

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

**MUHAMMADIYAH WELFARE HOME
(Incorporated in Singapore)**

Unique Entity Number: S89CC0701L

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

MUHAMMADIYAH WELFARE HOME

(Incorporated in Singapore)

AUDITED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

MANAGEMENT COMMITTEE

Muhammad Azri Azman (Chairman)
Roszanah Abdul Salim (General Secretary)
Nurjannah Binte Jumahat (Treasurer)
Hamzah Abdul Rahman (Member)
Kamaludeen Nasir (Member)
Latiff Bin Ibrahim (Member)
Mohamed Khair Bin Mohamed Noor (Member)
Rahmah Binte Mohamed (Member)

REGISTERED OFFICE

101 Pasir Ris Road
Singapore 519154

AUDITOR

Reanda Adept PAC
138 Cecil Street
#06-01 Cecil Court
Singapore 069538

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MUHAMMADIYAH WELFARE HOME

STATEMENT BY THE MANAGEMENT COMMITTEE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

In our opinion, the accompanying balance sheet, statement of financial activities and statement of cash flows together with the notes thereon are properly drawn up in accordance with the provisions of the Charities Act 1994 and relevant regulations (the "Act") and Charities Accounting Standard ("CAS") so as to give a true and fair view of the financial position of the Home as at 31 December 2022 and of the financial performance and cash flows of the Home for the financial year then ended on that date.

AUDITOR

Reanda Adept PAC has expressed its willingness to accept re-appointment as auditor.

On behalf of the Management Committee



MUHAMMAD AZRI AZMAN
Chairman



ROSZANAH ABDUL SALIM
General Secretary



NURJANNAH JUMAHAT
Treasurer

Singapore,
23 June 2023

MUHAMMADIYAH WELFARE HOME

INDEPENDENT AUDITOR'S REPORT

TO THE MANAGEMENT COMMITTEE OF MUHAMMADIYAH WELFARE HOME

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Muhammadiyah Welfare Home (the "Home") which comprise the balance sheet of the Home as at 31 December 2022, 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 financial statements of the Home are properly drawn up in accordance with the provisions of the Charities Act 1994 and relevant regulations (the "Act") and Charities Accounting Standard ("CAS") so as to give a true and fair view of the financial position of the Home as at 31 December 2022 and of the financial performance and cash flows of the Home for the financial year then 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 '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Management Committee is responsible for other information. The other information is included in the Home's Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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.

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

MUHAMMADIYAH WELFARE HOME

INDEPENDENT AUDITOR'S REPORT (CONT'D)

TO THE MANAGEMENT COMMITTEE OF MUHAMMADIYAH WELFARE HOME (CONT'D)

Management Committee's Responsibility for the Financial Statements

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

In preparing the financial statements, 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 the Management Committee either intends to liquidate the Home or to cease operations, or has no realistic alternative but to do so.

The Management Committee's responsibilities include 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 controls 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Committee.

MUHAMMADIYAH WELFARE HOME

INDEPENDENT AUDITOR'S REPORT (CONT'D)

TO THE MANAGEMENT COMMITTEE OF MUHAMMADIYAH WELFARE HOME (CONT'D)

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

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

We communicate with the 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, the accounting and other records required by the regulations enacted under the Acts to be kept by the Home have been properly kept in accordance with those regulations.

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

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



Reanda Adept PAC
Public Accountants and
Chartered Accountants

Singapore,
23 June 2023

MUHAMMADIYAH WELFARE HOME

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Note	2022 S\$	2021 S\$
<u>ASSETS</u>			
NON-CURRENT ASSET			
Plant and equipment	4	<u>1,113,985</u>	<u>1,294,331</u>
		<u>1,113,985</u>	<u>1,294,331</u>
CURRENT ASSETS			
Other receivables	5	401,680	837,245
Cash and cash equivalents	6	2,958,275	2,677,860
Amount due from a related party	7	<u>884</u>	<u>-</u>
		<u>3,360,839</u>	<u>3,515,105</u>
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
Amount due to a related party	7	-	25,620
Other payables	8	794,906	1,180,841
Finance lease liabilities	11	<u>-</u>	<u>1,742</u>
		<u>794,906</u>	<u>1,208,203</u>
NET CURRENT ASSETS		<u>2,565,933</u>	<u>2,306,902</u>
NET ASSETS		<u>3,679,918</u>	<u>3,601,233</u>
<u>FUNDS</u>			
Unrestricted funds		3,607,371	3,254,438
Restricted funds		<u>72,547</u>	<u>346,795</u>
		<u>3,679,918</u>	<u>3,601,233</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 2022

	2022										
	Unrestricted					Restricted					Total
	Ministry of Social & Family Fund	School Pocket Money Fund	President Challenge	Renovation Fund	Scholarship Fund	NCSS Tech Booster Fund	NCSS Inivictus Fund	Restricted Funds	Total Restricted Funds	Total Funds	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
INCOME											
Income from generated funds											
- Voluntary Income	565,958	-	-	-	-	-	-	-	-	565,958	
- Activities for generating funds	1,299,218	-	-	-	-	-	-	-	-	1,299,218	
Income from charitable activities	-	1,640,546	350	46,683	-	17,700	-	32,129	1,737,408	1,737,408	
Other income	311,588	-	-	-	-	-	-	-	-	311,588	
	2,176,764	1,640,546	350	46,683	-	17,700	-	32,129	1,737,408	3,914,172	
EXPENSES											
Costs of generating funds											
- Costs of voluntary income	-	-	-	-	-	-	-	-	-	-	
- Fundraising costs	126,400	-	-	-	-	-	-	-	-	126,400	
Costs of charitable activities	28,648	296,037	18,250	44,622	13,892	18,700	258,878	32,129	682,508	711,156	
Governance costs	1,653,422	1,344,509	-	-	-	-	-	-	1,344,509	2,997,931	
	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 FOR THE FINANCIAL YEAR	368,294	-	(17,900)	2,061	(13,892)	(1,000)	(258,878)	-	(289,609)	78,685	
RECONCILIATION OF FUNDS											
At beginning of the financial year	3,254,438	-	5,303	-	13,892	7,600	320,000	-	346,795	3,601,233	
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 FINANCIAL ACTIVITIES (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	2021									
	Unrestricted		Restricted		NCSS Tech		NCSS		Total	
	Ministry of Social & Family Fund	School Pocket Money Fund	Renovation Fund	Scholarship Fund	Booster Fund	Invictus Fund	Invictus Fund	Restricted Funds	Restricted Funds	Total Funds
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
INCOME										
Income from generated funds										
- Voluntary Income	864,810	-	-	-	-	-	-	-	-	864,810
- Activities for generating funds	1,090,463	-	-	-	-	-	-	-	-	1,090,463
Income from charitable activities	-	2,294,617	8,780	19,200	410,000	-	-	-	2,732,597	2,732,597
Other income	185,170	-	-	-	-	-	-	-	-	185,170
	<u>2,140,443</u>	<u>2,294,617</u>	<u>8,780</u>	<u>19,200</u>	<u>410,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,732,597</u>	<u>4,873,040</u>
EXPENSES										
Costs of generating funds										
- Costs of voluntary income	3,344	-	-	-	-	-	-	-	-	3,344
- Fundraising costs	51,076	-	-	-	-	-	-	-	-	51,076
Costs of charitable activities	112,048	252,287	26,055	12,600	450,000	12,335	-	-	753,277	865,325
Governance costs	727,470	2,042,330	-	-	-	-	-	-	2,042,330	2,769,800
	<u>893,938</u>	<u>2,294,617</u>	<u>26,055</u>	<u>12,600</u>	<u>450,000</u>	<u>12,335</u>	<u>-</u>	<u>-</u>	<u>2,042,330</u>	<u>3,689,545</u>
SURPLUS FOR THE FINANCIAL YEAR	1,246,505	-	(17,275)	6,600	(40,000)	(12,335)	(63,010)	(63,010)	1,183,495	
RECONCILIATION OF FUNDS										
At beginning of the financial year	1,969,143	-	12,205	25,390	360,000	50,000	-	-	448,595	2,417,738
Appropriation of funds	38,790	-	10,373	(11,498)	-	(37,665)	-	-	(38,790)	-
At end of the financial year	<u>3,254,438</u>	<u>-</u>	<u>5,303</u>	<u>13,892</u>	<u>320,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>346,795</u>	<u>3,601,233</u>

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 2022

	Note	2022 S\$	2021 S\$
OPERATING ACTIVITIES			
Surplus for the financial year		78,685	1,183,495
ADJUSTMENTS FOR			
Depreciation of plant and equipment	4	262,309	237,385
Loss on disposal on plant and equipment		-	130
Interest income		(2,895)	(3,191)
OPERATING SURPLUS BEFORE WORKING CAPITAL CHANGES		338,099	1,417,819
CHANGES IN WORKING CAPITAL			
Other receivables		435,565	(492,319)
Amount due from related company		(26,504)	(51,937)
Other payables		(385,935)	1,120,386
NET CHANGES IN WORKING CAPITAL		23,126	576,130
NET CASH FLOWS FROM OPERATING ACTIVITIES		361,225	1,993,949
INVESTING ACTIVITIES			
Purchase of plant and equipment		(81,963)	(1,007,641)
Interest received		2,895	3,191
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(79,068)	(1,004,450)
FINANCING ACTIVITIES			
Repayments to finance lease liabilities	11	(1,742)	(19,412)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(1,742)	(19,412)
NET INCREASE IN CASH AND CASH EQUIVALENTS		280,415	970,087
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR		2,677,860	1,707,773
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	6	2,958,275	2,677,860

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

MUHAMMADIYAH WELFARE HOME

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 30 September 2023.

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) were authorised for issue by the Management Committee on the date of the Statement by the Management Committee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Home have been prepared in accordance with the provisions of the Singapore Charities Act 1994 (the "Act") and Charities Accounting Standards ("CAS"). 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 financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with CAS requires 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.

The financial statements are presented in Singapore Dollars (\$\$), which is also the functional currency of the Home. Functional currency is the currency of the primary economic environment in which the Home operates.

MUHAMMADIYAH WELFARE HOME

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the plant and equipment and borrowing costs that are directly attributable to the acquisition or production of a qualifying plant and equipment. The accounting policy for borrowing costs 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.

When significant parts of 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 plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in 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:

Office equipment & computers	5 years
Furniture & fittings	5 years
Motor vehicles	10 years
Renovation	5 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.

An item of 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 assets

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

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.

MUHAMMADIYAH WELFARE HOME

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Financial assets (cont'd)

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.

2.4 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 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.

MUHAMMADIYAH WELFARE HOME

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Financial liabilities

Financial liabilities are recognised on the balance sheet when, and only when, the Home becomes 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 expire.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, fixed deposits and cash on hand.

2.7 Other payables

Other payables are recognised on the balance sheet when, and only when the Home becomes 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 expired.

2.8 Employee benefits

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

2.9 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.

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.

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

MUHAMMADIYAH WELFARE HOME

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Funds accounting (cont'd)

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.

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.

2.10 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.

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

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.

2.11 Related parties

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 is a member of the key management personnel of the Home or of a parent of the Home.

MUHAMMADIYAH WELFARE HOME

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Related parties (cont'd)

- 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); or
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Home or the parent of 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.

2.12 Expenditure

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

- 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.

- 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.

MUHAMMADIYAH WELFARE HOME

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Expenditure (cont'd)

- 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.

- Other expenditure

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

2.13 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.

2.14 Provisions

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

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 current pre tax rate that reflects, where appropriate, the risk 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.

MUHAMMADIYAH WELFARE HOME

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates, assumptions and judgments 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:

MUHAMMADIYAH WELFARE HOME

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Judgements made in applying accounting policies (Cont'd)

Apportionment of certain staff costs to cost of generating funds

In the current year, S\$40,177 (2021: S\$37,060) of staff costs have been classified as cost of generating funds by the Management Committee. This amount represents 20% (2021: 22%) 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.

4. PLANT AND EQUIPMENT

	Office equipment & computers	Furniture & fittings	Motor vehicles	Renovation	Work-in- progress	Total
	S\$	S\$	S\$	S\$	S\$	S\$
Cost						
At 1.1.2021	198,569	42,360	483,434	2,735,916	326,741	3,787,020
Additions	587,055	89,057	-	-	331,529	1,007,641
Written off	-	-	-	(2,735,916)	-	(2,735,916)
Disposals	(99,802)	(42,360)	-	-	-	(142,162)
Transfer	301,741	-	-	-	(301,741)	-
At 31.12.2021	987,563	89,057	483,434	-	356,529	1,916,583
Additions	75,147	6,816	-	-	-	81,963
Transfer	221,077	-	-	-	(221,077)	-
At 31.12.2022	1,283,787	95,873	483,434	-	135,452	1,998,546
Accumulated Depreciation						
At 1.1.2021	176,163	42,230	308,507	2,735,916	-	3,262,816
Depreciation charges	184,824	17,811	34,750	-	-	237,385
Written off	-	-	-	(2,735,916)	-	(2,735,916)
Disposals	(99,802)	(42,231)	-	-	-	(142,033)
At 31.12.2021	261,185	17,810	343,257	-	-	622,252
Depreciation charges	210,188	17,372	34,749	-	-	262,309
At 31.12.2022	471,373	35,182	378,006	-	-	884,561
Carrying Amount						
At 31.12.2022	812,414	60,691	105,428	-	135,452	1,113,985
At 31.12.2021	726,378	71,247	140,177	-	356,529	1,294,331

The carrying amount of plant and equipment held under finance leases as at the end of the reporting period was Nil (2021: S\$ 63,401).

Work-in-progress comprises equipment purchased for the new Home premises that are not yet in use as the Home is yet to move.

MUHAMMADIYAH WELFARE HOME

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. OTHER RECEIVABLES

	2022 S\$	2021 S\$
Other receivables	207,641	647,045
Deposits	162,707	162,755
Prepayments	31,332	27,445
	401,680	837,245

6. CASH AND CASH EQUIVALENTS

	2022 S\$	2021 S\$
Cash at hand	7,000	7,000
Cash at bank	2,751,275	2,470,860
Fixed deposits	200,000	200,000
	2,958,275	2,677,860

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 (2021: 0.9% to 1% per annum).

7. AMOUNT DUE FROM/ (TO) A RELATED PARTY

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

8. OTHER PAYABLES

	2022 S\$	2021 S\$
Islamic fixed deposits profit received in advance	-	760
Deferred income	640,457	727,636
Other payables	154,449	452,445
	794,906	1,180,841

MUHAMMADIYAH WELFARE HOME

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. SURPLUS FOR THE YEAR

Surplus for the year has been arrived after charging (crediting):

	2022	2021
	S\$	S\$
Depreciation of plant and equipment (Note 4)	262,309	237,385
Interest income	(2,895)	(3,191)
Finance lease interest	355	3,981
Employee benefits costs (Note 10)	1,857,984	1,698,782
Rental expenses (Note 14)	436,959	379,874
	<u>2,538,712</u>	<u>2,036,129</u>

10. EMPLOYEE BENEFITS COST

	2022	2021
	S\$	S\$
Salaries and bonuses	1,519,231	1,471,330
CPF contribution	222,643	213,531
Medical	630	1,705
Staff training and welfare	115,480	12,216
	<u>1,857,984</u>	<u>1,698,782</u>

Employee benefits costs are included in cost of governance.

MUHAMMADIYAH WELFARE HOME

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11. FINANCE LEASE LIABILITIES

The Home has finance leases for certain items of plant and equipment. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Total minimum lease payments 2022 S\$	Present value of payments 2022 S\$	Total minimum lease payments 2021 S\$	Present value of payments 2021 S\$
<u>Current</u>				
Within one year	-	-	2,097	1,742
	-	-	2,097	1,742
Total minimum lease payments	-	-	2,097	1,742
Present value of minimum lease payments	-	-	2,097	1,742

These obligations are secured by a charge over the leased assets (see Note 4).

12. INCOME TAX EXPENSE

The Home is an approved charitable organisation under the Charities Act 1994.

No provision for income tax is made in the financial statements as the Home, being a charity, is exempted from income tax, pursuant to Section 13 (1) (zm) of the Income Tax Act 1947.

MUHAMMADIYAH WELFARE HOME

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. 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.

	2022 S\$	2021 S\$
<u>With related party (parent body)</u>		
Management fees	123,000	123,000
Banker guarantee on rental deposit	114,096	114,096
IT operating fees paid	18,000	17,378
Expenses incurred from outreach activity	21,958	14,173
KABA and Dakwah class fees	30,452	14,636
WGS usage	12,000	12,000

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 or 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.

Number of key management whose remuneration was in the \$100,000 band and above is Nil (2021: S\$ Nil).

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 of 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.

MUHAMMADIYAH WELFARE HOME

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. OPERATING LEASE COMMITMENTS

	2022 S\$	2021 S\$
<u>As lessee</u>		
Future minimum rental payable under operating leases at the statement of financial position date are as follows: -		
Payable within one year	188,000	225,600
Payable after one year but not more than five years	-	206,800
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Lease payments recognised as an expense in the statement of financial activities for the financial year ended 31 December 2022 amounted to S\$ 225,600 (2021: S\$ 379,874).

15. TAX-EXEMPT RECEIPTS

During the financial year, the Home issued tax-exempt receipts for donations collected amounting to S\$ 1,149,872 (2021: S\$ 1,182,312).

16. 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:

	2022 S\$	2021 S\$
Liquid assets available to meet expenditure obligation	2,958,275	2,677,860
Total operating expenditure	3,835,487	3,689,545
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Ratio of liquid assets to total operating expenses	77%	73%
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