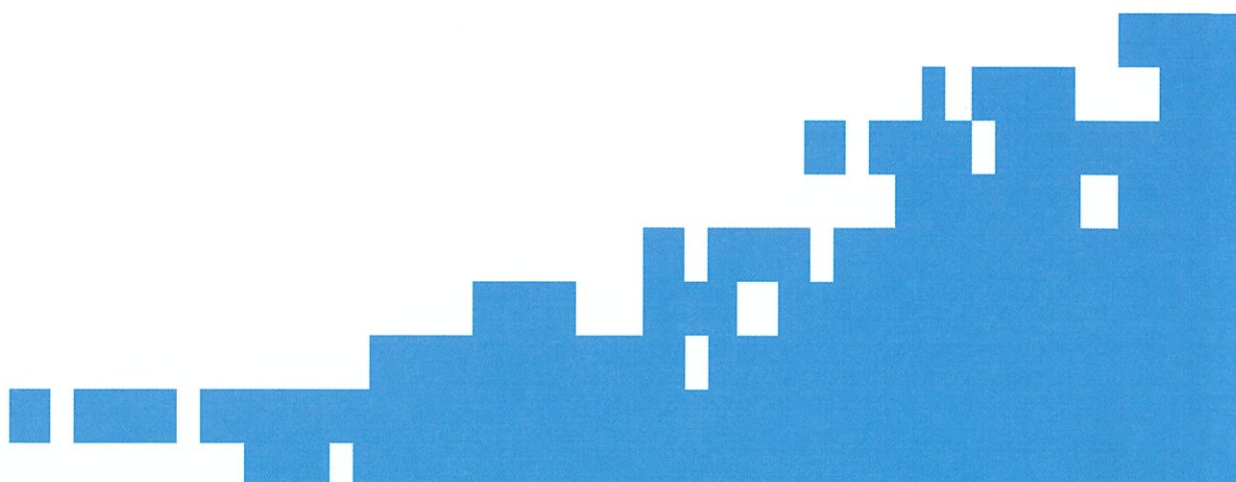


FOOD FROM THE HEART

(Registration No: 200721064R)

Statement by Directors and Financial Statements

Year Ended: 31 December 2023



FOOD FROM THE HEART

Statement by Directors and Financial Statements

Contents	Page
Statement by Directors	1
Independent Auditor's Report.....	3
Statement of Comprehensive Income	7
Statement of Financial Position.....	8
Statement of Changes in Funds	9
Statement of Cash Flows	10
Notes to the Financial Statements	11

FOOD FROM THE HEART

Statement by Directors

The directors of Food From The Heart (the “company”) are pleased to present the financial statements of the company for the reporting year ended 31 December 2023.

1. Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company for the reporting year covered by the financial statements;
- (b) the company has complied with the requirements of Regulation 15 of the Charities (institution of a Public Character) Regulations;
- (c) the use of donation monies are in accordance with the objectives of the company as required under Regulations 11 of the Charities (Institutions of a Public Character) Regulations; 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 approved and authorised these financial statements for issue.

2. Directors

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

Ronald Paul Stride

Unger Knut

Mahesh Udhav Buxani

Chin S Chelliah Bottinelli

Kuek Kien Joo

Soo Yook Lin

Yang Yung-Chuan Eugene

Ooi Huey Tyng (Appointed on 13 February 2023)

Steven Luk Chiew Peng (Appointed on 6 June 2023)

3. Directors' interests in shares and debentures, and arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

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

4. Options

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

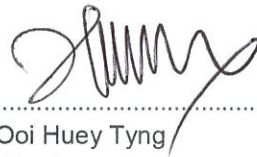
5. Independent auditor

RSM SG Assurance LLP has expressed willingness to accept re-appointment. This audit firm was known as RSM Chio Lim LLP before 1 March 2024.

On behalf of the board of directors



Ronald Paul Stride
Director



Ooi Huey Tyng
Director

27 MAR 2024

RSM SG Assurance LLP

8 Wilkie Road, #03-08, Wilkie Edge
Singapore 228095

T +65 6533 7600

Assurance@RSMSingapore.sg
www.RSMSingapore.sg

**Independent Auditor's Report to the Members of
FOOD FROM THE HEART**

Opinion

We have audited the accompanying financial statements of Food From The Heart (the "company") which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the reporting year then ended, and notes to the financial statements, including the material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Companies Act"), the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and the Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the company as at 31 December 2023 and of the financial performance, changes in funds and cash flows of the company for the year ended on that date.

Basis for opinion

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

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report and the statement by directors but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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.

**Independent Auditor's Report to the Members of
FOOD FROM THE HEART**

– 2 –

Other information (cont'd)

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- a) 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.
- b) 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.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**Independent Auditor's Report to the Members of
FOOD FROM THE HEART**

– 3 –

Auditor's responsibilities for the audit of the financial statements (cont'd)

- 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.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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


Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act 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 caused 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.

The engagement partner on the audit resulting in this independent auditor's report is Uthaya Chandrikaa D/O Ponnusamy.



RSM SG ASSURANCE LLP

RSM SG Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

27 March 2024

FOOD FROM THE HEART

Statement of Comprehensive Income Year Ended 31 December 2023

	<u>Notes</u>	<u>2023</u> S\$	<u>2022</u> S\$
Income			
Donations	4	7,715,426	4,853,390
Fundraising events	4	1,155,460	257,800
Charitable events/programmes	4	2,294,949	1,895,488
Donations-in-kind	5	2,491,974	2,604,575
Other income	6	541,372	581,798
Total income		<u>14,199,181</u>	<u>10,193,051</u>
Less: Expenditure			
Direct costs	7	(5,031,985)	(3,680,799)
Donations-in-kind distributed		(2,461,268)	(2,521,155)
Staff costs	8	(1,548,573)	(1,546,070)
Depreciation expenses	12	(389,330)	(356,925)
Other operating expenses	9	(559,926)	(448,323)
Finance cost		(5,490)	(6,583)
Total expenditure		<u>(9,996,572)</u>	<u>(8,559,855)</u>
Surplus for the year		<u>4,202,609</u>	<u>1,633,196</u>
 Net surplus in restricted funds			
Care and share grant		<u>—</u>	<u>25,600</u>
		<u>—</u>	<u>25,600</u>
Total surplus for the year		<u>4,202,609</u>	<u>1,658,796</u>

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

FOOD FROM THE HEART

Statement of Financial Position As at 31 December 2023

	Notes	<u>2023</u> S\$	<u>2022</u> S\$
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	12	910,407	1,104,819
Other non-financial assets	15	77,929	69,652
Total non-current assets		<u>988,336</u>	<u>1,174,471</u>
<u>Current assets</u>			
Inventories	13	284,556	191,976
Trade and other receivables	14	171,229	530,627
Other non-financial assets	15	133,264	44,292
Cash and cash equivalents	16	18,784,016	14,094,487
Total current assets		<u>19,373,065</u>	<u>14,861,382</u>
Total assets		<u>20,361,401</u>	<u>16,035,853</u>
FUNDS AND LIABILITIES			
<u>Funds</u>			
Accumulated fund		17,625,294	13,422,685
Total funds		<u>17,625,294</u>	<u>13,422,685</u>
<u>Non-current liabilities</u>			
Deferred capital grants	18	215,100	334,444
Provisions	19	168,000	168,000
Lease liabilities	22	144,423	274,844
Total non-current liabilities		<u>527,523</u>	<u>777,288</u>
<u>Current liabilities</u>			
Trade and other payables	20	820,211	588,478
Deferred income	21	1,211,533	1,095,721
Lease liabilities	22	176,840	151,681
Total current liabilities		<u>2,208,584</u>	<u>1,835,880</u>
Total liabilities		<u>2,736,107</u>	<u>2,613,168</u>
Total funds and liabilities		<u>20,361,401</u>	<u>16,035,853</u>

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

FOOD FROM THE HEART

Statement of Changes in Funds Year Ended 31 December 2023

	<u>Total</u> S\$	Restricted Fund Care and Share <u>Fund</u> S\$	Accumulated <u>Fund</u> S\$
Current year:			
Opening balance at 1 January 2023	13,422,685	–	13,422,685
Changes in equity:			
Total surplus for the year	<u>4,202,609</u>	<u>–</u>	<u>4,202,609</u>
Closing balance at 31 December 2023	<u>17,625,294</u>	<u>–</u>	<u>17,625,294</u>
 Previous year:			
Opening balance at 1 January 2022	11,763,889	(25,600)	11,789,489
Changes in equity:			
Total surplus for the year	<u>1,658,796</u>	<u>25,600</u>	<u>1,633,196</u>
Closing balance at 31 December 2022	<u>13,422,685</u>	<u>–</u>	<u>13,422,685</u>

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

FOOD FROM THE HEART

Statement of Cash Flows Year Ended 31 December 2023

	<u>2023</u> S\$	<u>2022</u> S\$
<u>Cash flows from operating activities</u>		
Total surplus for the year	4,202,609	1,658,796
Adjustments for:-		
Interest income	(289,241)	(45,745)
Interest expense	5,490	6,583
Depreciation of property, plant and equipment	389,330	356,925
Property, plant and equipment written off	–	22,843
Amortisation of deferred capital grants	(119,344)	(112,725)
Surplus before changes in working capital	4,188,844	1,886,677
Inventories	(92,580)	(82,285)
Trade and other receivables	359,398	(180,974)
Other non-financial assets	(97,249)	(19,660)
Trade and other payables	231,733	106,829
Deferred income	115,812	(367,338)
Net cash flows from operating activities	<u>4,705,958</u>	<u>1,343,249</u>
<u>Cash flows from / (used in) investing activities</u>		
Interest received	289,241	45,745
Purchase of property, plant and equipment	(131,844)	(345,293)
Deferred capital grants received for purchase of property, plant and equipment	–	189,709
Net cash flows from / (used in) investing activities	<u>157,397</u>	<u>(109,839)</u>
<u>Cash flows used in financing activities</u>		
Lease liabilities paid	(173,826)	(155,769)
Net cash flows used in financing activities	<u>(173,826)</u>	<u>(155,769)</u>
Net increase in cash and cash equivalents	4,689,529	1,077,641
Cash and cash equivalents at beginning of year	14,094,487	13,016,846
Cash and cash equivalents at end of year (Note 16)	<u><u>18,784,016</u></u>	<u><u>14,094,487</u></u>

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

Notes to the Financial Statements As at 31 December 2023

1. General

Food From The Heart (the “company”) is incorporated in Singapore as a company limited by guarantee under the Companies Act 1967 and registered as a charity under the Charities Act 1994.

The company is registered as a charity with effect from 1 August 2008. It has been accorded IPC (Institution of a Public Character) status that is valid up to 31 August 2026.

Qualifying donors are entitled to 2.5 times tax deduction for the donations made to the IPC.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

The principal activities of the company is that of providing collection and distribution of food and beverage for homes and institutions of less fortunate, undertaking public education to promote awareness of its causes.

The members of the reporting entity have guaranteed to contribute amounts not exceeding \$10 to the assets of the company in the event of it being wound up and the monies are required to settle the liabilities of the reporting entity. There were 10 (2022: 9) members at the end of the reporting year. It cannot make payment of dividends or distributions to its members. Any assets left after the winding-up shall be given or transferred to some other charitable institution or institutions having objects similar to the objects of the reporting entity.

The financial statements are presented in Singapore dollars.

The registered office is 4 Battery Road, #25-01, Bank of China Building, Singapore 049908. The principal place of business is 130 Joo Seng Road, #03-01, Singapore 368357.

Macroeconomic conditions related disclosures:

Management has considered the uncertain and challenging macroeconomic and geopolitical environment that has caused widespread increase in interest rates and a significant rise in inflation, affecting the cost of many of the goods and services. Management reviewed the probable impact and plausible downside scenarios. No material uncertainties were identified in connection with the reporting entity’s ability to continue in operational existence for the near future.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Financial Reporting Standards (“FRSs”) and the related interpretations to FRS (“INT FRS”) as issued by the Accounting Standards Committee under ACRA (“ASC”). They comply with the provisions of the Companies Act 1967 and Charities Act 1994.

FOOD FROM THE HEART

1. General (cont'd)

Basis of preparation of the financial statements

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

2. Disclosures of material accounting policy and other explanatory information

Disclosures are made on the accounting policy information and other explanatory information relating to material transactions, other events or conditions if that information is material to the financial statements or is required by a financial reporting standard. Entity-specific information that relates to more than one account balance or a class of material transactions is described in Note 2A below. An account balance entity-specific information is disclosed in the relevant respective account balances in the financial statements.

2A. Material accounting policy and other explanatory information – general

Foreign currency transactions:

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Other specific material accounting policy information and other explanatory information

These are disclosed at the relevant notes to the financial statements.

2B. Critical judgements, assumptions and estimation uncertainties

Disclosures on material information about the assumptions management made about the future, and other major sources of estimation uncertainty at the end of the reporting year, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the corresponding Notes to these financial statements. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

- 1) Donations-in-kind contributions. See Note 5.

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) related party relationships, transactions and outstanding balances, including commitments, including (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

All directors and staff members of the company are required to read and understand the conflict of interest policy in place and make full disclosure of interests and relationships that could potentially result in conflict of interests. When a conflict of interest situation arises, the director or staff shall abstain from participating in the discussion, decision making and voting on the matter.

3A. Related party transactions:

All governing board members and staff members of the reporting entity are required to read and understand the conflict of interest policy in place and make full disclosure of interests, relationships and holdings that could potentially result in conflict of interests. When a conflict of interest situation arises, the governing board member or staff shall abstain from participating in the discussion, decision making and voting on the matter.

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations, if any, are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

In addition to the information disclosed elsewhere in the notes to the financial statements, other related party transactions include the following:

	<u>2023</u> S\$	<u>2022</u> S\$
<u>Related party</u>		
Purchase of equipment	–	41,516
Professional fees	<u>9,576</u>	<u>3,575</u>
 <u>Director</u>		
Reimbursement of expenses	<u>58,845</u>	<u>51,013</u>
 <u>Key management</u>		
Salaries and bonuses	363,136	370,191
Employer's Central Provident Fund contributions for staff	38,242	38,354
Reimbursement of expenses	<u>11,988</u>	<u>41,834</u>
	 <u>2023</u>	 <u>2022</u>
Number of key management staff in remuneration bands:		
S\$100,001 to S\$200,000	<u>3</u>	<u>3</u>

Related party refers to entities with common director and/or key management staff who exercise significant influence over the financial and operating decisions

Key management personnel comprise those persons having authority and responsibility for planning, directing, and controlling the activities of the company, directly, or indirectly.

FOOD FROM THE HEART

3. Related party relationships and transactions (cont'd)

3A. Related party transactions (cont'd):

The directors of the company are volunteers and receive no remuneration for their contribution other than reimbursement of expenses.

There are no paid staff who are close members of the family of the board of directors, and whose remuneration each exceeds S\$50,000 during the year.

4. Analysis of income

	<u>2023</u> S\$	<u>2022</u> S\$
Donations	<u>7,715,426</u>	<u>4,853,390</u>
Fundraising events	<u>1,155,460</u>	<u>257,800</u>
<u>Charitable events/programmes</u>		
I CAN award	15,000	–
Clean plate campaign	25,000	50,000
The biggest logo made of bread	50,000	–
Toy buffet	22,058	–
Food Support Programmes		
- Project belanja!	124,066	134,055
- School Goodie Bag sponsorship	1,006,560	897,215
- Community Food Pack	763,903	651,650
- Community shops	288,362	162,568
	<u>2,294,949</u>	<u>1,895,488</u>

Material accounting policy information and other explanatory information – Revenue and income:

Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints), net of any related taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient, the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Income is recognised when the reporting entity has entitlement to the income, it is probable that the economic benefits associated with the transaction or gift will flow to the reporting entity and the amount can be measured reliably and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Donations and grants - Income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably. Recognition of donations and grant income subject to conditions is deferred until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the reporting entity and there is unconditional entitlement to the receipts. Those uncommitted donations and all income are recognised on receipt basis.

FOOD FROM THE HEART

4. Analysis of income (cont'd)

Revenue from fundraising events is recognised at a point in time when the entity satisfies the performance obligation at a point in time generally when the significant acts have been completed. For services that are not material transactions, revenue is recognised as the services are provided.

Revenue from charitable events/programmes involving distribution of food is recognised at a point in time when the performance obligation is satisfied, generally on delivery and distribution of the food.

5. Donations-in-kind

	<u>2023</u> S\$	<u>2022</u> S\$
Food donations	<u>2,491,974</u>	<u>2,604,575</u>

Material accounting policy information and other explanatory information – Donations-in-kind:

The company receives in-kind donations of food from various donors. Goods donated are recorded at values based on a reasonable estimate of their fair value at the date of the receipt of the food items.

Substantial number of volunteers donate significant amounts of their time to enable the company to meet its mission. Due to the difficulty of determining their fair value, contributed services are not recognised in the financial statements.

Critical judgements, assumptions and estimation uncertainties – Donations-in-kind:

In-kind donations of products, the related inventory and the cost of donated food distributed are recorded at values based on a reasonable estimate of their fair value at the date of the receipt of the food items.

In-kind donations involving collection and distribution of bread are estimated to be negligible due to the short shelf lives of bread.

FOOD FROM THE HEART

6. Other income

	<u>2023</u> S\$	<u>2022</u> S\$
Interest income	289,241	45,745
Care and share grant:-		
- Income grant utilised (Note 17)	—	74,691
- Amortisation of deferred capital grant (Note 18)	119,344	112,725
Other funds or grants:-		
- Other employment related grant	35,712	35,504
- Singapore Tote Board	58,000	232,925
- President's challenge	—	70,480
- Others	—	9,413
	93,712	348,322
Miscellaneous income	39,075	315
	<u>541,372</u>	<u>581,798</u>

Material accounting policy information and other explanatory information – Other income:

Interest income is recognised on a time-proportion basis using the effective interest method.

Government grants are recognised at fair value when there is reasonable assurance that the conditions attached to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised.

7. Direct costs

	<u>2023</u> S\$	<u>2022</u> S\$
Fundraising and processing fees on outright donations	1,757,543	904,931
Fundraising costs on golf tournament/passion ball event	258,479	67,761
Charitable programme expenses:-		
- Food purchases	2,733,461	2,469,582
- Others	282,502	238,525
	<u>5,031,985</u>	<u>3,680,799</u>

FOOD FROM THE HEART

8. Staff costs

	<u>2023</u> S\$	<u>2022</u> S\$
Salaries and other related costs	1,352,176	1,359,727
Central provident fund expenses	<u>196,397</u>	<u>186,343</u>
	<u>1,548,573</u>	<u>1,546,070</u>

Material accounting policy information and other explanatory information – Staff costs:

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement, the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice

9. Other operating expenses

These mainly consist of:

	<u>2023</u> S\$	<u>2022</u> S\$
Digital marketing	30,371	41,046
Public awareness/media events	34,031	35,524
Packing expenses	35,084	26,611
Rebranding exercise	<u>116,650</u>	<u>–</u>

10. Tax deductible receipts

Tax exempt donations received:

	<u>2023</u> S\$	<u>2022</u> S\$
Tax deductible donation	9,081,816	5,981,656
Non-tax deductible donation	<u>2,084,019</u>	<u>1,025,022</u>
Total	<u>11,165,835</u>	<u>7,006,678</u>

As an IPC, the company issues tax deductible receipts whereby the qualifying donors are granted 2.5 times tax deduction for the donations made to the company.

11. Income tax

As a charity, the company is exempt from tax on income and gains falling within section 13(1)(zm) of the Income Tax Act 1947 to the extent that these are applied to its charitable objects. No tax charges have arisen in the company.

FOOD FROM THE HEART

12. Property, plant and equipment

<u>Cost</u>	<u>Leasehold buildings S\$</u>	<u>Computers and software S\$</u>	<u>Furniture and fittings S\$</u>	<u>Office equipments S\$</u>	<u>Motor vehicles S\$</u>	<u>Renovation S\$</u>	<u>Software development S\$</u>	<u>Total S\$</u>
At 1 January 2022	944,889	134,873	64,437	261,395	282,450	488,852	205,117	2,382,013
Additions	189,317	19,893	3,312	56,144	–	229,585	36,359	534,610
Written off	(270,922)	(25,501)	(221)	(15,571)	–	(20,448)	(77,750)	(410,413)
At 31 December 2022	863,284	129,265	67,528	301,968	282,450	697,989	163,726	2,506,210
Additions	63,074	16,484	–	1,330	–	11,232	102,798	194,918
Written off	–	(229)	–	–	–	–	–	(229)
At 31 December 2023	926,358	145,520	67,528	303,298	282,450	709,221	266,524	2,700,899
<u>Accumulated depreciation</u>								
At 1 January 2022	435,284	118,067	32,392	220,971	260,812	295,321	69,189	1,432,036
Depreciation	201,478	17,634	10,288	23,470	13,666	72,314	18,075	356,925
Written off	(270,922)	(25,501)	(221)	(13,763)	–	(20,448)	(56,715)	(387,570)
At 31 December 2022	365,840	110,200	42,459	230,678	274,478	347,187	30,549	1,401,391
Depreciation	210,372	11,604	9,063	26,124	7,972	82,081	42,114	389,330
Written off	–	(229)	–	–	–	–	–	(229)
At 31 December 2023	576,212	121,575	51,522	256,802	282,450	429,268	72,663	1,790,492
<u>Carrying amount</u>								
At 1 January 2022	509,605	16,806	32,045	40,424	21,638	193,531	135,928	949,977
At 31 December 2022	497,444	19,065	25,069	71,290	7,972	350,802	133,177	1,104,819
At 31 December 2023	350,146	23,945	16,006	46,496	–	279,953	193,861	910,407

Included in additions is S\$Nil (2022: S\$50,000) that relates to additional provision of reinstatement costs during the reporting year ended 31 December 2022 for 2 community shops that began operations in 2022.

FOOD FROM THE HEART

12. Property, plant and equipment (cont'd)

The purchase of property, plant and equipment are subsidised by the following grants during the year:

	<u>2023</u> S\$	<u>2022</u> S\$
Care and share fund (Note 17)	<u>—</u>	<u>189,709</u>

Material accounting policy information and other explanatory information – property, plant and equipment:

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets (or, for certain leased assets, the shorter lease term). An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle.

The residual values of assets, useful lives of assets and recognised impairment losses are reviewed, and adjusted if appropriate, whenever events or circumstances indicate that a revision is warranted.

As a result of this review, the estimated useful lives of certain assets have been decreased from 10 years to 5 years. The change in estimates has no material impact on the results for the reporting year.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

The annual rates of depreciation are as follows:

Leasehold buildings	2 – 5 years
Computers and software	3 years
Furniture and fittings	5 years
Office equipments	5 years
Motor vehicles	6 years
Renovation	3 – 6 years
Software development	5 years

12. Property, plant and equipment (cont'd)

The right-of-use-assets included in leasehold buildings above are as follows:

	Leasehold office S\$	Warehouse S\$	Total S\$
<u>Cost</u>			
At 1 January 2022	745,213	81,676	826,889
Additions	–	139,317	139,317
Written off	(189,246)	(81,676)	(270,922)
At 31 December 2022	555,967	139,317	695,284
Additions	–	63,074	63,074
At 31 December 2023	555,967	202,391	758,358
<u>Accumulated depreciation</u>			
At 1 January 2022	328,237	68,064	396,301
Depreciation	111,194	40,797	151,991
Written off	(189,246)	(81,676)	(270,922)
At 31 December 2022	250,185	27,185	277,370
Depreciation	111,194	52,905	164,099
At 31 December 2023	361,379	80,090	441,469
<u>Carrying amount</u>			
At 1 January 2022	416,976	13,612	430,588
At 31 December 2022	305,782	112,132	417,914
At 31 December 2023	194,588	122,301	316,889

The right-of-use assets are accounted and presented as if they were owned such as property, plant and equipment. The company's right-of-use assets are presented within property, plant and equipment and is depreciated over the lease terms of 36 to 60 months.

13. Inventories

	2023 S\$	2022 S\$
Food	284,556	191,976

Material accounting policy information other explanatory information – Inventories:

Inventories consist of donated and purchased food. Cost is calculated using standard cost that approximate actual cost. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

There are no inventories pledged as security for liabilities.

FOOD FROM THE HEART

14. Trade and other receivables

	<u>2023</u> S\$	<u>2022</u> S\$
<u>Trade receivables</u>		
- President challenge	—	79,573
- Tote Board	—	—
- Care and share	—	290,000
Donation receivables	168,317	160,146
	<u>168,317</u>	<u>529,719</u>
<u>Other receivables</u>		
Directors (Note 3)	2,912	908
	<u>2,912</u>	<u>908</u>
Total trade and other receivables	<u>171,229</u>	<u>530,627</u>

Material accounting policy information and other explanatory information – Trade and other receivables:

See Note 24 on financial instruments.

Donation receivables consist of pledged donations during the reporting year. As at the end of the reporting year, there were no amounts that were impaired.

Other receivables are normally with no fixed terms and therefore there is no maturity.

15. Other non-financial assets

	<u>2023</u> S\$	<u>2022</u> S\$
Deposits	127,090	89,755
Prepayment	84,103	24,189
Total other non-financial assets	<u>211,193</u>	<u>113,944</u>
Presented in the statement of financial position as:		
Other non-financial assets, non-current	77,929	69,652
Other non-financial assets, current	133,264	44,292
	<u>211,193</u>	<u>113,944</u>

FOOD FROM THE HEART

16. Cash and cash equivalents

	<u>2023</u> S\$	<u>2022</u> S\$
Fixed deposits	16,919,628	9,085,745
Cash in hand and at banks	1,864,388	5,008,742
Cash and cash equivalents	<u>18,784,016</u>	<u>14,094,487</u>

The rates of interest for the interest earning cash balances ranged between 3.05% - 3.95% (2022: 0.55% - 4.10%) per annum and has a tenure of 3 to 12 months (2022: 3 months).

Material accounting policy information and other explanatory information – Cash and cash equivalent:

Cash comprises cash on hand and demand deposits. For the statement of cash flows, cash and cash equivalents includes cash and cash equivalents less cash subject to restriction that form an integral part of cash management. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

17. Care and share fund

	<u>2023</u> S\$	<u>2022</u> S\$
At beginning of the year	–	(25,600)
Add: Received/receivable	–	290,000
Less: Expenditure		
- Capital expenditure (Notes 12 and 18)	–	(189,709)
- Operating expenditure (Note 6)	–	(74,691)
	<u>–</u>	<u>(264,400)</u>
At end of the year	<u>–</u>	<u>–</u>

Material accounting policy information and other explanatory information – Care and share fund:

The Care and Share Fund was a matching grant provided by the government to match dollar-for-dollar eligible donation raised by the company. This was to provide additional resources for the company to enhance its organisational infrastructure, technological and manpower development as well as to fund new programmes and expansion of existing services so as to better serve the community. The fund utilisation deadline expired on 30 June 2023.

FOOD FROM THE HEART

18. Deferred capital grants

	<u>2023</u> S\$	<u>2022</u> S\$
At beginning of the year	334,444	257,460
Grants transferred from Care and share fund (Note 17)	—	189,709
Amortisation for the year	(119,344)	(112,725)
Net movement	(119,344)	76,984
At end of the year	<u>215,100</u>	<u>334,444</u>

Material accounting policy information and other explanatory information – Deferred capital grants:

The grants were given to fund the purchase of property, plant and equipment and certain operating expenditure, subject to the terms and conditions as prescribed in the care and share agreement.

Deferred capital grants are recognised as income in the manner as per Note 6.

19. Provisions

	<u>2023</u> S\$	<u>2022</u> S\$
Provision for reinstatement costs	<u>168,000</u>	<u>168,000</u>
The movements in provisions are as follows:		
At beginning of the year	168,000	118,000
Additions	—	50,000
At end of the year	<u>168,000</u>	<u>168,000</u>

Material accounting policy information and other explanatory information – Provisions:

Provision for reinstatement costs relates to costs to be incurred to restate office, warehouse and community shops to their original condition. The estimate is based on quotation from supplier for the premises.

20. Trade and other payables

	<u>2023</u> S\$	<u>2022</u> S\$
<u>Trade payables</u>		
Outside parties	388,061	260,538
Accruals	366,351	305,442
	<u>754,412</u>	<u>565,980</u>
<u>Other payables</u>		
Outside parties	65,799	22,498
	<u>65,799</u>	<u>22,498</u>
Total trade and other payables	<u>820,211</u>	<u>588,478</u>

Material accounting policy information and other explanatory information – Trade and other payables:

See Note 24 on financial instruments.

FOOD FROM THE HEART

21. Deferred income

	<u>2023</u> S\$	<u>2022</u> S\$
Project Belanja!	497,418	530,385
School goodies bag	338,972	117,261
Community food pack	94,873	175,778
Passion Ball	114,200	114,200
Others	166,070	158,097
	<u>1,211,533</u>	<u>1,095,721</u>
<u>Movement in deferred income are as follows:</u>		
At beginning of the year	1,095,721	1,463,059
Amount received/receivable	1,458,288	952,914
Less: Recognised as income for the year	<u>(1,342,476)</u>	<u>(1,320,252)</u>
At end of the year	<u>1,211,533</u>	<u>1,095,721</u>

The company relies substantially on donations and sponsorships for their funding, primarily in running its food ration programmes. The monies received from fund raising appeals for designated charitable program is specific and are recognised as deferred income when received. The deferred income is recognised as income over the period the food items are distributed and services are rendered.

22. Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	<u>2023</u> S\$	<u>2022</u> S\$
Lease liabilities, non-current	144,423	274,844
Lease liabilities, current	<u>176,840</u>	<u>151,681</u>
	<u>321,263</u>	<u>426,525</u>

Movements of lease liabilities for the reporting year are as follows:

	<u>2023</u> S\$	<u>2022</u> S\$
At beginning of the year	426,525	436,394
Additions	63,074	139,317
Lease payments	<u>(173,826)</u>	<u>(155,769)</u>
Accretion of interest	5,490	6,583
At end of the year	<u>321,263</u>	<u>426,525</u>

22. Lease liabilities (cont'd)Material accounting policy information and other explanatory information – Lease of lessee:

Lease for right-of-use assets – The reporting entity has a lease relating to office premise and warehouse. There are no variable payments linked to an index.

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Where a lease arrangement is identified, a liability to the lessor is recognised as a lease obligation calculated at the present value of minimum unavoidable lease payments. A corresponding right-of-use asset is recorded. Lease payments are apportioned between finance costs and reduction of the lease liability so as to reflect the interest on the remaining balance of the liability. Finance charges are recorded as a finance cost. Leases with a term of 12 months or less and leases for low value are not recorded as a liability and lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

A summary of the maturity analysis of lease liabilities that shows the remaining contractual maturities is disclosed in Note 24E. Total cash outflows from leases are shown in the statement of cash flows. The related right-of-use assets are disclosed in Note 12.

Other information about the leasing activities relating to the right-of-use assets are summarised as follows:

	<u>Leasehold office</u>	<u>Warehouse</u>
<u>2023</u>		
Number of right-of-use assets	1	1
Remaining term (months)	21	21
Weighted average incremental borrowing rate applied to lease liabilities	3%	3%
<u>2022</u>		
Number of right-of-use assets	1	1
Remaining term (months)	33	33
Weighted average incremental borrowing rate applied to lease liabilities	3%	3%

Apart from the disclosures made in other notes to the financial statements, amounts relating to leases include the following:

	<u>2023</u> S\$	<u>2022</u> S\$
Expense relating to short-term leases included in direct costs	16,897	17,664
Expense relating to short-term leases included in other operating expenses	16,670	27,200
Total commitments on short-term leases at year end date	–	15,435

FOOD FROM THE HEART

23. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	<u>2023</u> S\$	<u>2022</u> S\$
Software system	—	36,359
Renovation	<u>25,544</u>	<u>—</u>

24. Financial instruments: information on material policy information and financial risks

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

At initial recognition, the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

24A. Categories of financial assets and financial liabilities

The financial reporting standard on financial instruments requires the categorisation of financial instruments. At the end of the reporting year, the reporting entity had the following categories financial assets and liabilities:

- Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.
- All financial liabilities are carried at amortised cost using the effective interest method.

FOOD FROM THE HEART

24. Financial instruments: information on material policy information and financial risks (cont'd)

24A. Categories of financial assets and financial liabilities (cont'd)

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	<u>2023</u> S\$	<u>2022</u> S\$
<u>Financial assets:</u>		
Financial assets at amortised cost	<u>18,955,245</u>	<u>14,625,114</u>
<u>Financial liabilities:</u>		
Financial liabilities at amortised cost	<u>1,141,474</u>	<u>1,015,003</u>

Further quantitative disclosures are included throughout these financial statements.

24B. Financial risk management

The company's overall risk management is determined and carried out by the directors. Due to the nature of the company's activities and its funding from the government, the company's exposure to financial risks is minimal. The company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing risks. The company's overall risk management seeks to minimise the potential adverse effects of these risks on the financial performance of the company.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

24C. Fair values of financial instruments

See Note 2A on accounting policy. The analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the material financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments. The disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

24D. Credit risk on financial assets

Financial assets subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner arise principally from cash balances with banks, receivables and other financial assets. The general approach in the financial reporting standard on financial instruments is applied to measure expected credit losses ("ECL") allowance on financial assets. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. The ECL allowance for debt assets is recognised at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition. However, for trade receivables that do not contain a material financing component or when the reporting entity applies the practical expedient of not adjusting the effect of a material financing component, the simplified approach in calculating ECL is applied. Under the simplified approach, the loss allowance is recognised at an amount equal to lifetime ECL at each reporting date using historical loss rates for the respective risk categories. Lifetime ECL may be estimated individually or collectively.

24. Financial instruments: information on material policy information and financial risks (cont'd)**24D. Credit risk on financial assets (cont'd)**

For the credit risk on the financial assets, an ongoing credit evaluation is performed on the financial condition of the debtors and any loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 16 discloses the cash balances. There was no identified impairment loss.

24E. Liquidity risk – financial liabilities maturity analysis

Liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle payables is about 30 days (2022: 30 days). The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Less than <u>1 year</u> S\$	<u>2 to 5 years</u> S\$	<u>Total</u> S\$
Non-derivative financial liabilities:			
<u>2023</u>			
Gross lease liabilities	183,318	145,999	329,317
Trade and other payables	820,211	–	820,211
Total	<u>1,003,529</u>	<u>145,999</u>	<u>1,149,528</u>
<u>2022</u>			
Gross lease liabilities	158,134	278,317	436,451
Trade and other payables	588,478	–	588,478
Total	<u>746,612</u>	<u>278,317</u>	<u>1,024,929</u>

The company monitors its net operating cash flows and maintains sufficient level of cash and cash equivalents to finance the company's operations and mitigate the effects of fluctuation in cash flows.

FOOD FROM THE HEART

24. Financial instruments: information on material policy information and financial risks (cont'd)

24F. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	<u>2023</u> S\$	<u>2022</u> S\$
<u>Financial assets with interest:</u>		
Fixed rates	<u>16,919,628</u>	<u>9,085,745</u>
<u>Financial liabilities with interest:</u>		
Fixed rates	<u>321,263</u>	<u>426,525</u>

Sensitivity analysis: The effect on pre-tax profit is not significant.

24G. Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company is not exposed to foreign currency risk as its transactions, financial assets and liabilities are mainly denominated in Singapore dollars.

25. Reserve Policy

The company's objective in maintaining funds is to maintain a level of reserve that enables the company to continue operating for at least twelve months. This reserve is used to fund the working capital, any unexpected expenditures or events, and shortfall in income. The board of directors reviews the company's reserve level on a regular basis and there have been no changes to the company's reserve policy during the reporting year.

26. Changes and adoption of financial reporting standards

For the current reporting year, the ASC issued amendment to FRS 1 and Practice Statement 2 on disclosures of material accounting policy and other explanatory information. Immaterial information need not be disclosed. Disclosures should not obscure material accounting policy information (such as material information being obscured, or information regarding a material item, transaction or other event is scattered throughout the financial statements, etc). In addition, the ASC issued certain new or revised financial reporting standards. Those applicable to the reporting entity are listed below.

<u>FRS No.</u>	<u>Title</u>
FRS 8	Definition of Accounting Estimates - Amendments

27. New or amended standards in issue but not yet effective

For the future reporting years, the ASC issued certain new or revised financial reporting standards. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any material modification of the measurement methods or the presentation in the financial statements for the following reporting year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application. Those applicable to the reporting entity for future reporting years are listed below.

<u>FRS No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
FRS 1	Presentation of Financial Statements- amendment relating to Classification of Liabilities as Current or Non-current	1 Jan 2024