the Company.

	2022 S$	2021 S$
Salaries and bonuses	146,300	132,300
Contributions to defined contribution plans	7,141	7,246

20. 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 and liquidity 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.

20.1 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

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

20.1 Credit risk (cont'd)

The Company's current credit risk grading framework comprises the following categories: (cont'd)

Category	Definition of category	Basis for recognising expected credit loss (ECL)
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

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:

	Note	Category	12-month or lifetime ECL	Gross carrying amount S$	Loss allowance S$	Net carrying amount S$
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
					-	
31 December 2021						
Trade receivables	(6)	Note 1	Lifetime ECL (simplified)	3,030	-	3,030
Other receivables (excluding government grant receivable and prepayment)	(7)	I	12-month ECL	21,691	-	21,691
Fixed deposits	(8)	I	12-month ECL	6,775,018	-	6,775,018
Cash and bank balances	(9)	I	12-month ECL	3,309,844	-	3,309,844
					-	

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

20.1 Credit risk (cont'd)

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.

	Trade receivables	
	Days past due	
	≤30 days S$	Total S$
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	-	-
		8,357
31 December 2021		
Trade receivables	3,030	3,030
Individually impaired	-	-
Estimated total gross carrying amount at default	3,030	3,030
ECL rate	0%	
ECL	-	-
		3,030

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.

20.2 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.

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

20.2 Liquidity risk (cont'd)

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.

20.3 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.

A realised loss of S$173,054 (2021: $Nil as investments were only initiated in 2022) was recognised in the current financial year was 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.

21. FINANCIAL INSTRUMENTS BY CATEGORY

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

	2022	2021
	S$	S$
Financial assets measured at FVOCI:		
- Funds with fund manager	4,600,000	-
Financial assets measured at amortised cost:		
- Trade receivables	8,357	3,030
- Other receivables (excluding government grant receivable and prepayment)	46,194	21,691
- Fixed deposits	2,702,058	6,775,018
- Cash and bank balances	3,762,448	3,309,844
	6,519,057	10,109,583
Financial liability measured at amortised cost:		
- Other payables (excluding contract liabilities)	398,171	409,117

22. 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.

23. 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:

	2022			
	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$
Financial assets				
Funds with fund manager				
At FVOCI (unquoted) (Note 5)	-	4,600,000	-	4,600,000
Financial assets as at 31 December 2022	-	4,600,000	-	4,600,000

(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.