

THE SMILE MISSION LTD.

[UEN. 200720373E]

[A Company limited by guarantee and not
having share capital]
[Incorporated in the Republic of Singapore]

**AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019**

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Suhaimi Salleh & Associates

[UEN. S88PF0247L)

Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent, Excalibur Centre
#08-01, Singapore 408571
T: (65) 6846.8376
F: (65) 6491.5218

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited financial statements of The Smile Mission Ltd. (the "Company") for the financial year ended 30 June 2019.

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 30 June 2019, and the financial performance, changes in funds and cash flows of the Company for the financial year then ended; 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.

Directors

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

Vincent Yeow Kok Leng
Tan Swee Kim Josephine
Paul David Wilden
Janice Gan Kha Hwe (Yan Jiahui)
Kong Ho Loon
Tan Kim Kang Sean
Diana Lim Sok Mun

Arrangements to enable directors to acquire benefits

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

Other matters

As the Company is limited by guarantee, matters relating to interest in shares, debentures or share options are not applicable.

Independent auditors

The independent auditors, Messrs. Suhaimi Salleh & Associates, Public Accountants and Chartered Accountants of Singapore, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors,



Vincent Yeow Kok Leng
Director



Tan Swee Kim Josephine
Director

Singapore, **24 FEB 2020**

Suhaimi Salleh & Associates

Public Accountants and
Chartered Accountants of Singapore

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Independent auditor's report to the members of:

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Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Smile Mission Ltd. (the "Company"), which comprise the statement of financial position of the Company as at 30 June 2019, the statement of financial activities, the statement of changes in funds and statement of cash flows of the Company for the financial year ended 30 June 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn in accordance with the provisions of the Companies Act, Chapter 50 (the "Companies Act"), Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Charities Accounting Standard ("CAS"), so as to give a true and fair view of the financial position of the Company as at 30 June 2019 and of the financial performance, changes in funds and cash flows of the Company for the financial 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 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.

**Suhaimi Salleh &
Associates**

Public Accountants and
Chartered Accountants of Singapore

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(CONT'D)

Independent auditor's report to the members of:

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level 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.

**Suhaimi Salleh &
Associates**

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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 the Company has not complied with the requirements of Regulation 7 of the Charities (Fund Raising Appeals for Local and Foreign Charitable Purposes) Regulations 2012.

Suhaimi Salleh & Associates

Suhaimi Salleh & Associates
Public Accountants and
Chartered Accountants

Singapore, **24 FEB 2020**

Partner-in-charge: Soo Hon Weng
PAB. No.: 01089

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONT'D)

	Note	2019		2018 (Restated)	
		Unrestricted Fund S\$	Restricted Funds S\$	Unrestricted Fund S\$	Restricted Funds S\$
EXPENDITURE (CONT'D)					
Cost of charitable activities					
Appliance		0	0	999	0
Bank charges		3,259	0	2,269	0
Business gift		236	0	0	0
Business meals		1,246	0	1,806	0
Community outreach		4,920	108,999	4,358	0
Delivery charges		39,720	0	16,954	0
Depreciation of PPE-medical		0	86,112	0	86,111
Depreciation of PPE-non-medical		1,848	0	1,848	0
Gifts		0	0	81	0
Foreign exchange loss		254	0	433	0
Hospital charge		86,065	0	105,836	0
Insurance		902	0	547	0
Lodging		93,778	0	76,713	0
Marketing others		740	0	5,117	0
Merchandise		7,181	0	4,766	0
Miscellaneous		1,541	0	3,197	0
Office and warehouse rental		33,450	0	33,328	0
Office and non-medical supplies		4,910	0	4,312	0
Patient expenses		12,457	0	31,151	0
Professional services		2,019	0	0	0
Staff costs		342,303	0	284,059	0
Medical supplies		212,686	0	267,699	0
Training expenses		3,009	0	14,115	0
Travel air and visa fee		238,133	0	167,776	0
Travel ground		18,307	0	9,306	0
Utility		400	0	564	0
Working meals		30,130	0	21,768	0
		<u>1,139,494</u>	<u>195,111</u>	<u>1,059,002</u>	<u>86,111</u>
					<u>21,768</u>
					<u>1,145,113</u>

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONT'D)

	Note	2019		2018 (Restated)		Total S\$
		Unrestricted Fund S\$	Restricted Funds S\$	Unrestricted Fund S\$	Restricted Funds S\$	
EXPENDITURE (CONT'D)						
Governance and administrative costs						
Bank charges		212	0	699	0	699
Business meals		400	0	890	0	890
Community outreach		0	0	159	0	159
Delivery charges		282	0	349	0	349
Gifts		0	0	82	0	82
Insurance		2,955	0	2,391	0	2,391
Marketing online		1,446	0	1,423	0	1,423
Marketing others		658	0	1,112	0	1,112
Miscellaneous		3,342	0	1,339	0	1,339
Office rental		29,133	0	27,448	0	27,448
Office equipment rental		1,849	0	5,269	0	5,269
Office supplies		11,491	0	6,120	0	6,120
Professional services		12,600	0	14,690	0	14,690
Staff costs	5	54,723	0	52,702	0	52,702
Travel ground		7,717	0	7,845	0	7,845
Utility		7,944	0	7,734	0	7,734
Working meals		1,488	0	980	0	980
		<u>136,240</u>	<u>0</u>	<u>131,232</u>	<u>0</u>	<u>131,232</u>
TOTAL EXPENDITURE		1,670,313	195,111	1,581,629	86,111	1,667,740
NET (EXPENDITURE)/INCOME FOR THE FINANCIAL YEAR		(196,319)	(86,112)	(45,958)	(86,111)	(132,069)
TOTAL FUNDS BROUGHT FORWARD		582,281	86,112	628,239	172,223	800,462
TRANSFER BETWEEN FUNDS		0	0	0	0	0
TOTAL FUNDS CARRIED FORWARD		<u>385,962</u>	<u>0</u>	<u>582,281</u>	<u>86,112</u>	<u>668,393</u>

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

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2019 S\$	2018 S\$ (Restated)
ASSETS			
Current assets			
Cash and cash equivalents	6	205,863	66,294
Other receivables	7	219,450	416,456
Other assets	8	<u>142,375</u>	<u>229,448</u>
		567,688	712,198
Non-current asset			
Property, plant and equipment	9	<u>0</u>	<u>87,959</u>
Total assets		<u>567,688</u>	<u>800,157</u>
LIABILITY			
Current liability			
Other payables	10	<u>181,726</u>	<u>131,764</u>
Total liability		<u>181,726</u>	<u>131,764</u>
NET ASSETS		<u>385,962</u>	<u>668,393</u>
FUNDS			
Unrestricted fund	11	385,962	582,281
Restricted funds	11	<u>0</u>	<u>86,112</u>
TOTAL FUNDS		<u>385,962</u>	<u>668,393</u>

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

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Balance at beginning of financial year S\$	Net (expenditure)/ income for the financial year S\$	Transfers from/ (to) S\$	Balance at end of financial year S\$
2019				
Unrestricted fund	582,281	(196,319)	0	385,962
Restricted funds	<u>86,112</u>	<u>(86,112)</u>	<u>0</u>	<u>0</u>
Total funds	<u>668,393</u>	<u>(282,431)</u>	<u>0</u>	<u>385,962</u>

	Balance at beginning of financial year S\$	Net income/ (expenditure) for the financial year, as previous reported S\$	(Note 18) Restatement S\$	Transfers from/ (to) S\$	Balance at end of financial year S\$
2018 (Restated)					
Unrestricted fund	628,239	(45,958)	0	0	582,281
Restricted funds	<u>172,223</u>	<u>73,889</u>	<u>(160,000)</u>	<u>0</u>	<u>86,112</u>
Total funds	<u>800,462</u>	<u>27,931</u>	<u>(160,000)</u>	<u>0</u>	<u>668,393</u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

	Note	2019 S\$	2018 S\$ (Restated)
Cash flows from operating activities			
Net expenditure for the financial year		(282,431)	(132,069)
Adjustments for:			
Depreciation	9	<u>87,959</u>	<u>87,959</u>
Operating cash flow before changes in working capital		(194,472)	(44,110)
Changes in working capital			
- Other receivables		197,006	(222,249)
- Other assets		87,073	199,243
- Other payables		<u>49,962</u>	<u>48,463</u>
Net cash used in operating activities, representing net increase / (decrease) in cash and cash equivalents		<u>139,569</u>	<u>(18,653)</u>
Cash and cash equivalents at beginning of financial year		<u>66,294</u>	<u>84,947</u>
Cash and cash equivalents at end of financial year	6	<u>205,863</u>	<u>66,294</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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

1. General information

The Smile Mission Ltd. (the "Company") is incorporated and domiciled in Singapore. The Company's registered office and principal place of business is at 352 Tanglin Road, #01-05 Tanglin International Centre, Singapore 247671.

The Company is a company limited by guarantee and not having share capital. The Company was registered as charity under the Charities Act, Chapter 37 on 17 January 2008.

Every member of the Company undertakes to contribute to the assets of the Company in the event of the same being wound up during the time he is member, or within one year after he ceases to be a member, for payment of the debts and liabilities of the Company contracted before he ceases to be a member, and the costs, charges and expenses of winding up the same, and for adjusting the right of the contributories amongst themselves, such amount as may be required, not exceeding the sum of one dollar.

The principal activities of the Company are those of:

- (i) to research and advance developments and care in the areas of plastic, reconstructive and specialized surgery by such methods as the Directors shall from time to time deem feasible and appropriate for people in necessitous circumstances;
- (ii) to improve training and education programmes for medical doctors and other professionals to expand the base of qualified persons in Singapore;
- (iii) to encourage volunteerism and awareness in Singapore;
- (iv) to sponsor and/or coordinate special projects to deliver services, health care, and education where necessary, in the areas of plastic, reconstructive and specialised surgery to patients otherwise unable to afford or obtain such services;
- (v) to encourage or fund relevant research in the field of cleft and craniofacial surgery for the purpose of identifying etiological factors, improving outcomes and preventing disease;
- (vi) to sponsor and/ or coordinate fundraising projects to raise funds for various projects, medical missions and other interests of the Company. These fundraising projects are to include car washes, dinner functions, outings and any other fundraising activities or projects necessary for the raising of funds for the purposes of expanding and developing the interest of the Company;
- (vii) to develop the necessary organisational structures of volunteers, so that they may provide health care and sustain the Company's programmes in coming years;
- (viii) in the achievement of the Objects:
 - the Company shall send volunteer doctors and others to collaborate in the organisation of educational missions and programmes;
 - the beneficiaries of instruction and training programmes provided by the Company shall return the benefits they receive by rendering volunteer work for the projects conducted by the Company as approved by the relevant government authorities;
 - the acts referred to in Clause 3(3) shall be carried out by the Company through missions organised preferably in local public hospitals;
- (ix) to strictly adhere to appropriate care standards necessary to the care of patients with craniofacial abnormalities;
- (x) to take such steps and to do all such things as may from time to time be deemed necessary expedient or desirable to make known the Objects of the Company and to procure and encourage contributions subscriptions donations or otherwise; and

1. General information (Cont'd)

The principal activities of the Company are those of (Cont'd):

- (xi) to do all such other things as are incidental or conducive to the attainment of the abovementioned objects or any of them provided that nothing shall be done for commercial reasons or solely for profit and particularly as follows:
- subject to the provisions of Section 23 of the Companies Act (Chapter 50) or any statutory modification thereof for the time being in force, to purchase, take on lease, hire or otherwise acquire any land then the Company shall obtain such license (if any) as may be required by the law;
 - with the approval of at least a majority of the members and in accordance with the Articles of Association, to sell, manage, lease, dispose of or otherwise deal with all or any part of the property of the Company for the purposes of the Company;
 - with prior approval of at least a majority of the members and in accordance with the Articles of Association, to raise money for the objects and purposes of the Company in such manner as the Company may think fit;
 - to invest the monies of the Company not immediately required for its purposes in or upon such investment, securities or property as may be thought fit, subject nevertheless to such conditions (if any) and such consents (if any) as may for the time being be imposed or required by law and to appoint from time to time professional fund managers for the purposes of managing and investing the monies of the Company;
 - to construct, maintain, alter and upkeep any house, building, or works necessary or convenient for the purposes of the Company;
 - to accept subscriptions, donations (whether of real or personal estate) and demises and bequests and collaborating with charity and/or charitable medical organisations in fund-raising exercises;
 - to invite, issue, appeal for, and solicit subscriptions, benefactions, donations, and bequests to or for the Company for the purposes of the Company;
 - to establish and maintain such banking account or accounts as it thinks fit into such of which as may be appropriate shall be paid forthwith all monies for the time being belonging to the Company; and
 - to pay all costs, charges and expenses incurred or sustained in or about the promotion and establishment of the Company and to remunerate any person or persons for services rendered in the promotion or establishment of the Company.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Charities Accounting Standards ("CAS") and the disclosure requirements of the Charities Act, Chapter 37. The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

These financial statements are presented in Singapore Dollar ("S\$"), which is the functional currency of the Company.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2. Significant accounting policies (Cont'd)

2.2 Income recognition

Income comprises the fair value of the consideration received or receivable in the ordinary course of the Company's activities. Income is recognised as follows:

2.2.1 Donations and sponsorships

Revenue from donations and sponsorships are accounted for when received, except for committed donations and sponsorships that are recorded when the commitments are signed. Such income is only deferred when the donor specifies that the grant or donation must be used in future accounting periods or the donor has imposed conditions that must be met before the Company has unconditional entitlement.

2.2.2 Donation in-kind

Donation in-kind is included in the statement of financial activities based on an estimate of their fair value at the date of the receipt of the donation. The donation is recognised if its amount can be measured reliably and there is certainty that it will be received.

2.2.3 Fund raising income

Fund raising income is recognised in the period in which the event takes place.

2.2.4 Merchandise sales

Income from merchandise sale is recognised when the items have been delivered to the customers and the customers have accepted the items and collectability of the related receivables are reasonably assured.

2.2.5 Grants income

Grants income are recognised at their fair value when there is reasonable assurance that the grants will be received and all attached conditions will be complied with.

2.2.6 Other income

Other income is recognised when received.

2.3 Expenditure recognition

All expenditure is accounted for on accrual basis, aggregated under the respective areas. Direct costs are attributed to the activity where possible, where costs are not wholly attributable to an activity, they are apportioned on a basis consistent with the use of resources.

2.3.1 Cost of generating funds

Cost of generating funds comprises all directly attributable costs incurred in the generating voluntary income and fundraising activities. These costs include costs related to constitutional and statutory requirements and an apportionment of overhead and shared costs.

2.3.2 Cost of charitable activities

Cost of charitable activities comprises all directly attributable costs incurred in the pursuit of the charitable objects of the Company and an apportionment of overhead and shared costs.

2. Significant accounting policies (Cont'd)

2.3 Expenditure recognition (Cont'd)

2.3.3 Governance and administrative costs

Governance costs include the cost of governance arrangement, which related to the general running of the Company, providing governance infrastructure and ensuring public accountability. These costs include costs related to constitutional and statutory requirements and an apportionment of overhead and shared costs.

Expenditures are further classified to local and foreign to identify the primary beneficiary of the expenditure incurred.

(i) Local

Local expenditure refers to the following:

- (1) Expenses with restriction to the following programmes – Singapore Care, Student Initiative, Training & Education and Volunteering;
- (2) Expenses with restriction to foreign countries, if there is a benefit to Singapore – based volunteers;
- (3) Expenses that has a direct or extended benefit to Singapore-based volunteers;
- (4) Expenses relating to foreign-based volunteers that directly benefit Singapore-based beneficiaries and/or volunteers. Their involvement can be as trainers, speakers, co-volunteers and the likes that help build local skills and capacity;
- (5) Expenses relating to foreign-based visitors in Singapore, if the trip is made to benefit the Company in capacity building;
- (6) Expenses relating to international conferences/seminars/trainings held in Singapore that benefits the Company and Singapore-based volunteers;
- (7) Expenses relating to international conferences/seminars/trainings held overseas, but expended on Singapore-based officials and volunteers;
- (8) Expense under Programme-Surgical Mission (PM) for all volunteer-related expenses for fully supported and substantially supported missions. (Based on justification that Singapore-based volunteers need to work with foreign volunteers for co-learning;
- (9) Expenses under PM for all volunteer-related expense for partially supported missions if expended on Singapore-based volunteers;
- (10) Expenses incurred on equipment, if primarily held in Singapore; and
- (11) Expense relating to administering and building organisational capacity of the Company office (Support- Administration, Development).

(ii) Other (Foreign)

Other expenditure refers to the following:

- (1) Expenses that has no direct or extended benefit to Singapore-based volunteers;
- (2) Expenses relating to foreign-based volunteers, when their activities do not benefit Singapore-based volunteers;
- (3) Expenses expended in Singapore, but with the intent to benefit a foreign-based community;
- (4) Expenses under PM for all patient-related expenses- Medical Supply, Patient Lodging, Patient Meal, Patient Management and Patient Transport (Based in the justification that during a surgery, the patient is most benefited. Experience gained by the healthcare professional is discounted here);
- (5) Expenses on partially supported missions for all foreign-based volunteers;
- (6) Expenses under Programme- Outreach Centre; and
- (7) Expenses incurred on equipment, if primarily held in a foreign country.

2. Significant accounting policies (Cont'd)

2.4 Property, plant and equipment

2.4.1 Measurement

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

2.4.2 Depreciation

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Computers	1 year
Furniture and fittings	3 years
Medical equipment	3 years
Office equipment	1 year
Renovation	3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in the statement of financial activities in the financial year in which the changes arise.

2.4.3 Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that have already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expenses in the statement of financial activities during the financial year in which it is incurred.

2.4.4 Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposals proceeds and its carrying amount is taken to the statement of financial activities. Fully depreciated asset still in use are retained in the financial statements.

2.5 Financial assets

2.5.1 Recognition and measurement

Receivables, excluding prepayments, are initially recognised at their transaction price, excluding transaction costs, if any. Transaction costs are recognised as expenditure in the statement of financial activities as incurred. Prepayments are initially recognised at the amount paid in advance for the economic resources expected to be received in the future.

Receivables in financial assets are subsequently measured at cost less accumulated impairment losses.

2. Significant accounting policies (Cont'd)

2.5 Financial assets (Cont'd)

2.5.2 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.5.3 Impairment

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

An allowance for impairment of other receivables is recognised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognised in the statement of financial activities within "Governance and administrative costs".

Subsequently, if the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss will be reversed. The reversal will not result in any carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of reversal is recognised in the statement of financial activities.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions, which are subject to an insignificant risk of changes in value.

2.7 Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument and are classified according to the substance of the contractual arrangements entered into. All interest related charges are recognised in the statement of financial activities. Financial liabilities include "Other payables".

Financial liabilities are derecognised when the obligations under the liability are discharged, cancelled or expired. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability or are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of financial activities.

2.8 Other payables

Other payables excluding accruals, are recognised at their transaction price, excluding transaction cost, if any, both at initial recognition and at subsequent measurement. Transaction costs are recognised as expenditure in the statement of financial activities as incurred. Accruals are recognised at the best estimate of the amount payable.

2. Significant accounting policies (Cont'd)

2.9 Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the statement of financial activities on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Rental on operating lease is charged to the statement of financial activities.

2.10 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.11 Employee compensation

2.11.1 Defined contribution plans

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.11.2 Employee leave entitlement

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 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.

2.12 Funds

Restricted fund balances are restricted by outside sources and may only be utilised in accordance with the purposes for which they are established. Designated funds are earmarked for specific purposes and are largely made up of funds allocated at the discretion of the Board of Directors. These designated funds are treated as restricted funds as they contain funds restricted by outside sources.

The Board of Directors retains full control over the use of unrestricted funds for any of the Company's purposes.

2.13 Currency translation

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in statement of financial activities.

2.14 Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefit is probable.

3. Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenditure, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. 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.

The management is of the opinion that there are no significant judgements made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Income tax

The Company is a charity registered under the Charities Act since 17 January 2008. Consequently, the income of the Company is exempted from tax under the provisions of Section 13 of the Income Tax Act Cap. 134.

5. Staff costs

	2019 S\$	2018 S\$
CPF and SDL contributions	45,086	38,892
Salaries and bonuses	416,664	345,253
Staff medical and welfare benefits	2,754	2,626
	<u>464,504</u>	<u>386,771</u>

The staff costs were allocated as follows:

- Cost of generating funds	67,478	50,010
- Cost of charitable activities	342,303	284,059
- Governance and administrative costs	54,723	52,702
	<u>464,504</u>	<u>386,771</u>

6. Cash and cash equivalents

	2019 S\$	2018 S\$
Cash on hand	965	958
Cash at bank	204,898	65,336
	<u>205,863</u>	<u>66,294</u>

7. Other receivables

	2019 S\$	2018 S\$
Donation receivables	199,520	390,090
Deposits	17,730	17,066
Other receivables	2,200	9,300
	<u>219,450</u>	<u>416,456</u>

Other receivables at the reporting date were denominated in the following currencies:

	2019 S\$	2018 S\$
Hong Kong Dollar	35,839	37,718
Indonesian Rupiah	0	10,808
Japanese Yen	1,797	10,657
Macao Pataca	0	9,311
Malaysia Ringgit	0	935
Singapore Dollar	137,715	229,713
United States Dollar	44,099	117,314
	<u>219,450</u>	<u>416,456</u>

8. Other assets

	2019 S\$	2018 S\$ (Restated)
<u>Other assets</u>		
Donation received – held by third parties	94,960	125,125
Medical supplies	47,415	104,323
	<u>142,375</u>	<u>229,448</u>

Donations received relates to those donations income during the financial year from event held in China and India. These donations received are not to be remitted back to Singapore but to be utilised on the programmatic expenses carried out in those countries as these countries impose restriction on remitting fund out of the country.

Medical supplies relates are to be expensed off in future against utilisation. Medical supplies amounting to \$18,859 (2018: S\$NIL) was written off during the year due to expired medical and consumables.

9. Property, plant and equipment

	Computers S\$	Furniture and fittings S\$	Medical equipment S\$	Office equipment S\$	Renovation S\$	Total S\$
Cost						
At 1 July 2017, 30 June 2018 and 30 June 2019	<u>7,595</u>	<u>3,820</u>	<u>788,465</u>	<u>1,009</u>	<u>20,456</u>	<u>821,345</u>
Accumulated depreciation						
At 1 July 2017	7,595	3,820	616,242	1,009	16,761	645,427
Depreciation	<u>0</u>	<u>0</u>	<u>86,111</u>	<u>0</u>	<u>1,848</u>	<u>87,959</u>
At 30 June 2018	7,595	3,820	702,353	1,009	18,609	733,386
Depreciation	<u>0</u>	<u>0</u>	<u>86,112</u>	<u>0</u>	<u>1,847</u>	<u>87,959</u>
At 30 June 2019	<u>7,595</u>	<u>3,820</u>	<u>788,465</u>	<u>1,009</u>	<u>20,456</u>	<u>821,345</u>
Carrying amount						
30 June 2018	<u>0</u>	<u>0</u>	<u>86,112</u>	<u>0</u>	<u>1,847</u>	<u>87,959</u>
30 June 2019	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Depreciation of the Company was S\$87,959 (2018: S\$87,959) is presented under "Cost of Charitable Activities" in the statement of financial activities.

10. Other payables

	2019 S\$	2018 S\$
Accruals	<u>181,726</u>	<u>131,765</u>

Other payables at the reporting date were denominated in the following currencies:

	2019 S\$	2018 S\$
Singapore Dollar	117,332	130,304
Philippines Peso	16,641	0
Cambodia Riel	10,700	0
United States Dollar	23,835	0
Others	<u>13,218</u>	<u>1,461</u>
	<u>181,726</u>	<u>131,765</u>

11. Funds

Funds include both unrestricted and restricted funds.

Unrestricted fund

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

11. Funds (Cont'd)

Restricted funds

Restricted funds are subjected to specific trust which may be declared by the donor(s) or with their authority (e.g. in a public appeal) or created through legal process but still within the wider objects of the Company. Restricted fund shall be expended on programmatic expenses country wise.

Restricted funds includes:

- Medical equipment donated from a third party for the purpose of carrying out the mission activities for the Company.
- Advertisement grant sponsor by a third party for the purpose of spreading the awareness of cleft patient.

12. Fund raising activities and expenditure

	2019 S\$	2018 S\$
Proceeds from donations and sponsorships excluding costs of goods sold	515,786	535,924
Fund raising expenses excluding costs of goods sold	<u>(105,079)</u>	<u>(123,824)</u>
	<u>410,707</u>	<u>412,100</u>
Percentage of fund raising expenses over gross donations and sponsorships	<u>20%</u>	<u>23%</u>

All fundraising activities are included under the purview of Singapore's 70:30 fundraising expense law. It includes both - activities within Singapore (local) and foreign. While it does not specify whether the activity has to be within the jurisdiction of Singapore, the spirit of the law is to maintain a cap on fundraising expense by all locally registered charities.

13. Income and expenditure utilisation

In 2019, for the purpose of representing how much income was raised to be expended on local expenses and how much was actually spent, the following additional disclosure is presented for reference. Note that this is separate from restricted funds, which are separately shown in the financial statements.

	2019 S\$	2018 S\$ (Restated)
Revenue Classification		
Local	738,123	853,500
Others	<u>844,870</u>	<u>682,171</u>
	<u>1,582,993</u>	<u>1,535,671</u>
	2019 S\$	2018 S\$ (Restated)
Expenditure Classification		
Local	1,519,235	1,215,560
Others	<u>346,189</u>	<u>452,180</u>
	<u>1,865,424</u>	<u>1,667,740</u>

14. Operating lease commitments

The Company leases office premises, warehouse and office equipment from related and non-related parties under non-cancellable operating lease agreements.

The future minimum rental payable under non-cancellable operating leases contracted for at the end of the reporting period, but not recognised as liabilities, are as follows:

	2019 S\$	2018 S\$
Rental of office premises and warehouse		
Not later than one year	32,609	15,983
Later than one year but not later than five years	42,565	0
	<u>75,174</u>	<u>15,983</u>
Rental of office equipment		
Not later than one year	1,849	1,849
Later than one year but not later than five years	308	2,157
	<u>2,157</u>	<u>4,006</u>

15. Related party transactions

(a) Related party transactions and salaries

The following transactions with related parties took place at terms agreed between the parties during the financial year:

	2019 S\$	2018 S\$
Donation income received from a director	<u>0</u>	<u>5,000</u>

(b) Compensation of key management personnel

The remuneration of key management personnel during the financial year was as follows:

	2019 S\$	2018 S\$
Salaries and other short-term employee benefits	186,000	186,000
Employer's contribution to CPF	17,340	17,340
	<u>203,340</u>	<u>203,340</u>
No. of key executives of the Company in remuneration bands:	2019	2018
S\$200,000 – S\$300,000	<u>1</u>	<u>1</u>

16. Reserve position and policy

The Company's reserve position for the financial years ended 30 June is as follows:

		2019	2018 (As Restated)	Increase/ (Decrease)
		S\$'000	S\$'000	%
A	Unrestricted Funds			
	Accumulated fund	386	582	(34)
B	Restricted or Designated Funds			
	Designated Funds	N/A	N/A	N/A
	Restricted Funds	0	86	(100)
C	Endowment Funds	N/A	N/A	N/A
D	Total Funds	386	668	(42)
E	Total Annual Operating Expenditure	1,865	1,668	12
F	Ratio of Funds to Annual Operating Expenditure (A/E)	0.21	0.35	

Reference:

- C. An endowment fund consists of assets, funds or properties that are held in perpetuity, which produce annual income flow for a foundation to spend as grants.
- D. Total Funds include unrestricted, restricted / designated and endowment funds.
- E. Total Annual Operating Expenditure includes expenses related to Cost of Generating Funds, Cost of Charitable Activities and Governance and Administrative Costs.

The Company's Reserve Policy is as follows:

The Company shall ensure a reserve of approximately six months of administrative expenses so that the Company can tide over any unforeseen situations when revenue generation dips drastically.

17. Management of conflict of interest

During the current and previous year, none of the Board members and key management personnel received any remuneration from the Company except for those disclosed in Note 15.

Board of Directors are required to disclose any interest that they may have, whether directly or indirectly, that the Company may enter into or in any organisations that the Company has dealings with or is considering dealing with; and any personal interest accruing to him as one of the Company's supplier, user of services or beneficiary. Should there be any potential conflict of interest, the affected Board members may not vote on the issue that was the subject matter of the disclosure. Detailed minutes will be taken on the disclosure as well as the basis for arriving at the final decision in relation to the issue at stake.

18. Comparative figures

Restatement have been made to the prior year's financial statements as follows:

The comparative figures for the financial year ended 30 June 2018 have been restated in the financial statements due to the Company over-recognition of sponsorship income in relates to advertisement grant in prior year.

The effect of the restatements is summarised as below:-

	As previously reported S\$	Restatement S\$	As restated S\$
2018			
Statement of Financial Position			
<u>Current Assets</u>			
Other asset	389,448	(160,000)	229,448
<u>Funds</u>			
Restricted funds	246,112	(160,000)	86,112
Statement of Financial Activities			
<u>Under restricted funds</u>			
Income from generating funds			
Voluntary Income			
Sponsorships	160,000	(160,000)	0
Statement of Changes in Funds			
<u>Under Restricted Funds</u>			
Net income/(expenditure) for the financial year	27,931	(160,000)	(132,069)

19. Authorisation of financial statements

The financial statements for the financial year ended 30 June 2019 were authorised for issue in accordance with a resolution of the Board of Directors on

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