

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

**AUDITED FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2014**

FOOD FROM THE HEART
(Limited by Guarantee)
(UEN: 200721064R)

DIRECTORS' REPORT

The directors submit this annual report to the members together with the audited financial statements of the company for the year ended 31 December 2014.

1. NAME OF DIRECTORS

The directors in office at the date of this report are:-

RONALD PAUL STRIDE
KNUT UNGER
CHIN S CHELLIAH BOTTINELLI
SOO YOOK LIN
ANG KIM TUAN CLINTON
RAJGOPAL RAJKUMAR
YANG YUNG-CHUAN EUGENE

2. ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

During and at the end of the financial year, the company was not a party to any arrangement the object of which was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the company or any other body corporate.

3. DIRECTORS' INTEREST IN SHARES OR DEBENTURES

The directors of the company at the end of the financial year had no interest in the share capital of the company as the company is limited by guarantee.

4. DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the company has received or has become entitled to receive a benefit by reason of a contract made by the company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, other than disclosed in the financial statements.

5. OPTIONS GRANTED, EXERCISED AND OUTSTANDING

There are no options granted, exercised and outstanding to take up unissued shares as the company is limited by guarantee.

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DIRECTORS' REPORT

4. AUDITORS

The auditors, Kreston David Yeung PAC, have expressed their willingness to accept re-appointment.

On behalf of the Board,



CHIN S CHELLIAH BOTTINELLI
Director



YANG YUNG-CHUAN EUGENE
Director

Singapore, **13 JUL 2015**

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STATEMENT BY DIRECTORS

In our opinion: -

- i) the accompanying financial statements together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the company as at 31 December 2014, and the results of the business, changes in equity and cash flows of the company for the year ended on that date; 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.

On behalf of the Board,



CHIN S CHELLIAH BOTTINELLI
Director



YANG YUNG-CHUAN EUGENE
Director

Singapore, **13 JUL 2015**



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

Report on the Financial Statements

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 2014, the income and expenditure statement, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 6 to 26.

Management's Responsibility 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 Singapore Charities Act, Cap. 37, Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards, 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 income and expenditure statement and balance sheet and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Singapore Charities Act, Cap. 37, the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31 December 2014 and the results, changes in funds and cash flows of the company for the year ended on that date.



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

Report on Other Legal and Regulatory Requirements

In our opinion,

- a) the accounting and other records required by the above regulations to be kept by the company have been properly kept in accordance with those regulations; and
- b) the fund-raising appeals held during the financial year have been carried out in accordance with regulation 6 of the Charities (Fund-raising appeals) Regulations 2007 issued under the Charities Act, Cap. 37 and proper accounts and other records have been kept of the fund-raising appeals.

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

- a) the total fund-raising expenses of the company exceeded 30% of the total gross receipts from fund-raising; and
- b) the donation monies received have not been used in accordance with the company's objectives.

KRESTON DAVID YEUNG PAC
Public Accountants and
Chartered Accountants

Singapore, **13 JUL 2015**

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(IPC No.: IPC000634)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	Note	2014 S\$	2013 S\$
ASSETS			
Non-current assets			
Plant and equipment	3	277,080	147,602
Current assets			
Other receivables		1,163	18,171
Deposits and prepayments	4	86,515	28,142
Cash and bank balances	5	2,770,411	2,085,784
Total current assets		<u>2,858,089</u>	<u>2,132,097</u>
Total assets		<u>3,135,169</u>	<u>2,279,699</u>
FUND AND LIABILITIES			
Accumulated fund		<u>2,483,400</u>	<u>1,907,726</u>
Total fund		2,483,400	1,907,726
Current liabilities			
Other payables and accruals	6	61,911	105,033
Deferred income	7	589,858	266,940
Total liabilities		<u>651,769</u>	<u>371,973</u>
Total fund and liabilities		<u>3,135,169</u>	<u>2,279,699</u>

The notes set out on pages 11 to 26 form an integral part of and should be read in conjunction with this set of financial statements.

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INCOME AND EXPENDITURE STATEMENT
For the year ended 31 December 2014

	Note	2014 S\$	2013 S\$
Revenue	8	2,347,216	2,632,687
Other income	9	84,163	43,675
		<u>2,431,379</u>	<u>2,676,362</u>
Costs and expenses			
Direct costs	10	994,307	959,443
Staff costs	11	571,058	518,152
Depreciation of plant and equipment	3	51,030	31,552
Other operating expenses	12	239,310	250,504
		<u>(1,855,705)</u>	<u>(1,759,651)</u>
Surplus before taxation		575,674	916,711
Taxation	13	-	-
Net surplus for the year		<u>575,674</u>	<u>916,711</u>

The notes set out on pages 11 to 26 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 2014

	2014	2013
	S\$	S\$
Net surplus for the year	575,674	916,711
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>575,674</u>	<u>916,711</u>

The notes set out on pages 11 to 26 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 CHANGES IN FUND
For the year ended 31 December 2014

	Accumulated fund S\$
Balance as at 01.01.2013	991,015
Total comprehensive income for the year	<u>916,711</u>
Balance as at 31.12.2013/01.01.2014	1,907,726
Total comprehensive income for the year	<u>575,674</u>
Balance as at 31.12.2014	<u><u>2,483,400</u></u>

The notes set out on pages 11 to 26 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 2014

	2014	2013
	S\$	S\$
Cash flows from operating activities		
Surplus before taxation	575,674	916,711
Adjustments for:-		
Depreciation of plant and equipment	51,030	31,551
Fixed assets written off	430	-
Interest income	(4,133)	(1,827)
Operating surplus before working capital changes	<u>623,001</u>	<u>946,435</u>
Decrease in other receivables	17,008	97,761
Increase in deposits and prepayments	(58,373)	(3,889)
(Decrease)/Increase in other payables and accruals	(43,122)	89,197
Increase/(Decrease) in deferred income	322,918	(53,696)
Cash generated from operations	<u>861,432</u>	<u>1,075,808</u>
Interest received	4,133	1,827
Net cash generated from operating activities	<u>865,565</u>	<u>1,077,635</u>
Cash flows from investing activity		
Purchase of plant and equipment	(180,938)	(134,820)
Net cash used in investing activity	<u>(180,938)</u>	<u>(134,820)</u>
Cash flows from financing activity		
Decrease/(increase) in fixed deposits (restricted)	100,402	(101)
Net cash used in financing activity	<u>100,402</u>	<u>(101)</u>
Net (decrease)/increase in cash and cash equivalents	785,029	942,714
Cash and cash equivalents at beginning of year	<u>1,985,382</u>	<u>1,042,668</u>
Cash and cash equivalents at end of year (Note 5)	<u>2,770,411</u>	<u>1,985,382</u>

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

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, Chapter 50 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 of the same being wound up.

The company has also been registered as a charity under the Charities Act with effect from 1 August 2008. The company has been granted a special account membership with National Council of Social Service, a gazetted Institution of a Public Character, to enable the company to obtain tax exempt benefit for its donors. The company has been authorised to issue tax deductible receipts effective from 1 November 2013 for a period of 2 years by the Ministry of Community Development, Youth and Sports (MCYS). MCYS is restructured to become the Ministry of Social and Family Development (MSF) on 1 November 2013.

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 2014 were authorised for issue in accordance with a resolution of the directors on 13 July 2015.

The financial statements of the company are presented in Singapore dollars, which is also the company’s functional currency.

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”) including its interpretation.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Basis of Preparation (Continued)

In the current financial year, the company has adopted all the new and revised FRS and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual period beginning on or after 1 January 2014. The adoptions of these new/revised FRSs and INT FRSs have no material effect on the financial statements.

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 plant and equipment

As described in Note 2(c), the company reviews the estimated useful lives of 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 plant and equipment.

The carrying amount of 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 plant and equipment

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

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Plant and Equipment

All items of plant and equipment are initially recorded at cost. The cost of an item of 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, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

Computers and software	3 years
Furniture and fittings	5 years
Office equipment	5 years
Motor vehicles	6 years
Renovation	6 years
Software development	10 years

The carrying values of 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, to ensure that amount; method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefit embodied in the items of plant and equipment.

An item of 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 the income and expenditure statement in the year the asset is derecognised.

d) 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. The company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, directly attributable transaction costs.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Financial Instruments (Continued)

i) Financial Assets (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends of their classification as follows:-

Loans and Receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

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.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e the date that the company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned.

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.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) **Financial Instruments (Continued)**

ii) **Financial Liabilities (Continued)**

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, financial liabilities that 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.

De-recognition

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

iii) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settled the liabilities simultaneously.

e) **Impairment of Financial Assets**

The company assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Impairment of Financial Assets (Continued)

Financial assets carried at amortised cost (Continued)

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in income and expenditure statement.

f) Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand and at banks and fixed deposits 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.

g) 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.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Deferred Income

Amounts received in advance for the donation are reflected in the statement of financial position as deferred income. They are transferred to income on a straight-line basis over the year of the period of the donations.

i) 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 to sell 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. 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 the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. 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 the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

j) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The company assesses its revenue arrangements to determine if it is acting as principal or agent in all of its revenue arrangements.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Revenue Recognition (Continued)

Donations are accounted for on accrual basis when monies are received or pledged and collection is certain.

Incomes from fund raising events are recognised in the year in which the monies are received.

Government grant is recognised at their fair value where there is reasonable assurance that the grant will be received and attaching condition will be complied with.

Interest income is recognised on an effective interest method.

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, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

l) Taxation

The company is granted exemption from income tax, as a charitable institution under the Singapore Income Tax Act.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) **Leases – As Lessee**

Operating lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis. Contingent rents, if any, are charge as expenses in the period in which they are incurred are recognised as an expense in the profit or loss in the year in which they are incurred.

n) **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.

o) **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 executive directors of the company are considered as key management personnel.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

3. PLANT AND EQUIPMENT

Cost	Computers and Software S\$	Furniture and Fittings S\$	Office Equipment S\$	Motor Vehicles S\$	Renovation S\$	Software development S\$	Total S\$
At 01.01.2013	15,753	28,141	10,911	124,152	-	-	178,957
Additions	17,510	-	4,184	113,127	-	-	134,821
At 31.12.2013/01.01.2014	33,263	28,141	15,095	237,279	-	-	313,778
Additions	4,940	8,378	9,171	-	132,819	25,630	180,938
Written off	-	(27,590)	(9,387)	(36,826)	-	-	(73,803)
At 31.12.2014	38,203	8,929	14,879	200,453	132,819	25,630	420,913
Accumulated Depreciation							
At 01.01.2013	10,112	25,547	7,585	91,380	-	-	134,624
Charge for the year	6,183	1,082	1,877	22,410	-	-	31,552
At 31.12.2013/01.01.2014	16,295	26,629	9,462	113,790	-	-	166,176
Charge for the year	9,877	1,640	2,609	30,206	6,448	250	51,030
Written off	-	(27,161)	(9,386)	(36,826)	-	-	(73,373)
At 31.12.2014	26,172	1,108	2,685	107,170	6,448	250	143,833
Net Book Value							
At 31.12.2014	12,031	7,821	12,194	93,283	126,371	25,380	277,080
At 31.12.2013	16,968	1,512	5,633	123,489	-	-	147,602

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

4. DEPOSITS AND PREPAYMENTS

	2014	2013
	S\$	S\$
Deposits	63,270	20,480
Prepayments	23,245	7,662
	<u>86,515</u>	<u>28,142</u>

5. CASH AND BANK BALANCES

Fixed deposits	1,233,162	100,402
Cash and bank balances	1,537,249	1,985,382
	<u>2,770,411</u>	<u>2,085,784</u>
Less: Fixed deposit (restricted)	-	(100,402)
	<u>2,770,411</u>	<u>2,085,784</u>

Fixed deposits earn an interest at range of 0.1% - 1.28% (2013: 1.00%) per annum.

6. OTHER PAYABLES AND ACCRUALS

	2014	2013
	S\$	S\$
Other payables	56,911	100,033
Accruals	5,000	5,000
	<u>61,911</u>	<u>105,033</u>

7. DEFERRED INCOME

Movement in deferred income

Balance beginning of year	266,940	320,636
Additions	747,749	496,213
Utilised during the year	(424,831)	(549,909)
Balance at end of year	<u>589,858</u>	<u>266,940</u>

Deferred income comprises of voluntary donation income received during the year for programs and events usage in the future.

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8. REVENUE

	2014	2013
	S\$	S\$
Public outright donations	708,146	712,498
Food (goodie bags) purchases donations	939,292	794,565
Passion ball event	576,726	915,260
Shanghai Yue opera event	-	21,853
Fun from the heart	80,084	166,644
Toys from the heart	-	287
Christmas party	12,757	7,372
Birthday from the heart	14,844	7,657
Bread programme	6,607	-
Other charitable events	8,760	6,551
	<u>2,347,216</u>	<u>2,632,687</u>

9. OTHER INCOME

Interest income	4,133	1,827
Grant received	70,000	40,000
Miscellaneous income	10,030	1,848
	<u>84,163</u>	<u>43,675</u>

10. DIRECT COST

Food (goodies bags) purchases	715,607	650,518
Passion ball event	192,446	207,843
Shanghai Yue opera event	-	6,383
Fun from the heart	24,008	48,178
Toys from the heart	14,108	13,151
Christmas party	12,757	7,372
Birthday from the heart	9,436	6,107
Bread distribution and self collection centre program	6,333	9,516
Other charitable events expenses	19,612	10,375
	<u>994,307</u>	<u>959,443</u>

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

11. STAFF COSTS

	2014	2013
	S\$	S\$
Staff costs comprise: -		
Key management personnel compensation:-		
- Executive director's salary and bonus (other than director)	93,950	91,100
- Employer's contribution to CPF	11,021	12,071
Salaries and other related costs	409,343	360,824
Employer's contribution to CPF	56,744	54,157
	<u>571,058</u>	<u>518,152</u>

12. OTHER OPERATING EXPENSES

Other operating expenses include:-		
Motor van expenses	28,661	29,418
Plant and equipment written off	430	-
Rental of premises	54,387	36,000
Rental of warehouse	41,794	55,726
Transportation	2,674	3,075
Volunteer appreciation	3,053	22,157
	<u>134,049</u>	<u>206,676</u>

13. TAXATION

The company has been registered as a charity under the Charities Act and is exempted from income tax for the financial year under the provision of the Income Tax Act, Cap. 134.

14. TAX EXEMPT DONATIONS RECEIVED

	2014	2013
	S\$	S\$
Tax exempt donation received	<u>1,909,048</u>	<u>2,269,461</u>

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15. OPERATING LEASE COMMITMENT

The company leases an office equipment, warehouse and office premises under operating lease. The lease expenses recognised in the financial year amount to S\$106,162 (2013: S\$99,719). None of the lease includes contingent rent. Future minimum rentals under non-cancellable leases as at the end of the reporting period are as follows:-

	2014	2013
	S\$	S\$
Amount payable:-		
- within a year	100,119	79,069
- after one year but not more than five years	408,439	28,954
- after five years	77,897	-
	<u>586,455</u>	<u>108,023</u>

16. FINANCIAL RISK MANAGEMENT POLICIES

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 business 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.

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 5. 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 fluctuations in cash flows. The maturity profile of the company's financial liabilities is within the next 12 months after the end of the reporting period.

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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16. FINANCIAL RISK MANAGEMENT POLICIES (Continued)

Credit Risk (Continued)

The company has no significant concentration of credit risk. The company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposures. In addition, receivables balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

Financial assets that are neither past due nor impaired

Other receivables that are neither past due nor impaired are creditworthy debtors. Cash and cash equivalents that are neither past due nor impaired are placed with financial institution with high rating.

Foreign Currency Risk

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

17. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

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

	2014	2013
	S\$	S\$
<u>Financial assets</u>		
Loans and receivables: -		
Other receivables	1,163	18,171
Deposits	63,270	20,480
Cash and bank balances	2,770,411	2,085,784
Total financial assets	2,834,844	2,124,435
<u>Financial liabilities</u>		
Amortised cost: -		
Other payables and accruals	61,911	105,033
Total financial liabilities	61,911	105,033

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18. FAIR VALUES

The carrying amounts of financial assets and financial liabilities are recorded in the financial statements at their approximate fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

19. 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. This reserve is used to fund for working capital, any unexpected expenditures or events, and shortfalls in income. The Board of Directors reviews the company's reserve level on quarterly basis.

20. 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 2015. 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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INCOME AND EXPENDITURE STATEMENT
For the year ended 31 December 2014

	2014	2013
	S\$	S\$
Income		
Public outright donations	708,146	712,498
Food (goodie bags) purchases donations	939,292	794,565
Passion ball event	576,726	915,260
Shanghai Yue opera event	-	21,853
Fun from the heart	80,084	166,644
Toys from the heart	-	287
Christmas party	12,757	7,372
Birthday from the heart	14,844	7,657
Bread programme	6,607	-
Other charitable events	8,760	6,551
Total income	2,347,216	2,632,687
Direct costs		
Food (goodies bags) purchases	715,607	650,518
Passion ball event	192,446	207,843
Shanghai Yue opera event	-	6,383
Fun from the heart	24,008	48,178
Toys from the heart	14,108	13,151
Christmas party	12,757	7,372
Birthday from the heart	9,436	6,107
Bread distribution and self collection centre program	6,333	9,516
Other charitable events expenses	19,612	10,375
Total direct costs	(994,307)	(959,443)
Total contribution	1,352,909	1,673,244
Other income		
Interest income	4,133	1,827
Grant received	70,000	40,000
Miscellaneous income	10,030	1,848
	84,163	43,675
	1,437,072	1,716,919
Operating expenses	(861,398)	(800,208)
Surplus before taxation	575,674	916,711

This schedule does not form part of the statutory audited financial statements.

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INCOME AND EXPENDITURE STATEMENT
For the year ended 31 December 2014

	2014	2013
	S\$	S\$
Operating expenses		
Advertising	1,543	657
Audit fee	4,000	4,000
Bank charges	225	126
Courier and postage	980	741
CPF contribution	56,744	54,157
Computer and IT expenses	2,061	-
Credit card charges	2,366	4,233
Depreciation of plant and equipment	51,030	31,552
Entertainment and gifts	1,493	867
Events expenses	6,024	15,498
General expenses	4,585	3,717
HDB subject fee	1,037	-
Insurance	5,717	5,199
Key management personnel compensation:		
- Salary and bonus	93,950	91,100
- CPF contribution	11,021	12,071
Medical expenses	2,131	2,163
Membership and subscriptions	3,249	2,796
Motor van expenses	28,661	29,418
Office cleaning	2,280	2,100
Pest control services	1,330	1,780
Plant and equipment written off	430	-
Printing and stationery	7,203	11,548
Professional fees		
- current year	3,980	1,000
- under provision in prior year	-	4,667
Refreshment	4,345	4,281
Relocation cost	5,762	-
Rental of office equipment	9,981	7,993
Rental of premises	54,387	36,000
Rental of warehouse	41,794	55,726
Repair and maintenance	11,223	4,534
Security charges	-	616
Staff salary and bonus	349,042	327,667
Staff welfare and training	22,119	14,124
Telecommunication	16,087	12,428
Temporary staffs	36,051	16,870
Transportation	2,674	3,075
Utilities	6,693	8,750
Volunteer appreciation	3,053	22,157
Warehouse expenses	6,147	6,597
	<u>861,398</u>	<u>800,208</u>

This schedule does not form part of the statutory audited financial statements.

