

FOOD FROM THE HEART
(Limited by Guarantee)
(UEN: 200721064R)
(Incorporated in the Republic of Singapore)

**AUDITED FINANCIAL STATEMENTS AND
OTHER INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

**FOOD FROM THE HEART
(UEN: 200721064R)**

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**FOOD FROM THE HEART
(UEN: 200721064R)**

GENERAL INFORMATION

DIRECTORS

Name

Position on Board

RONALD PAUL STRIDE
UNGER KNUT
MAHESH UDHAV BUXANI
CHIN S CHELLIAH BOTTINELLI
CHUA BUAN PONG
DASTUR KHUSHROO
KUEK KIEN JOO
SOO YOOK LIN
YANG YUNG-CHUAN EUGENE

CHAIRMAN
HONORARY SECRETARY
HONORARY TREASURER
BOARD MEMBER
BOARD MEMBER
BOARD MEMBER
BOARD MEMBER
BOARD MEMBER
BOARD MEMBER

REGISTERED OFFICE

4 Battery Road
#25 – 01, Bank of China Building,
Singapore 049908.

AUDITOR

Kreston David Yeung PAC

BANKERS

DBS BANK LTD
BANK OF EAST ASIA
UNITED OVERSEAS BANK LTD

FOOD FROM THE HEART
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DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited financial statements of Food From The Heart (the "company") for the year ended 31 December 2021.

1. OPINION OF THE DIRECTORS

In our opinion:-

- i) 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 31 December 2021 and the financial performance, changes in funds and cash flows of the company for the year then ended; and
- ii) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

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
CHUA BUAN PONG
DASTUR KHUSHROO
KUEK KIEN JOO
SOO YOOK LIN
YANG YUNG-CHUAN EUGENE

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

4. OTHER MATTERS

As the company is limited by guarantee and does not have a share capital, matters relating to the issue of shares and share option are not applicable.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FOOD FROM THE HEART (UEN: 200721064R)
(Limited by Guarantee)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Food From The Heart (the “company”), which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Companies Act), the Charities Act 1994, and other relevant regulations (the Charities Act and Regulations) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the company as at 31 December 2021 and of the financial performance, changes in funds and cash flows of the company for the year ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the directors’ statement and the information included in the annual report, but does not include the financial statements and our auditor’s report thereon.

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

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FOOD FROM THE HEART (UEN: 200721064R) (Continued)
(Limited by Guarantee)**

Responsibilities of Management and Directors for the Financial Statements

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

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

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 of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FOOD FROM THE HEART (UEN: 200721064R) (Continued)
(Limited by Guarantee)**

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

- 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required to be kept by the company have been properly kept in accordance with the provisions of the Companies Act, and the Charities Act and Regulations.

During the course of our audit, nothing has come to our attention that causes us to believe that during the year:

- a) the company has not used the donation monies 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.

KRESTON DAVID YEUNG PAC
Public Accountants and
Chartered Accountants

Singapore, 31 May 2022

KRESTON DAVID YEUNG PAC (UEN: 200717891W)

A public accounting corporation incorporated with limited liability and an independent member of the **Kreston Global** network
128A Tanjong Pagar Road, Singapore 088535
Tel: 6223 7979 Fax: 6222 7979

FOOD FROM THE HEART
(Limited by Guarantee)
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STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	2021 S\$	2020 S\$
ASSETS			
Non-current assets			
Property, plant and equipment	3	949,977	915,932
Deposits		54,635	54,635
Total non-current assets		1,004,612	970,567
Current assets			
Inventories	4	109,691	2,450
Other receivables	5	349,653	266,463
Deposits		35,689	26,305
Prepayments		3,960	42,523
Cash and bank balances	6	13,016,846	11,670,397
Total current assets		13,515,839	12,008,138
Total assets		14,520,451	12,978,705
FUND AND LIABILITIES			
Funds			
Accumulated fund		11,789,489	9,711,572
Care & Share grant	7	(25,600)	198,356
Deferred fund	8	257,460	236,710
Total funds		12,021,349	10,146,638
Non-current liabilities			
Lease liabilities	9	314,134	436,394
Provision for reinstatement costs	3	118,000	-
Total non-current liabilities		432,134	436,394
Current liabilities			
Other payables		209,119	260,897
Accruals		272,530	246,888
Lease liabilities	9	122,260	153,221
Deferred grant - JSS	10	-	53,847
Deferred income	11	1,463,059	1,680,820
Total current liabilities		2,066,968	2,395,673
Total liabilities		2,499,102	2,832,067
Total fund and liabilities		14,520,451	12,978,705

The notes set out on pages 12 to 34 form an integral part of and should be read in conjunction with this set of financial statements.

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STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Note	2021 S\$	Restated 2020 S\$
Income	12	6,140,946	8,664,989
Other income	13	<u>858,482</u>	<u>1,154,355</u>
		6,999,428	9,819,344
Costs and expenses			
Direct costs	14	2,588,153	3,059,912
Staff costs	15	1,624,514	1,556,399
Depreciation of property, plant and equipment	3	317,683	293,743
Other operating expenses	16	391,161	379,078
		<u>(4,921,511)</u>	<u>(5,289,132)</u>
Surplus before taxation		2,077,917	4,530,212
Taxation	17	<u>-</u>	<u>-</u>
Surplus for the year		<u>2,077,917</u>	<u>4,530,212</u>
Deficit from other funds	8	<u>(203,206)</u>	<u>(264,454)</u>
Net surplus and total comprehensive income for the year		<u>1,874,711</u>	<u>4,265,758</u>

The notes set out on pages 12 to 34 form an integral part of and should be read in conjunction with this set of financial statements.

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STATEMENT OF CHANGES IN FUNDS
For the year ended 31 December 2021

	Unrestricted	<----Restricted fund----->		Total
	fund - Accumulated Fund S\$	Care & Share S\$	Deferred Fund S\$	
Balance as at 01.01.2020	5,181,360	352,861	346,659	5,880,880
Surplus during the year	4,530,212	-	-	4,530,212
Transfer during the year	-	(154,505)	154,505	-
Amortisation of deferred fund	-	-	(117,511)	(117,511)
Utilisation of deferred fund	-	-	(146,943)	(146,943)
Total comprehensive income for the year	4,530,212	(154,505)	(109,949)	4,265,758
Balance as at 31.12.2020/01.01.2021	9,711,572	198,356	236,710	10,146,638
Surplus during the year	2,077,917	-	-	2,077,917
Transfer during the year	-	(223,956)	223,956	-
Amortisation of deferred fund	-	-	(89,844)	(89,844)
Utilisation of deferred fund	-	-	(113,362)	(113,362)
Total comprehensive income for the year	2,077,917	(223,956)	20,750	1,874,711
Balance as at 31.12.2021	11,789,489	(25,600)	257,460	12,021,349

The notes set out on pages 12 to 34 form an integral part of and should be read in conjunction with this set of financial statements.

FOOD FROM THE HEART
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STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	2021	2020
	S\$	S\$
Cash flows from operating activities		
Surplus before taxation	2,077,917	4,530,212
Adjustments for:-		
Depreciation of plant and equipment	317,683	293,743
Interest income	(15,253)	(42,294)
Interest expense	8,025	3,606
Utilisation of deferred fund	(113,362)	(146,943)
Amortisation of deferred fund	(89,844)	(117,511)
	<u>2,185,166</u>	<u>4,520,813</u>
Operating surplus before working capital changes	2,185,166	4,520,813
(Increase)/Decrease in inventories	(107,241)	34,065
Increase in other receivables	(83,190)	(119,767)
Decrease in deposits and prepayments	29,179	14,414
(Decrease)/Increase in other payables and accruals	(26,136)	204,320
(Decrease)/Increase in deferred income/grant	(271,608)	919,707
Decrease in restricted use of fund	198,356	154,505
	<u>1,924,526</u>	<u>5,728,057</u>
Cash generated from operations	1,924,526	5,728,057
Interest received	15,253	42,294
	<u>1,939,779</u>	<u>5,770,351</u>
Net cash generated from operating activities	1,939,779	5,770,351
Cash flows from investing activity		
Purchase of plant and equipment	(233,728)	(140,019)
	<u>(233,728)</u>	<u>(140,019)</u>
Net cash used in investing activity	(233,728)	(140,019)
Cash flows from financing activities		
Interest paid	(8,025)	(3,606)
Payment of principal portion of lease liability	(153,221)	(146,876)
	<u>(161,246)</u>	<u>(150,482)</u>
Net cash used in financing activities	(161,246)	(150,482)
Net increase in cash and cash equivalents	1,544,805	5,479,850
Cash and cash equivalents at beginning of year	11,472,041	5,992,191
Cash and cash equivalents at end of year (Note 6)	<u>13,016,846</u>	<u>11,472,041</u>

The notes set out on pages 12 to 34 form an integral part of and should be read in conjunction with this set of financial statements.

FOOD FROM THE HEART
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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

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

1. GENERAL

Food From The Heart (the “company”) was incorporated in the Republic of Singapore on 13 November 2007 under the Companies Act, as a company limited by guarantee. Under Article 9 of its Memorandum of Association, each member of the company guarantees to contribute a sum not exceeding S\$10 to the assets of the company in the event the company is wound up and the money is required for payment of liabilities of the company.

The company is registered as a charity under the Charities Act with effect from 1 August 2008. It is also an approved Institution of a Public Character (“IPC”) under Singapore Charities Act since incorporation and the IPC status have been renewed until 31 January 2024.

The principal activities of the company are involved in 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 address of registered office of the company is at 4 Battery Road #25-01, Bank of China Building, Singapore 049908. The principal place of operation of the company is located at 130 Joo Seng Road, #03-01, Singapore 368357.

The financial statements for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 31 May 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements of the company have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the Singapore Financial Reporting Standards (“FRSs”).

In the current financial year, the company has adopted all the amended FRS that are relevant to the company and effective for annual period beginning on or after 1 January 2021. The adoptions of these standards have no material effect on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Significant Accounting Estimates and Judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgements are described below.

Critical assumptions used and accounting estimates in applying accounting policies

Useful lives of property, plant and equipment

As described in Note 2(c), the company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. The estimated useful lives reflect the management's estimation of the periods that the company intends to derive future economic benefits from the use of the company's property, plant and equipment.

The carrying amount of property, plant and equipment at end of the reporting period are disclosed in Note 3.

Critical judgements made in applying accounting policies

In the process of applying the entity's accounting policies, management had made the following judgement that have the most significant effect on the amounts recognised in the financial statements.

Impairment of property, plant and equipment

The company assesses annually whether property, plant and equipment have any indication of impairment in accordance with the accounting policy. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgement and estimates.

c) Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Property, Plant and Equipment (Continued)

Depreciation is calculated on a straight-line method so as to write off the costs of the property, plant and equipment over the estimated useful lives as follows:-

Leasehold office buildings	2-5 years
Computers and software	3 years
Furniture and fittings	5 years
Office equipment and leasehold machine	5 years
Motor vehicles	6 years
Renovation	3 - 6 years
Software development	10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful lives and depreciation method are reviewed at each financial year-end and adjusted prospectively, as appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset, is included in profit or loss in the year the asset is derecognised.

d) Impairment of Non-Financial Assets

The company assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Financial Instruments

i) Financial Assets

Initial recognition and measurement

Financial assets are recognised on the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the contractual cash flow characteristics of the asset. The company only has debt instruments at amortised cost.

Amortised cost

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

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

ii) Financial Liabilities

Initial recognition and measurement

Financial liabilities are recognised on the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Financial Instruments (Continued)

ii) Financial Liabilities (Continued)

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

f) Impairment of Financial Assets

The company recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held of other credit enhancement that are integral to the contractual term.

Financial assets carried at amortised cost

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-months ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For other receivables, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each reporting period. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Impairment of Financial Assets (Continued)

Financial assets carried at amortised cost (Continued)

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

g) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and at banks which form part of the company's cash management that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

The fixed deposits of the company are cash and cash equivalents because they are redeemable and subject to insignificant risk of changes in value, despite the term may be more than 3 months.

h) Inventories

Inventories comprise foods and cash vouchers. Foods are stated at the lower of cost and net realisable value. Cost is determined on the first-in first-out basis. When necessary, allowance is provided for damaged, obsolete and slow moving items. Cash vouchers are carried at cost which are equivalent to their fair value.

i) Deferred Income

Income received in advance or subject to donor-imposed conditions that specify a future time period in which the expenditure of corresponding resources can take place is recorded as deferred income.

j) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Contingencies

A contingent liability is:-

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or

A present obligation that arises from past events but is not recognised because:

- i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

Contingent liabilities and assets are not recognised on the statement of financial position of the company.

l) Leases

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

As lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased asset.

Right-of-use asset

The company recognises right-of-use asset at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use asset are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the asset.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

1) Leases (Continued)

As lessee (Continued)

Right-of-use asset (Continued)

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use asset is also subject to impairment. The accounting policy for impairment is disclosed in Note 2(d).

The company's right-of-use asset is presented within property, plant and equipment (Note 3) and is depreciated over the lease terms of 36 to 60 months.

Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of low value assets. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Revenue Recognition

Revenue is measured based on the consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Donations are accounted for when monies are received or pledged and collection is certain. Donation income is deferred when the donor specifies that the donation must only be used in future accounting periods or conditional which must be met before the company has unconditional entitlement.

Interest income is recognised on an effective interest method.

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching 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 fund that is recognised in profit or loss on a systematic basis over the useful life of the assets and in the proportions in which depreciation expense on those assets is recognised.

n) Taxation

The company is granted exemption from income tax as a charitable institution under Section 13(1)(zm) of the Singapore Income Tax Act.

o) Employee Benefits

Defined Contribution Plans

As required by law, the company makes contributions to the state pension scheme, the Central Provident Fund (CPF). CPF contributions are recognised as compensation expenses in the same period as the employment that gives rise to the contribution.

Employee Leave Entitlement

Employee entitlement to annual leave is recognised when it accrues to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Key Management Personnel

Key management personnel of the company are those having authority and responsibility for planning, directing and controlling the activities of the company. The directors of the company, executive director and chief executive officer of the company are considered as key management personnel.

Conflict of interest policy

The Board and staff of the company are required to comply with the conflict of interest policy and make full disclosure of interests, relationships and holding that could potentially result in conflict of interests. When a conflict of interest situation arises, the person shall declare the conflict of interest and abstain from participating in the discussion, decision making and voting on the matter.

q) Foreign Currency

The financial statements are presented in Singapore dollar (“SGD”) which is the functional currency of the Company. Transactions in foreign currencies are converted at rates closely approximating those ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are translated into Singapore dollar at the closing rates at the end of the reporting period. Exchange difference arising from such translations are taken to profit or loss.

Monetary financial assets and liabilities are denominated in SGD unless otherwise indicated.

r) Funds

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

s) Deferred Fund

Grant received for approved supported usage is accounted for in respective fund accounts. Amount utilised for the purchase of plant and equipment is transferred to deferred fund account and amortised over the useful lives of the related assets to match the depreciation of the assets through the amortisation of deferred fund. Amount utilised for other approved supported usage is transferred to deferred fund account and recognised as income through the utilisation of fund.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

3. PROPERTY, PLANT AND EQUIPMENT

Cost	Leasehold Office building S\$	Computers and Software S\$	Furniture and Fittings S\$	Office equipment and Leasehold Machine S\$	Motor Vehicles S\$	Renovation S\$	Software Development S\$	Total S\$
At 01.01.2020	507,702	104,275	33,170	243,222	282,450	287,735	112,525	1,571,079
Additions	319,187	24,456	11,440	10,006	-	94,117	-	459,206
At 31.12.2020/01.01.2021	826,889	128,731	44,610	253,228	282,450	381,852	112,525	2,030,285
Additions	118,000	6,142	19,827	8,167	-	107,000	92,592	351,728
At 31.12.2021	944,889	134,873	64,437	261,395	282,450	488,852	205,117	2,382,013
Accumulated Depreciation								
At 01.01.2020	108,140	77,871	19,104	138,692	233,480	199,495	43,828	820,610
Charge for the year	136,129	19,757	4,756	53,204	13,666	54,981	11,250	293,743
At 31.12.2020/01.01.2021	244,269	97,628	23,860	191,896	247,146	254,476	55,078	1,114,353
Charge for the year	191,015	20,439	8,532	29,075	13,666	40,845	14,111	317,683
At 31.12.2021	435,284	118,067	32,392	220,971	260,812	295,321	69,189	1,432,036
Net Book Value								
At 31.12.2021	509,605	16,806	32,045	40,424	21,638	193,531	135,928	949,977
At 31.12.2020	582,620	31,103	20,750	61,332	35,304	127,376	57,447	915,932

Right-of-use asset acquired under leasing arrangement is presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 9 to the financial statements. The additions for the year include provision for reinstatement costs of S\$118,000.

During the year the addition of assets amounted to S\$130,656 (2020: S\$26,387) was acquired under care & share grant.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

4. INVENTORIES

	2021	2020
	S\$	S\$
Cash vouchers	-	2,450
Food	<u>109,691</u>	<u>-</u>
	<u>109,691</u>	<u>2,450</u>

5. OTHER RECEIVABLES

Fund/grant receivables:-		
-President challenge	68,372	-
-Tote Board	12,000	150,000
-JSS grant	-	33,085
Other receivables	27,165	12,401
Donation receivables	<u>242,116</u>	<u>70,977</u>
	<u>349,653</u>	<u>266,463</u>

Donation receivables consist of pledged donations during the year.

6. CASH AND CASH EQUIVALENTS

	2021	2020
	S\$	S\$
Fixed deposits	5,540,000	3,526,391
Cash in hand and at banks	<u>7,476,846</u>	<u>8,144,006</u>
Cash and bank balances	13,016,846	11,670,397
Less: Cash restricted in use Care and share grant (Note 7)	<u>-</u>	<u>(198,356)</u>
Cash and cash equivalents	<u>13,016,846</u>	<u>11,472,041</u>

The above fixed deposits earn interest at range of 0.50% - 0.55% (2020: 0.1% - 0.51%) per annum.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

7. CARE & SHARE GRANT

	2021	2020
	S\$	S\$
Balance at beginning of year	198,356	352,861
Transfer during the year (Note 8)	<u>(223,956)</u>	<u>(154,505)</u>
Balance at end of year	<u>(25,600)</u>	<u>198,356</u>

The Charity has been granted Care and Share grant of S\$2.9million in prior year. The care and share grant is a form of restricted fund and it is to provide support to social service sector for building of capabilities and capacities, and supporting their raising need. The type of usage is designated and subject to approval by NCSS. NCSS has extended the fund utilization deadline to 31 March 2022, any remaining funds at the end of the extended period will be forfeited.

During the financial year, the Charity transferred an amount of S\$223,956 (2020:S\$154,505) to deferred fund (Note 8) which represent the care and share grant utilised during the year.

As at the end of the reporting date, no grant receivable is recognised as the disbursement is subject to fulfilment of the term and conditions of the agreement and approval by NCSS.

8. DEFERRED FUND

	2021	2020
	S\$	S\$
Balance at beginning of year	236,710	346,659
Transfer during the year (Note 7)	223,956	154,505
Utilisation during the year (Note 13)	(113,362)	(146,943)
Amortisation during the year (Note 13)	<u>(89,844)</u>	<u>(117,511)</u>
Balance at end of year	<u>257,460</u>	<u>236,710</u>

The deferred fund represents the Deferred Care and Share Grant that has been utilised. The component which is to meet the company's operating expenses are recognised as income to match the related operating expenditure. The component which is for the purchase of depreciable assets is recognised as income over the useful lives of the related assets to match the depreciation of those assets.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

9. LEASES

The company as a lessee

The company has leases contracts for its leasehold office building and copier machine. The company's obligations under these leases are secured by the lessors' title to the leased assets. The company is restricted from assigning and subleasing its leased assets.

The company also has certain leases of office premises with lease terms of 12 months or less and with low value. The company applies the short-term lease and lease of low-value assets recognition exemption of these leases.

(a) Carrying amounts of right-of-use asset classified within property, plant and equipment

	Leasehold office building S\$	Leasehold copier machine S\$	Total S\$
At 01.01.2020	399,562	15,808	415,370
Addition	319,187	-	319,187
Depreciation	(136,129)	(10,539)	(146,668)
At 31.12.2020/01.01.2021	582,620	5,269	587,889
Addition	118,000	-	118,000
Depreciation	(191,015)	(5,269)	(196,284)
At 31.12.2021	509,605	-	509,605

(b) Lease liability

The carrying amounts of lease liability and the movements during the year are as below:-

	1 January 2021 S\$	Cash flows S\$	Acquisition S\$	<-Non-cash changes->		31 December 2021 S\$
				Accretion of Interest S\$	Reclassification S\$	
Lease liability:-						
- Current	153,221	(161,246)	-	8,025	122,260	122,260
- Non-current	436,394	-	-	-	(122,260)	314,134
	589,615	(161,246)	-	8,025	-	436,394

	1 January 2020 S\$	Cash flows S\$	Acquisition S\$	<-Non-cash changes->		31 December 2020 S\$
				Accretion of Interest S\$	Reclassification S\$	
Lease liability:-						
- Current	118,903	(150,482)	27,973	3,606	153,221	153,221
- Non-current	298,401	-	291,214	-	(153,221)	436,394
	417,304	(150,482)	319,187	3,606	-	589,615

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

9. LEASES (Continued)

The company as a lessee (Continued)

(c) Amount recognised in profit or loss

	2021	2020
	S\$	S\$
Depreciation of right-of-use assets	196,284	146,668
Interest expense on lease liability (Note 16)	8,025	3,606
Lease expenses not capitalised in lease liability		
- Expenses relating to short-term lease	21,404	27,898
	<u>225,713</u>	<u>178,172</u>

(d) Total cash outflows

The company had total cash outflows for leases of S\$182,650 (2020: S\$178,380).

10. DEFERRED GRANT - JSS

	2021	2020
	S\$	S\$
Jobs Support Scheme (JSS)	<u>-</u>	<u>53,847</u>

The deferred income – JSS is the assistance scheme from government during the economic uncertainty period due to Covid-19 pandemic. The JSS income recognised for the year included deferred grant of \$53,847 at the beginning of the year.

11. DEFERRED INCOME

	2021	2020
	S\$	S\$
<u>Movement in deferred income are as follows:</u>		
Balance at beginning of year	1,680,820	814,960
Additions	729,984	1,960,617
Less: recognised as income during the year	<u>(947,745)</u>	<u>(1,094,757)</u>
Balance at end of year	<u>1,463,059</u>	<u>1,680,820</u>

The Charity relied substantially on donations and sponsorships for their funding, primarily in running its food ration programmes. The Charity or third party fund raisers were engaged to conduct regular fund raising appeal. The funds appeal for designated charitable program is specific and are recognised as deferred income when received. Conditional donations and sponsorships which are subject to donor-imposed conditions are also recognised as deferred income when received. The deferred income is recognised as income when the service is rendered.

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11. DEFERRED INCOME (Continued)

The deferred income includes below major programmes:-

	2021	2020
	S\$	S\$
- School goodies bag	666,361	1,170,193
- Project Belanja!	542,002	324,971
	<u>666,361</u>	<u>1,495,164</u>

Below is the revenue recognised from:-

Amount included in deferred income at the beginning of the year	772,821	525,114
	<u>772,821</u>	<u>525,114</u>

12. INCOME

Donations	3,480,021	5,133,521
Fundraising events:-		
- Golf tournament	192,900	-
- Passion ball	-	83,002
- Other	49,409	35,500
Charitable events/programmes:-		
- I CAN award	10,141	-
- Birthday From the Heart	-	14,120
- Toy buffet	-	10,759
- Cleaning plate campaign	50,046	12,300
- Food Support Programmes:-		
- Project belanja !	127,228	65,408
- SGB sponsorship	714,835	546,226
- Community Food Pack	1,419,181	2,649,015
- Community shops	97,185	115,138
	<u>6,140,946</u>	<u>8,664,989</u>

The income from the food support programmes has included the operation charge contribution of \$257,813 (2020:\$349,039) for the financial year.

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13. OTHER INCOME

	2021	Restated 2020
	S\$	S\$
Interest income	15,253	42,294
Care and share grant:-		
-Income grant utilised (Note 8)	113,362	146,943
-Amortisation of deferred assets fund (Note 8)	89,844	117,511
Other funds or grants:-		
Job support scheme	79,257	244,144
Other employment related grant	70,255	42,181
Singapore Totalisator Board	55,753	296,401
Bicentennial Community Fund	400,000	-
President's challenge	-	57,668
Others	1,068	30,700
	606,333	671,094
Donation in kind - vouchers	30,500	160,000
Miscellaneous income	3,190	16,513
	<u>858,482</u>	<u>1,154,355</u>

14. DIRECT COSTS

	2021	2020
	S\$	S\$
Fundraising and processing fees on outright donations	489,612	624,658
Fundraising costs on golf tournament/ passion ball event	44,426	6,063
Charitable programme expenses:-		
- Food purchases	1,829,469	1,950,380
- Cooked food expenses on Project Belanja!	122,880	133,915
- Cash vouchers	32,950	195,060
- Mask distribution	-	81,453
- Rental, utilities and general expenses for community shops	37,748	34,072
- Others	31,068	34,311
	<u>2,588,153</u>	<u>3,059,912</u>

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15. STAFF COSTS

	2021	2020
	S\$	S\$
Staff costs comprise:-		
Key management personnel compensation:-		
- Salaries and bonuses	199,600	195,300
- Employer's contribution to CPF	15,735	17,118
	215,335	212,418
Salaries and other related costs	1,227,840	1,161,647
Employer's contribution to CPF	181,339	182,334
	1,624,514	1,556,399

Below is the number of staff with remuneration above \$100,000:

	2021	2020
<u>Salary bands</u>		
S\$100,000 - S\$200,000	2	2
S\$200,000 - S\$300,000	1	1

The directors of the Company are volunteers and receive no monetary remuneration for their contribution, except for reimbursement of out-of-pocket expenses, if any.

16. OTHER OPERATING EXPENSES

	2021	Restated 2020
	S\$	S\$
Other operating expenses include:-		
Lease interest	8,025	3,606
Low value plant and equipment	10,045	5,027
Computer and IT expenses	35,487	10,242
Marketing expenses	59,628	57,951
Motor van expenses	36,378	29,552
Rental of premises *	21,404	25,847
Rebranding/public awareness/media events	-	15,350
Transaction fee on web donation	20,637	43,117
Packing fee	34,422	25,314

*The rental of premises is stated after a rental rebate of S\$ 6,592 (2020: S\$ 3,895).

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17. TAXATION

The company as a Charitable institution is exempted from income tax under Chapter 134, section 13 (u) of the Income Tax Act subject to the compliance with the relevant provisions in the Income Tax Act.

18. TAX EXEMPT DONATIONS RECEIVED

	2021	2020
	S\$	S\$
Donation - Tax exempt	<u>5,137,863</u>	<u>7,274,779</u>

19. COMMITMENTS

(i) Operating lease commitments

The company had leased office premises under non-cancellable operating lease agreement. Future minimum rentals under non-cancellable lease were as follows:-

	2021	2020
	S\$	S\$
Amount payable:-		
- Within a year	7,801	8,365
- After one year	<u>4,480</u>	<u>12,281</u>
	<u>12,281</u>	<u>20,646</u>

(ii) Capital commitments

Capital expenditure (Renovation works) committed at the end of the reporting date but not recognised in the financial statements is S\$99,510 (2020: S\$70,000)

20. FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives and Policies

The company does not have written financial risk management policies and guidelines which set out its tolerance for risk and its general risk management philosophy but management may use natural hedges or closely monitor the company's risk exposures in connection with its financial assets and financial liabilities and adopts the appropriate measures including the use of other financial instruments when considered necessary to reduce any potential financial risk exposures or losses.

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20. FINANCIAL RISK MANAGEMENT (Continued)

Interest Rate Risk

The company has no significant interest-bearing financial assets and financial liabilities except for the fixed deposit placed with financial institution as disclosed in Note 6. As at end of the reporting period, the company is not significantly exposed to interest rate risk. Sensitivity analysis is not performed as the impact is not significant.

Liquidity Risk

The company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the company's operations and mitigate the effects of fluctuation in cash flows.

The following table details the remaining contractual maturities at the end of the reporting period of the company's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date that the company required to pay:-

	2021			
	Carrying amount S\$	Total contractual undiscounted cash flow S\$	Within 12 months or on demand S\$	Between 2 to 5 years S\$
Accruals and other payables	481,649	481,649	481,649	-
Lease liabilities	436,394	449,335	128,191	321,144
	918,043	930,984	609,840	321,144
	2020			
	Carrying amount S\$	Total contractual undiscounted cash flow S\$	Within 12 months or on demand S\$	Between 2 to 5 years S\$
Accruals and other payables	507,785	507,785	507,785	-
Lease liabilities	589,615	610,580	161,245	449,335
	1,097,400	1,118,365	669,030	449,335

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The company's exposure to credit risk arises primarily from other receivables. For other financial assets (including cash and cash equivalents), the company minimises credit risk by dealing exclusively with high credit rating counterparties.

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20. FINANCIAL RISK MANAGEMENT (Continued)

Credit Risk (Continued)

The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the company's maximum exposure to credit risk without taking into account of the value of any collateral or other security obtained.

Foreign Currency Risk

The company is not exposed to foreign currency risk as all its transactions are denominated in Singapore Dollar.

21. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The following table sets out the financial assets and liabilities as at the end of the reporting period:-

	2021	2020
	S\$	S\$
<u>Financial assets</u>		
Amortised cost:-		
Other receivables	349,653	266,463
Deposits	90,324	80,940
Cash and bank balances	<u>13,016,846</u>	<u>11,670,397</u>
Total financial assets	<u>13,456,823</u>	<u>12,017,800</u>
<u>Financial liabilities</u>		
Amortised cost:-		
Other payables and accruals	481,649	507,785
Lease liabilities	<u>436,394</u>	<u>589,615</u>
Total financial liabilities	<u>918,043</u>	<u>1,097,400</u>

22. FAIR VALUES

The carrying amounts of financial assets and financial liabilities are recorded in the financial statements at their approximate fair values, due to short term maturities of the instruments.

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23. FUND MANAGEMENT AND RESERVE POLICY

The company's objective in managing fund is to maintain a level of reserve that enables the company to continue operating within at least twelve months period of time. The company seeks to establish and maintain a reserve of 100% of one year's operating expenses. This reserve is used to fund the working capital, any unexpected expenditures or events, and shortfalls in income. The Board of Directors reviews the company's reserve level on regular basis and there have been no changes to the company's fund management objective during the both financial years.

24. COMPARATIVE INFORMATION AND RESTATEMENT

During the financial year, the company noted that the other income – operating charge contribution and expenses – operating charge expense in the previous financial years were overstated by the same amount in statement of comprehensive income. The service charge contribution of S\$349,039 had been included in the income line during that financial year.

The comparative information for the financial year has been restated to correct the above. Below table shows the impact of the restatement on the financial statements for the year ended 31 December 2020:-

	As previously reported S\$	As restated S\$	Difference S\$
Other income:			
- Operation charge contribution	349,039	-	(349,039)
Operating expenses:			
- Operation charge expenses	<u>(349,039)</u>	-	<u>349,039</u>

The restatement has no impact to other statements and disclosure to the financial statements except for the statement of comprehensive income and Notes 13 and 16 to the financial statements in which they have been restated. As a result, the third statement of financial position at the beginning of the preceding financial year is not presented.

25. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2022. The company does not expect that adoption of these accounting standards or interpretations will have a material impact on the company's financial statements.

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26. COVID-19 PANDEMIC

The Covid-19 pandemic has significantly disrupted activities and operations of company since 2020. The company has since taking precautionary measures to deal with the Covid-19 outbreak in accordance with guidelines provided by the authorities and minimize the impact of Covid-19.

As the Covid-19 situation stabilises in Singapore gradually, the management has estimated the financial impact of the outbreak in future may not be drastic to the company. The company's operating reserve is sufficient for the company to continue as a going concern for at least 12 months periods from the date of this report.