

MUHAMMADIYAH WELFARE HOME
(UEN: S89CC0701L)
(Incorporated in the Republic of Singapore)

FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2023

MUHAMMADIYAH WELFARE HOME
(UEN: S89CC0701L)
(Incorporated in the Republic of Singapore)

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

<u>CONTENTS</u>	<u>PAGE NO</u>
Statement by The Management Committee	1
Independent Auditor's Report	2 - 4
Statement of Financial Position	5
Statement of Financial Activities	6-7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 25

In the opinion of the Management Committee,

- (i) the accompanying statement of financial position, statements of financial activities and statement of cash flows together with the notes thereon are drawn up in accordance with the provisions of the Societies Act 1966 (the "Societies Act") and the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and Charities Accounting Standards in Singapore ("CAS") so as to give a true and fair view of the financial position of Muhammadiyah Welfare Home (the "Home") as at 31 December 2023, and of the financial performance of the Home and cash flows for the financial year ended on that date;
- (ii) at the date of this statement, there are reasonable grounds to believe that the Home will be able to pay its debts as and when they fall due;
- (iii) the accounting and other records required by the Society have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act and the Charities Act and Regulations;
- (iv) the fund-raising appeals conducted by the Home during the financial year ended 31 December 2023 have been carried out in accordance with Regulation 6 (fund-raising appeal records) of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeal;
- (v) the use of donation moneys is in accordance with the objective of the Home as required under Regulation 11 (use of donations) of the Charities (Institutions of a Public Character) Regulations; and
- (vi) the Home has complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

On Behalf of the Management Committee



MUHAMMAD AZRI BIN AZMAN
Chairman



ROSZANAH BINTE ABDUL SALIM
General Secretary



MUHAMMAD SUHAIMI BIN PA'AT
Treasurer

MUHAMMADIYAH WELFARE HOME**Independent Auditor's Report
For the Financial Year Ended 31 December 2023****2****To the members of MUHAMMADIYAH WELFARE HOME****Report on Audit of the Financial Statements***Opinion*

We have audited the financial statements of Muhammadiyah Welfare Home (the "Home"), which comprise the statement of financial position of the Home as at 31 December 2023, the statement of financial activities and statement of cash flows of the Home for the financial year then ended, , and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act 1966 ("the Societies Act"), the Charities Act 1994 and other relevant regulations ("the Charities Act and Regulations") and Charities Accounting Standard ("CAS") so as to present fairly, in all material respects, the financial position of the Home as at 31 December 2023 and the financial activities, change in funds and cash flows of the Home for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Home 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 matters

The financial statements of the Home for the financial year ended 31 December 2022 were audited by another independent auditor who expressed an unmodified opinion on those statements on 23 June 2023.

Other Information

The Management Committee is responsible for the other information. The other information comprises the Statement by the Management Committee 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.

MUHAMMADIYAH WELFARE HOME**Independent Auditor's Report
For the Financial Year Ended 31 December 2023****3****To the members of MUHAMMADIYAH WELFARE HOME (cont'd)***Responsibilities of Management Committee and those charge with Governance for the Financial Statements*

The Management Committee is responsible for the preparation of fair presentation of financial statements in accordance with the provisions of the Societies Act, the Charities Act and Regulations and CAS and for such internal control as management determines is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee is responsible for assessing the Home'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 Home or to cease operations, or has no realistic alternative but to do so.

The Management Committee' are responsible for overseeing the Home's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

MUHAMMADIYAH WELFARE HOME**Independent Auditor's Report
For the Financial Year Ended 31 December 2023****4****To the members of MUHAMMADIYAH WELFARE HOME (cont'd)***Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)*

- 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 Management Committee 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:

- (a) the accounting and other records required to be kept by the Charity have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations; and
- (b) The fund-raising appeal held during the reporting year has been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeal.

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

- (a) the Home has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and;
- (b) the Home has not complied with the requirements of Regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.



ONEMillennium PAC
Public Accountants and
Chartered Accountants
Singapore

18 July 2024

MUHAMMADIYAH WELFARE HOME**Statement of Financial Position
As at 31 December 2023****5**

	Note	2023 S\$	2022 S\$
ASSETS			
Non-current assets			
Plant and equipment	4	801,730	1,113,985
		<u>801,730</u>	<u>1,113,985</u>
Current assets			
Other receivables	5	194,577	401,680
Amount due from a related party	6	49,506	884
Cash and cash equivalents	7	3,076,633	2,958,275
		<u>3,320,716</u>	<u>3,360,839</u>
Total assets		<u>4,122,446</u>	<u>4,474,824</u>
		=====	=====
FUNDS AND LIABILITIES			
Funds			
Unrestricted funds		3,261,120	3,607,371
Restricted funds		216,216	72,547
Total funds		<u>3,477,336</u>	<u>3,679,918</u>
Current liabilities			
Other payables	8	645,110	794,906
Total liabilities		<u>645,110</u>	<u>794,906</u>
Total funds and liabilities		<u>4,122,446</u>	<u>4,474,824</u>
		=====	=====

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

MUHAMMADIYAH WELFARE HOME
**Statement of Financial activities
For the Financial Year Ended 31 December 2023**
6

		2023									
		Unrestricted			Restricted				Total Restricted		Total
Notes	General fund	Ministry of Social & Family fund	School Pocket Money fund	President Challenge fund	Renovation fund	Al-Fatih Scholarship fund	NCSS Tech Booster fund	NCSS Invictus fund	Restricted fund	Total	
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	
INCOME											
Income from generated funds											
- Voluntary income	10	384,323	-	21,570	-	-	-	-	21,570	405,893	
- Activities income	11	1,169,912	-	-	-	-	-	-	-	1,169,912	
Income from charitable activities	12	-	1,775,097	-	104,111	-	17,200	79,820	10,214	1,986,442	
Other income	13	154,846	-	-	-	-	-	-	-	154,846	
Total Income		1,709,081	1,775,097	21,570	104,111	-	17,200	79,820	10,214	2,008,012	
EXPENDITURE											
Costs of generating funds											
- Fundraising costs	14	138,061	-	-	-	-	-	-	-	138,061	
Cost of charitable activities	15	102,326	1,775,097	19,244	79,834	-	24,700	99,367	10,214	2,110,782	
Governance costs	16	179,433	-	-	-	-	-	-	-	179,433	
Other operating expenses	17	1,449,824	-	-	-	-	41,575	-	-	1,491,399	
Total expenditure		1,869,644	1,775,097	19,244	79,834	-	24,700	140,942	10,214	2,050,031	
(Deficit)/ Surplus for the financial year		(160,563)	-	2,326	24,277	-	(7,500)	(61,122)	-	(42,019)	
CHANGES IN FUNDS											
At beginning of the year		3,607,371	-	2,764	2,061	-	6,600	61,122	-	72,547	
(Deficit)/ Surplus for the financial year		(160,563)	-	2,326	24,277	-	(7,500)	(61,122)	-	(42,019)	
Appropriation of funds		(185,688)	-	22,981	155,207	-	7,500	-	-	185,688	
At end of the financial year		3,261,120	-	28,071	181,545	-	6,600	-	-	216,216	

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

MUHAMMADIYAH WELFARE HOME
**Statement of Financial activities (cont'd)
For the Financial Year Ended 31 December 2023**
7

	Notes	2022									Total S\$
		Unrestricted			Restricted						
		General fund S\$	Ministry of Social & Family fund S\$	School Pocket Money fund S\$	President Challenge fund S\$	Renovation fund S\$	Al-Fatih Scholarship fund S\$	NCSS Tech Booster fund S\$	NCSS Invictus fund S\$	Total Restricted fund S\$	
INCOME											
Income from generated funds											
- Voluntary income	10	565,958	-	350	-	-	-	-	-	-	566,308
- Activities income	11	1,299,218	-	-	-	-	-	-	-	-	1,299,218
Income from charitable activities											
	12	-	1,640,546	-	46,683	-	17,700	-	32,129	1,737,408	1,737,058
Other income	13	311,588	-	-	-	-	-	-	-	-	311,588
Total Income		2,176,764	1,640,546	350	46,683	-	17,700	-	32,129	1,737,408	3,914,172
EXPENDITURE											
Costs of generating funds											
- Fundraising costs	14	126,400	-	-	-	-	-	-	-	-	126,400
Cost of charitable activities											
	15	105,903	1,640,546	18,250	44,622	13,892	18,700	258,878	32,129	2,027,017	2,132,920
Governance costs	16	174,100	-	-	-	-	-	-	-	-	174,100
Other operating expenses											
	17	1,402,067	-	-	-	-	-	-	-	-	1,402,067
Total expenditure		1,808,470	1,640,546	18,250	44,622	13,892	18,700	258,878	32,129	2,027,017	3,835,487
Surplus/(Deficit) for the financial year		368,294	-	(17,900)	2,061	(13,892)	(1,000)	(258,878)	-	(289,609)	78,685
CHANGES IN FUNDS											
At beginning of the year		3,254,438	-	5,303	-	13,892	7,600	320,000	-	346,795	3,601,233
Surplus/(Deficit) for the financial year		368,294	-	(17,900)	2,061	(13,892)	(1,000)	(258,878)	-	(289,609)	78,685
Appropriation of funds		(15,361)	-	15,361	-	-	-	-	-	15,361	-
At end of the financial year		3,607,371	-	2,764	2,061	-	6,600	61,122	-	72,547	3,679,918

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

MUHAMMADIYAH WELFARE HOME**Statement of Cash Flows
For the Financial Year Ended 31 December 2023****8**

	2023 S\$	2022 S\$
Cash flows from operating activities (Deficit)/ Surplus for the financial year	(202,582)	78,685
Adjustments for:		
Depreciation of plant and equipment	345,767	262,309
Interest income	(3,133)	(2,895)
Operating cash flows before changes in working capital	140,052	338,099
<u>Changes in working capital:</u>		
Other receivables	207,103	435,565
Amount due from related company	(48,622)	(26,504)
Other payables	(149,796)	(385,935)
Net changes in working capital	8,685	23,126
Net cash from operating activities	148,737	361,225
Cash flows from investing activities		
Purchase of property, plant and equipment	(33,512)	(81,963)
Interest income received	3,133	2,895
Net cash used in investing activities	(30,379)	(79,068)
Cash flows from Financing activity		
Repayment of finance lease liabilities	-	(1,742)
Net cash used in financing activity	-	(1,742)
Net increase in cash and cash equivalents	118,358	280,415
Cash and cash equivalents at beginning of financial year	2,958,275	2,677,860
Cash and cash equivalents at end of financial year	3,076,633	2,958,275

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

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

1. General information

The Home is registered in the Republic of Singapore as a charity under the Charities Act 1994. The Home is an activity centre of Muhammadiyah Association (the parent body), a charity registered in Singapore.

The Home has been accorded the status of an Institutions of a Public Character (IPC) since 1995. Its current IPC status expires on 31 March 2025.

The Home's registered office and principal place of business is located at, 101 Pasir Ris Road, Singapore 519154.

The principal activities of the Home are to provide for the residential care and carry out rehabilitation and intervention programs to help and protect youths at risk.

The financial statements of Muhammadiyah Welfare Home (the "Home") (UEN No.: S89CC0701L) for the financial year ended 31 December 2023 were authorised for issue on the date of the Statement by the Management Committee.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Home have been prepared in accordance with the Charities Accounting Standard ("CAS") and the provisions of the Societies Act 1966 and Charities Act 1994 under the historical cost basis except as disclosed in the accounting policies below. The accounting policies of the Home are consistent with the requirements of the CAS and are applied consistently to similar transactions, other events and conditions.

The preparation of financial statements in conformity with CAS requires the Management Committee to exercise its judgment in the process of applying the Home's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent 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 the Management Committee's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity are disclosed in Note 3 to the financial statements.

These financial statements are presented in Singapore Dollars ("S\$"), which is the Home's functional currency.

2.2 Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation. Cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition or production of a qualifying property, plant and equipment. 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 Home and the cost of the item can be measured reliably.

2. Significant accounting policies (cont'd)**2.2 Plant and Equipment (cont'd)**

When significant parts of property, plant and equipment are required to be replaced in intervals, the Home recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of financial activities as incurred.

Depreciation is computed on a straight-line basis so as to write off the valuation or cost of the plant and equipment over their estimated useful lives, which are as follows:

	<u>Useful lives</u>
Office equipment & computers	5 years
Furniture & fittings	5 years
Motor vehicles	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.

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

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

2.3 Financial instruments

The Home has financial assets in the following categories: cash and cash equivalents and other receivables in financial assets. The classification depends on the purpose for which the assets were acquired.

Other receivables are presented as current assets, except those maturing later than twelve months after the balance sheet date which are classified as non-current assets.

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

After initial recognition, other receivables are subsequently measured at cost less any accumulated impairment losses. Prepayments are subsequently measured at the amount paid less the economic resources received or consumed during the financial year.

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

The amount of the allowance is the difference between the asset's carrying amount and the undiscounted future cash flows, excluding unearned interest of interest-bearing assets that the Home expects to receive from the assets. The amount of the allowance for impairment is recognised in the statement of financial activities.

2. Significant accounting policies (cont'd)

2.4 Impairment of Financial Assets

The Home assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

An allowance for impairment is established including due from related parties when there is objective evidence that the Home will not be able to collect all amounts due according to the original terms of the receivables.

To determine whether there is objective evidence that an impairment loss has been incurred, the Home considers assessable data that come to the attention of the Home.

In the case of other receivables, the amount of impairment loss is the difference between the financial asset's carrying amount and the undiscounted future cash flows, excluding unearned interest of interest-bearing assets that the Home expects to receive from the assets.

The recognised impairment loss is subsequently reversed if the amount of the impairment loss decreases and the decrease is related objectively to an event occurring after the impairment is recognised. The reversal shall not result in a carrying amount of the financial assets, net of any allowance account that exceeds what the carrying amount would have been had the impairment not previously been recognised. The reversal of impairment loss is recognised in the statement of financial activities.

2.5 Financial Liabilities

Financial liabilities are recognised on the balance sheet when, and only when the Home become a party to the contractual provisions of the financial instrument. The Home derecognises financial liabilities when, and only when, the Home's obligations are discharged, cancelled or they have expired.

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

2.6 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks, fixed deposits and on hand. For the statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction.

Fixed deposits which are pledged to the bank are not readily convertible into cash and are disclosed separately from cash and cash equivalents. These are stated at cost.

2.7 Funds accounting

Monies received for specific purposes, including transfers from the general fund, are credited directly to the respective fund in the financial statements. These include restricted funds and unrestricted funds. Restricted funds are funds held by the Home that can only be applied for specific purposes. These funds are subject to specific trusts which may be declared by the donors or with their authority or created through legal process but are still within the wider objects of the Home. Unrestricted funds are expendable at the discretion of the Management Committee in furtherance of the Home's objects. Designated fund is part of the unrestricted funds earmarked for a particular project. The designation is for administrative purpose only and does not restrict the Management Committee's discretion to apply the fund.

2. Significant accounting policies (cont'd)**2.7 Funds accounting (cont'd)**

Income and expenditure relating to specific funds are accounted for directly in the funds to which they relate. Common expenses, if any, are allocated on a reasonable basis to the funds based on a method suitable to this common expense. Assets and liabilities of the specific funds are pooled in the balance sheet.

Funds received for specific purposes such as purchase of depreciable assets are taken to relevant restricted fund account. This relevant fund will be reduced over the useful life of the asset in line with its depreciation. Depreciation is charged to the relevant designated funds where the asset is held.

Ministry of social and family fund (MSF) is a restricted fund account established for the purpose of Home's operation.

President's Challenge is a restricted fund set up to account for funds received to establish the President's Challenge supported programme approved by NCSS, aimed at empowering vulnerable groups by building a digitally inclusive society where digital technologies are accessible to communities.

Renovation Fund is a restricted fund account established for the purpose of Home's renovation works.

School Pocket Money Fund is a restricted fund account established for the purpose of providing pocket money to the Home's residents to pay school related expenses.

Al-Fatih Scholarship Fund is a restricted fund account established for the purpose of subsidising tertiary education for former residents of the Home.

NCSS Tech Booster Fund is a restricted fund set up to account for funds received to implement the Tech Booster Project initiated by NCSS to ramp up read technologies adoption to enhance operational efficiency, alleviate demand for vacant positions and increase client centricity of services.

NCSS Invictus Fund is a restricted fund set up to account for funds received for the transformation of service delivery and operations through IT solutions and business continuity plans incorporating safe management measures to ensure service continuity. The fundraising activities for NCSS Invictus Fund ended in the previous financial year 2022.

2.8 Recognition of income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Home and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable.

Categories of income***Voluntary income***

Voluntary income includes income generated from the following sources:

- (a) Gifts and donations, including legacies and donations in kind, given by the founders, patrons, supporters, the general public and businesses; and
- (b) Grants which provide core funding or are of a general nature provided by government and charitable foundations but not including those grants which are specifically for the performance of a service or production of charitable goods, for instance a service agreement with a local authority.

2. Significant accounting policies (cont'd)

2.8 Recognition of Income

Donations, chest collections, contribution, zakat are recognised on receipt basis.

Donations-in-kind

A donation-in-kind is included in the statement of financial activities based on an estimate of the fair value at the date of the receipt of the gift of the non-monetary asset or the grant of a right to the monetary asset. The donation-in-kind is recognised if it can be measured reliably and there is no uncertainty that it will be received. No value is ascribed to volunteer services.

Income from fund raising projects and events are recognised when the events take place.

The Home derives a substantial proportion of its income from voluntary contributions. Due to the nature of these donations, the Home cannot provide accounting controls over contributions prior to the initial entry in the accounting records.

2.9 Expenditure

All expenditure is accounted for on an accrual basis and has been classified under headings that aggregate all costs related to that activity.

(a) Cost of generating funds

The cost of generating funds are those costs attributable to generating income for the Home, other than those costs incurred in undertaking charitable activities in furtherance of the Home's objects.

(b) Charitable activities

Expenditure on charitable activities comprises all costs incurred in the pursuit of the charitable objects of the Home. Those costs, where not wholly attributable, are apportioned between the categories of charitable expenditure. The total costs of each category of charitable expenditure therefore include an apportionment of support cost, where possible.

(c) Governance costs

Governance costs include the costs of governance arrangements, which relate to the general running of the Home as opposed to the direct management functions inherent in generating funds, service delivery and programme or project work. Expenditure on the governance of the charity will normally include both direct and related support costs which include internal and external audit, apportioned manpower costs and general costs in supporting the governance activities, legal advice for governing board members, and costs associated with constitutional and statutory requirements.

(d) Other expenditure

Other expenditure includes the payment of any expenditure that the Home has not been able to analyse within the main expenditure categories.

2.10 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Home has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2. Significant accounting policies (cont'd)

2.10 Employee benefits (cont'd)

(b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Home pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Home has no further payment obligations once the contributions have been paid.

2.11 Grants and subsidies

Grants and subsidies are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Where the grant relates to an asset, the grant is recognised as deferred capital grant on the balance sheet and is amortised to statement of final activities over the expected useful life of the relevant asset by equal annual instalments.

Where the grant relates to income the grant is recognised in statement of financial activities on a systematic basis over the periods in which the Home recognises as expenses the related costs.

2.12 Operating lease - As lessee

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly in an arrangement.

Finance leases, which transfer to the Home substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Home will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in 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.

2.13 Related Parties and Transactions

A related party is defined as follows:

- a) A person or a close member of that person's family is related to the Home if that person:
 - (i) Has control or joint control over the Home;
 - (ii) Has significant influence over the Home; or
 - (iii) Is a member of the key management personnel of the Home or of a parent of the Home.

2. Significant accounting policies (cont'd)

2.13 Related Parties and Transactions

- b) An entity is related to the Home if any of the following conditions applies:
- (i) The entity and the Home are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Home or an entity related to the Home. If the Home is itself a plan, the sponsoring employers are also related to the Home;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Home.

A related party transaction is a transfer of resources, services or obligations between the Home and a related party, regardless of whether price is charged.

3. Significant accounting judgments and estimates

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Home makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

3.1 Key sources of estimation uncertainty

There are no critical accounting estimates and assumptions that would affect the application of accounting policies and amounts of assets, liabilities, revenue and expenses and disclosures made.

3.2 Judgements made in applying accounting policies

In the process of applying the Home's accounting policies, the Management Committee has made the following judgement, apart from those involving estimations which have the most significant effect on the amounts recognised in the financial statements:

Apportionment of certain staff costs to cost of generating funds

During the financial year, S\$25,668 (2022: S\$40,177) of staff costs have been classified as cost of generating funds by the Management Committee. This amount represents 22% (2022: 20%) of the salary costs of staff involved in the Home's fundraising activities. The apportionment requires significant judgement by the Management Committee in evaluating the duration of time spent by the staff as well as extent of their involvement in the Home's fundraising activities.

MUHAMMADIYAH WELFARE HOME

**Notes to the Financial Statements
For the Financial Year Ended 31 December 2023**

16

4. Plant and equipment

	Office equipment & computers S\$	Furniture & fittings S\$	Motor vehicles S\$	Work-in- progress S\$	Total S\$
Home Cost					
At 1 January 2022	987,563	89,057	483,434	356,529	1,916,583
Additions	75,147	6,816	-	-	81,963
Transfer	221,077	-	-	(221,077)	-
At 31 December 2022	1,283,787	95,873	483,434	135,452	1,998,546
Additions	24,872	8,640	-	-	33,512
Transfer	135,452	-	-	(135,452)	-
Written off	(41,575)	-	-	-	(41,575)
At 31 December 2023	1,402,536	104,513	483,434	-	1,990,483
Accumulated depreciation					
At 1 January 2022	261,185	17,810	343,257	-	622,252
Charge for the year	210,188	17,372	34,749	-	262,309
At 31 December 2022	471,373	35,182	378,006	-	884,561
Charge for the year	291,428	19,589	34,750	-	345,767
Written off	(41,575)	-	-	-	(41,575)
At 31 December 2023	721,226	54,771	412,756	-	1,188,753
Net carrying amount					
At 31 December 2022	812,414	60,691	105,428	135,452	1,113,985
At 31 December 2023	681,310	49,742	70,678	-	801,730

Work-in-progress comprises office equipment and computer purchased for the new Home premises that are not yet in use as at 31 December 2022 as the Home is yet to move. The Work-in-progress has been transferred to "Office equipment & computers" when the assets are ready in use during the financial year.

MUHAMMADIYAH WELFARE HOME**Notes to the Financial Statements
For the Financial Year Ended 31 December 2023****17****5. Other receivables**

	2023 S\$	2022 S\$
Other receivables	113,256	207,641
Deposits	47,415	162,707
Prepayments	33,906	31,332
	<u>194,577</u>	<u>401,680</u>
	=====	=====

The amount due from a related party (parent body) is unsecured, interest-free and is repayable on demand. The related party is Muhammadiyah Association which is the parent body of The Home.

6. Amount due from a related party

The amount due from a related party (parent body) is unsecured, interest-free and is repayable on demand. The related party is Muhammadiyah Association which is the parent body of The Home.

7. Cash and cash equivalents

	2023 S\$	2022 S\$
Cash at hand	7,000	7,000
Cash at bank	2,869,633	2,751,275
Fixed deposits	200,000	200,000
	<u>3,076,633</u>	<u>2,958,275</u>
	=====	=====

As at year end, the Home had fixed deposits ranging from a term of one and a half years to two years with a rate between 0.9% to 1% per annum (2022: 0.9% to 1% per annum).

8. Other payables

	2023 S\$	2022 S\$
Deferred income	604,898	640,457
Other payables	40,212	154,449
	<u>645,110</u>	<u>794,906</u>
	=====	=====

MUHAMMADIYAH WELFARE HOME**Notes to the Financial Statements
For the Financial Year Ended 31 December 2023****18****9. Employee benefits cost**

	2023 S\$	2022 S\$
Salaries and bonuses	1,683,028	1,552,562
CPF contribution	241,149	222,643
Other benefits	94,985	116,110
	<u>2,019,162</u>	<u>1,891,315</u>
	=====	=====

Employee benefits costs are included in cost of charitable activities amounting to S\$1,079,253 (2022: S\$940,880), cost of generating fund amounting to S\$25,668 (2022: S\$40,177) and operating expenses amounting to S\$914,241 (2022:S\$910,258).

10. Income from generated fund – Voluntary income

	2023 S\$	2022 S\$
Unrestricted fund		
Donation in kind	9,550	9,544
General donations	355,952	508,993
Other grants/ funding	18,821	47,421
	<u>384,323</u>	<u>565,958</u>
	=====	=====
Restricted fund - School Pocket Money fund		
Voluntary income	21,570	350
	=====	=====

Other grants/funding include MUIS wakaf distribution amounting to S\$18,821 (2022: VCF organisational development fund from NCSS - S\$47,421).

11. Income from generated fund – Activities generating fund

	2023 S\$	2022 S\$
Unrestricted fund		
Appeal letters	105,899	62,290
Fundraising project		
-Futsal	64,221	-
-Official opening ceremony 2022	-	240,300
-Ramadan	542,671	656,540
-Welfare fiesta income	152,516	-
-Welfare fiesta income - sponsorship	50,000	-
-Zakat	253,535	339,232
-Others	1,070	856
	<u>1,169,912</u>	<u>1,299,218</u>
	=====	=====

MUHAMMADIYAH WELFARE HOME

Notes to the Financial Statements For the Financial Year Ended 31 December 2023

19

12. Income from charitable activities

The grant income from charitable activities derived from MSF fund amounting to S\$1,775,097 (2022: S\$1,640,546), President challenge amounting to S\$104,111 (2022: S\$46,683), AL-Fatih scholarship fund amounting to S\$17,200 (2022:17,700), NCCS tech booster amounting to S\$79,820 (2022: Nil) and NCCS Invictus fund amounting to S\$10,214 (2022: S\$32,129).

13. Other income

	2023 S\$	2022 S\$
Unrestricted fund		
Amortisation of grants	151,713	308,693
Interest income	3,133	2,895
	<u>154,846</u>	<u>311,588</u>
	=====	=====

14. Cost of generating fund

	2023 S\$	2022 S\$
Unrestricted fund		
Appeal letters	3,395	3,920
CCRU staff cost	25,668	40,177
Residents' day expenses	-	2,672
Social and marketing fee	617	-
Subscription fee	4,625	3,428
Fundraising project	-	-
-Family Excell	-	500
-Futsal	11,985	-
-Official Opening Ceremony 2022	660	44,666
-Ramadan	27,098	31,037
-Welfare Fiesta	64,013	-
	<u>138,061</u>	<u>126,400</u>
	=====	=====

15. Cost of charitable activities

	2023 S\$	2022 S\$
Unrestricted fund		
Bulletin and calendars	9,000	-
Gifts and sponsors to residents	12,190	25,100
Marina Green Fund	-	948
Residents' social expenses	-	2,600
Utilities	80,236	75,190
Volunteer expenses	900	2,065
	<u>102,326</u>	<u>105,903</u>
	=====	=====

MUHAMMADIYAH WELFARE HOME

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

20

15. Cost of charitable activities

	2023 S\$	2022 S\$
Restricted fund – Ministry of social and family fund (MSF)		
Apparel and personal hygiene	7,266	7,182
Excursions and recreational activities	8,999	5,942
Food and groceries	232,686	225,802
Hari Raya attire	1,232	5,550
Licence and maintenance Fee	447,398	-
Medical expenses	2,132	1,190
Minimarts expenses	5,641	3,443
Rental of premise	-	436,960
Miscellaneous expenses	6,827	7,295
School and educational aids	32,335	39,633
Staff cost	1,030,581	907,549
	<u>1,775,097</u>	<u>1,640,546</u>
	=====	=====
Restricted fund - School Pocket Money fund		
Resident expenses	19,244	18,250
	<u>19,244</u>	<u>18,250</u>
	=====	=====
Restricted fund - President Challenge fund		
General expenses	6,758	3,031
Professional fee	24,404	8,260
Staff cost	48,672	33,331
	<u>79,834</u>	<u>44,622</u>
	=====	=====
Restricted fund - Al-Fatih Scholarship fund		
Residents' scholarship expenses	24,700	18,700
	<u>24,700</u>	<u>18,700</u>
	=====	=====
Restricted fund - NCSS Tech Booster fund		
Repair and maintenance	99,367	258,878
	<u>99,367</u>	<u>258,878</u>
	=====	=====
Restricted fund - NCSS Invictus fund		
Funding expenses	10,214	32,129
	<u>10,214</u>	<u>32,129</u>
	=====	=====

16. Governance cost

	2023 S\$	2022 S\$
Unrestricted fund		
Audit Fees	23,597	18,360
Invictus funding expenses	-	8,032
IT maintenance and service	18,394	18,426
Licences, permits and renewal fees	446	421
Management fee	132,840	123,000
Software subscription fee	1,296	1,200
Training fee	2,860	4,661
	<u>179,433</u>	<u>174,100</u>
	=====	=====

MUHAMMADIYAH WELFARE HOME

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

21

17. Other operating expenses

	2023 S\$	2022 S\$
Unrestricted fund		
Bank charges	514	298
Building repairs and maintenance	36,072	24,237
Depreciation of fixed assets	304,192	262,309
Equipment repairs and maintenance	4,802	1,224
Equipment expenses	7,415	10,078
Employee compensation cost	914,241	910,258
Grant/Funding expenses	-	21,740
Goods and services tax	-	10,710
Hire purchase interest	-	355
Household expenses	10,102	8,018
Insurance	12,689	30,432
Membership and subscription fees	126	31
Miscellaneous expenses	2,653	11,164
Outreach initiative	31,444	11,054
Printing and stationery expenses	22,757	9,638
Relocation expenses	30,006	14,746
Rental of equipment	5,685	5,637
Software and IT accessories	6,156	7,945
Telecommunication	9,224	7,233
Transportation	2,060	1,186
Upkeep of vehicles	36,726	41,774
WGS usage cost	12,960	12,000
	<u>1,449,824</u>	<u>1,402,067</u>
	=====	=====
Restricted fund - NCSS Tech Booster fund		
Depreciation of fixed assets	41,575	-
	=====	=====

18. Income tax

The Home is exempted from income tax under the Income Tax Act. As such, no provision for income tax has been made in the financial statement of the Home.

19. Related party transactions

For the purpose of financial statements, parties are considered to be related to the Home if the Home has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Home and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Except for the related party transactions on terms agreed between the Home and its related parties as disclosed below, there are no other transactions and arrangements between the Home and related parties:

19. Related party transactions (cont'd)

	2023 S\$	2022 S\$
<u>With related party (parent body)</u>		
Management fees	132,840	123,000
Banker guarantee on rental deposit	114,096	114,096
IT operating fees paid	19,440	18,000
Expenses incurred from outreach activity	11,025	21,958
KABA and Dakwah class fees	30,714	30,452
WGS usage	12,960	12,000
	=====	=====
<u>With related parties</u>		
Advertisement	4,965	1,594
Disinfectant service	-	2,220
Printing and stationery	18,295	7,267
Food and groceries	4,200	-
Other expenses	8,065	-
	=====	=====

Key management's remuneration

A related party includes the Management Committee members and key management personnel of the Home. It also includes an entity or person that directly or indirectly controls, is controlled by, or is under common or joint control with these persons. It also includes close members of the family of any individuals referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with directly or indirectly, any such individual. The Home has no key management personnel other than Management Committee members.

It is not the normal practice for either Management Committee members, or people connected with them, to receive remuneration, or other benefits, from the Home.

No Management Committee member has received remuneration during the current year or the previous year.

All Management Committee members and staff of the Home are required to read and understand the conflict of interest policy in place and make full disclosure of interests, relationships and holdings that could potentially result in conflict of interests. When conflict of interest situation arises, the members or staff shall abstain from participating in the discussion, decision making and voting on the matters. The Home does not pay any staff being a close member of the family belonging to the Executive Head or a governing board member of the Home.

20. Operating lease commitments

	2023 S\$	2022 S\$
At Lessee		
Future minimum rental payable under operating leases at financial position date are as follows:		
Payable within one year	480,774	188,000
Payable after one year but not more than five years	480,774	-
	=====	=====

Lease payments recognised as an expense in the statement of financial activities for the financial year ended 31 December 2023 amounted to S\$ 447,398 (2022: S\$ 225,600).

21. Tax deductible receipts

During the financial year, the Home issued tax-exempt receipts for donations collected amounting to S\$949,814 (2022: S\$1,149,872).

22. Fund raising expenses

	2023 S\$	2022 S\$
Total donations from fund raising activities	1,169,912	1,299,218
Direct costs of fund-raising expenses	138,061	126,400
Percentage of direct costs of fund-raising expenses over total donations from fund raising activities	12%	10%
	=====	=====

23. Management of conflict of interest policy

During the financial year, no members of the Management Committee has received any remuneration from the Home for their managing services.

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

24. Reserve policy

The Management Committee has established a reserve policy for the Home, pursuant to the Code of Governance for Charities and IPCs Guidelines 6.4.1..These reserve measurements are calculated as follows:

MUHAMMADIYAH WELFARE HOME

Notes to the Financial Statements
For the Financial Year Ended 31 December 2023

24

24. Reserve policy (cont'd)

	2023 S\$	2022 S\$
Unrestricted general fund reserve	3,261,120	3,607,371
Total operating expenditure	3,919,675	3,835,487
Ratio of unrestricted general fund to total operating expenditure	0.83	0.94
Liquid assets available to meet expenditure obligation	3,076,633	2,958,275
Total operating expenditure	3,919,675	3,835,487
Ratio of liquid assets to total operating expenses	0.78	0.77

The reserves of the Home comprise the unrestricted funds that are freely available for its operating purposes and do not include restricted funds, endowment funds and designated funds.

The Home adopts a prudent approach in determining its reserves level, and strives to achieve reserves to ensure the Association's long-term financial sustainability and ability to provide continued services, care and programs.

The reserve that the Home has set aside provide financial liability and the means for the development of the Home's principal activity. The Management Committee intend to maintain the reserves at a level which is at least 65% of total net liquid assets to its annual expenditure.

The Management Committee reviews the level of reserve that is adequate to fulfil the continuing obligations of the Home on a regular basis.

25. Prior year reclassification

During the financial year, the reclassifications were made to enhance comparability with current financial year statement of financial activities to in line with proposed presentation from Charity Authorities The changes were for some splits or regrouping in the balances but they did not affect the subtotals in the statement of financial activities.

The impact of the prior year reclassification on the various accounting captions of the Home are as follows:

	As previously reported S\$	Reclassification S\$	As reclassified S\$
<u>Statement of Financial Activities</u>			
Unrestricted funds			
Voluntary income	-	350	350
Restricted fund - School Pocket Money fund			
Income from charitable activities	350	(350)	-
	=====	=====	=====

25. Prior year reclassification (cont'd)

	As previously reported S\$	Reclassification S\$	As reclassified S\$
<u>Statement of Financial Activities</u>			
Unrestricted funds			
Cost of charitable activities	28,648	77,255	105,903
Governance costs	1,653,422	(1,479,322)	174,100
Other operating expenses	-	1,402,067	1,402,067
	=====	=====	=====
Restricted fund – Ministry of social and family fund (MSF)			
Cost of charitable activities	296,037	1,344,509	1,640,546
Governance costs	1,344,509	(1,344,509)	-
	=====	=====	=====

These reclassifications did not have any effects on the Homes's financial results, funds reserve and statement of cashflows for the financial year ended 31 December 2022 and the statement of financial position as at 31 December 2022 and 1 January 2022.