

REALM OF TRANQUILITY

[UEN. S81SS0064C]

[Registered under the Societies Act 1966 in
the Republic of Singapore]

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

CONTENTS

Statement by the Management Committee	2
Independent Auditor's Report	3
Statement of Financial Activities	7
Statement of Financial Position	13
Statement of Changes in Funds	14
Statement of Cash Flows	15
Notes to the Financial Statements	16

Fiducia LLP

(UEN. T10LL0955L)

Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre, #08-01
Singapore 408571
T: (65) 6846.8376
F: (65) 6491.5218

STATEMENT BY THE MANAGEMENT COMMITTEE


In the opinion of the Management Committee, the financial statements are drawn up so as to present fairly, in all material respects, the state of affairs of Realm of Tranquility (the "Society") as at 31 December 2022 and the results, changes in funds and cash flows of the Society for the financial year then ended.

At the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

The Management Committee, comprising the following, authorised the issue of these financial statements on 22 May 2023.

Chooi May Yin	President
Tan Lay Bay, Rebecca	Immediate Past President
Toh Kim Sok	Vice President
Angie Ng Siew Lan	Honorary Secretary
Ong Wen Qing	Assistant Honorary Secretary
Sue Yen Ping	Honorary Treasurer
Vishal Maheshwari	Assistant Honorary Treasurer
Yeo Soh Hong, Jojo	Internal Affair
Zheng Chun Mu, Allen	External Affair
Liew Yat Hoi, Henry	Assistant External Affair

For and on behalf of the Management Committee,

DocuSigned by:

0C1B6A682641482...
Chooi May Yin
President

DocuSigned by:

EBF3FC6D005F456...
Sue Yen Ping
Honorary Treasurer

Singapore, 22 May 2023

Fiducia LLP

Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre, #08-01
Singapore 408571
T: (65) 6846.8376
F: (65) 6491.5218

Independent auditor's report to the members of:

REALM OF TRANQUILITY

[UEN. S81SS0064C]
[Registered under the Societies Act 1966 in the Republic of
Singapore]

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Realm of Tranquility (the "Society"), which comprise the statement of financial position as at 31 December 2022, and the statement of financial activities, statement of changes in funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act 1966 (the "Societies Act"), the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2022 and the results, changes in funds and cash flows of the Society 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Statement by the Management Committee (set out on page 2), but does not include the financial statements and our auditor's report thereon which we obtained prior to the date of this auditor's report, and the annual report, which we expected to be made available to us after that date.

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

Fiducia LLP

Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre, #08-01
Singapore 408571
T: (65) 6846.8376
F: (65) 6491.5218

(CONT'D)

Independent auditor's report to the members of:

REALM OF TRANQUILITY

[UEN. S81SS0064C]
[Registered under the Societies Act 1966 in the Republic of
Singapore]

Other Information (Cont'd)

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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Fiducia LLP

Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre, #08-01
Singapore 408571
T: (65) 6846.8376
F: (65) 6491.5218

(CONT'D)

Independent auditor's report to the members of:

REALM OF TRANQUILITY

[UEN. S81SS0064C]
[Registered under the Societies Act 1966 in the Republic of
Singapore]

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

- 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society'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 Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In our opinion:

- (a) the accounting and other records required to be kept by the Society 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 appeals held during the financial year ended 31 December 2022 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 appeals.

Fiducia LLP

Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre, #08-01
Singapore 408571
T: (65) 6846.8376
F: (65) 6491.5218

(CONT'D)

Independent auditor's report to the members of:

REALM OF TRANQUILITY

[UEN. S81SS0064C]
[Registered under the Societies Act 1966 in the Republic of
Singapore]

Report on Other Legal and Regulatory Requirements (Cont'd)

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

- (a) the Society 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 Society has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

DocuSigned by:

BA0EEB4928E1498...
Fiducia LLP
Public Accountants and
Chartered Accountants

Singapore, 22 May 2023

Partner-in-charge: Soo Hon Weng
PAB No.: 01089

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Unrestricted funds		Restricted funds			Total unrestricted and restricted funds
		General fund	Building fund	Care and Share Grant	Invictus Fund	Invictus Fund (Tech-and-GO!)	
		S\$	S\$	S\$	S\$	S\$	S\$
2022 INCOME							
Income from generated funds							
<u>Voluntary income</u>							
Donations	6	101,889	0	0	0	0	101,889
Membership fee	5	1,652	0	0	0	0	1,652
		<u>103,541</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>103,541</u>
<u>Activities for generating funds</u>							
Fund-raising events							
- Charity sales	6	2,878	0	0	0	0	2,878
Tranquil magazine	6	1,000	0	0	0	0	1,000
Charity dinner	6	163,274	0	0	0	0	163,274
Other fund-raising activities	6	8,680	0	0	0	0	8,680
		<u>175,832</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>175,832</u>
Income from charitable activities							
TCM Clinic/Mobile Free Clinic	5	133,217	0	0	0	0	133,217
Other income							
Employment credit		6,987	0	0	0	0	6,987
NCSS grant - Invictus Fund (Tech-and-GO!)		5,178	0	0	0	3,595	8,773
NCSS grant - VWOs-Charities Capability Fund		0	0	0	0	4,331	4,331
Miscellaneous income	5	1,712	0	0	0	0	1,712
		<u>13,877</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,595</u>	<u>4,331</u>
TOTAL INCOME		<u>426,467</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,595</u>	<u>4,331</u>

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Unrestricted funds		Restricted funds				Total unrestricted and restricted funds
	General fund	Building fund	Care and Share Grant	Invictus Fund	Invictus Fund (Tech-and- GO!)	VWOs- Charities Capability Fund	
Note	S\$	S\$	S\$	S\$	S\$	S\$	S\$
2022 (CONT'D)							
LESS: EXPENDITURE							
Cost of generating funds							
Direct fund-raising expenses	26,321	0	0	0	0	0	26,321
Other fund-raising expenses	1,887	0	0	0	0	0	1,887
	<u>28,208</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>28,208</u>
Cost of charitable activities							
CNY expenses	1,223	0	0	0	0	0	1,223
Donations to needy families	9,737	0	0	0	0	0	9,737
TCM Centre expenses							
- Medicine and direct costs	28,805	0	0	0	0	0	28,805
- Salaries and related costs	75,903	0	0	0	0	0	75,903
- Subsidies	31,933	0	0	0	0	0	31,933
- Other costs	3,561	0	0	0	0	0	3,561
Financial assistance	966	0	0	0	0	0	966
Refreshment for volunteers	366	0	0	0	0	0	366
Services to beneficiaries	257	0	0	0	0	0	257
	<u>152,751</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>152,751</u>
Governance, administrative and other expenditures							
Governance cost							
- Audit fee	4,536	0	0	0	0	0	4,536
Administrative costs							
- Bank charges	209	0	0	0	0	0	209
- Conservancy & services charge	473	0	0	0	0	0	473
- CPF & SDL	14,759	0	0	0	0	0	14,759
- Insurance	591	0	0	0	0	0	591
- IT subscription	193	0	0	0	770	0	963
- Finale events	101	0	0	0	0	0	101
- License fees	400	0	0	0	0	0	400
- Office maintenance expenses	6,696	0	0	0	0	0	6,696
- Postage	76	0	0	0	0	0	76
- Printing & photocopy	2,060	0	0	0	0	0	2,060
- Recruitment	246	0	0	0	0	0	246
Balance carried forward	<u>30,340</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>770</u>	<u>0</u>	<u>31,110</u>

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Note	Unrestricted funds		Restricted funds				Total unrestricted and restricted funds
		General fund	Building fund	Care and Share Grant	Invictus Fund	Invictus Fund (Tech-and-GO!)	VWOs-Charities Capability Fund	
		S\$	S\$	S\$	S\$	S\$	S\$	S\$
2022 (CONT'D)								
LESS: EXPENDITURE (CONT'D)								
Governance, administrative and other expenditures (Cont'd)								
Administrative costs (Cont'd)								
Balance brought forward		30,340	0	0	0	770	0	31,110
- Short term leases – office premises	14	39,945	0	0	0	0	0	39,945
- Salaries and bonuses		85,869	0	0	0	0	0	85,869
- Staff medical fee		370	0	0	0	0	0	370
- Stationery		81	0	0	0	0	0	81
- Telephone charge		3,432	0	0	0	0	0	3,432
- Utilities		13,725	0	0	0	0	0	13,725
- Website network services		1,863	0	0	0	0	0	1,863
- Welfare for staff/volunteers		5,590	0	0	0	0	0	5,590
Other expenditures								
- Depreciation of property, plant and equipment	10	19,607	0	0	0	2,825	0	22,432
- Amortisation of intangible assets	11	14,094	0	0	0	0	4,331	18,425
- General expenses		1,077	0	0	0	0	0	1,077
- Membership fee		125	0	0	0	0	0	125
- Small value assets		1,225	0	0	0	0	0	1,225
- Training		0	0	0	300	0	0	300
- Professional services		12,305	0	0	0	0	0	12,305
- Vehicle expenses		18,362	0	0	0	0	0	18,362
		<u>248,010</u>	<u>0</u>	<u>0</u>	<u>300</u>	<u>3,595</u>	<u>4,331</u>	<u>256,236</u>
TOTAL EXPENDITURE		<u>428,969</u>	<u>0</u>	<u>0</u>	<u>300</u>	<u>3,595</u>	<u>4,331</u>	<u>437,195</u>
Net expenditure for the financial year		(2,502)	0	0	(300)	0	0	(2,802)
Total funds brought forward		<u>941,426</u>	<u>10,740</u>	<u>0</u>	<u>1,440</u>	<u>0</u>	<u>0</u>	<u>953,606</u>
Total funds carried forward		<u>938,924</u>	<u>10,740</u>	<u>0</u>	<u>1,140</u>	<u>0</u>	<u>0</u>	<u>950,804</u>

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Note	Unrestricted funds		Restricted funds			Total unrestricted and restricted funds
		General fund	Building fund	Care and Share Grant	Invictus Fund	Invictus Fund (Tech-and-GO!)	
		S\$	S\$	S\$	S\$	S\$	S\$
2021 INCOME							
Income from generated funds							
<u>Voluntary income</u>							
Donations	6	91,999	500	0	0	0	92,499
Bicentennial Community Fund		80,260	0	0	0	0	80,260
Care and share grant		0	0	23,671	0	0	23,671
Membership fee	5	2,542	0	0	0	0	2,542
		<u>174,801</u>	<u>500</u>	<u>23,671</u>	<u>0</u>	<u>0</u>	<u>198,972</u>
<u>Activities for generating funds</u>							
Fund-raising events							
- Charity sales	6	7,758	0	0	0	0	7,758
Tranquil magazine	6	21,000	0	0	0	0	21,000
Other fund-raising activities	6	18,021	0	0	0	0	18,021
		<u>46,779</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>46,779</u>
Income from charitable activities							
TCM Clinic/Mobile Free Clinic	5	128,924	0	0	0	0	128,924
Other income							
Employment credit		7,445	0	0	0	0	7,445
Jobs support scheme		16,027	0	0	0	0	16,027
Jobs growth incentive		13,675	0	0	0	0	13,675
NCSS grant – Share as One		1,710	0	0	0	0	1,710
NCSS grant - Invictus Fund (Tech-and-GO!)		0	0	0	6,028	0	6,028
NCSS grant - VWOs-Charities Capability Fund		0	0	0	0	2,166	2,166
Miscellaneous income	5	1,462	0	0	0	0	1,462
		<u>40,319</u>	<u>0</u>	<u>0</u>	<u>6,028</u>	<u>2,166</u>	<u>48,513</u>
TOTAL INCOME		<u>390,823</u>	<u>500</u>	<u>23,671</u>	<u>0</u>	<u>6,028</u>	<u>423,188</u>

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Unrestricted funds		Restricted funds				Total unrestricted and restricted funds
	General fund	Building fund	Care and Share Grant	Invictus Fund	Invictus Fund (Tech-and-GO!)	VWOs-Charities Capability Fund	
Note	S\$	S\$	S\$	S\$	S\$	S\$	S\$
2021 (CONT'D)							
LESS: EXPENDITURE							
Cost of generating funds							
Direct fund-raising expenses	1,329	0	0	0	0	0	1,329
Other fund-raising expenses	6,790	0	0	0	0	0	6,790
	<u>8,119</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,119</u>
Cost of charitable activities							
CNY expenses	545	0	0	0	0	0	545
Donations to needy families	31,588	0	0	0	0	0	31,588
TCM Centre expenses							
- Medicine and direct costs	26,377	0	0	0	0	0	26,377
- Salaries and related costs	103,382	0	0	0	0	0	103,382
- Subsidies	31,845	0	0	0	0	0	31,845
- Other costs	2,686	0	0	0	0	0	2,686
Financial assistance	2,256	0	0	0	0	0	2,256
Refreshment for volunteers	986	0	0	0	0	0	986
Services to beneficiaries	430	0	0	0	0	0	430
	<u>200,095</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>200,095</u>
Governance, administrative and other expenditures							
Governance cost							
- Audit fee	5,173	0	0	0	0	0	5,173
Administrative costs							
- Bank charges	246	0	0	0	0	0	246
- Conservancy & services charge	473	0	0	0	0	0	473
- CPF & SDL	15,230	0	0	0	0	0	15,230
- Insurance	830	0	0	0	0	0	830
- IT subscription	578	0	0	0	2,311	0	2,889
- License fees	400	0	0	0	0	0	400
- Office maintenance expenses	5,610	0	0	0	0	0	5,610
- Postage	45	0	0	0	0	0	45
- Printing & photocopy	1,535	0	0	0	0	0	1,535
- Recruitment	320	0	0	0	0	0	320
Balance carried forward	<u>30,440</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,311</u>	<u>0</u>	<u>32,751</u>

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Note	Unrestricted funds		Restricted funds			Total unrestricted and restricted funds	
		General fund	Building fund	Care and Share Grant	Invictus Fund	Invictus Fund (Tech-and-GO!)		VWOs-Charities Capability Fund
		S\$	S\$	S\$	S\$	S\$	S\$	
2021 (CONT'D)								
LESS: EXPENDITURE (CONT'D)								
Governance, administrative and other expenditures (Cont'd)								
Administrative costs (Cont'd)								
Balance brought forward		30,440	0	0	0	2,311	0	32,751
- Short term leases – office premises	14	37,159	0	0	0	0	0	37,159
- Salaries and bonuses		90,933	0	0	1,440	0	0	92,373
- Staff medical fee		144	0	0	0	0	0	144
- Stationery		9	0	0	0	0	0	9
- Telephone charge		2,600	0	0	0	0	0	2,600
- Utilities		12,203	0	0	0	0	0	12,203
- Website network services		903	0	0	0	0	0	903
Other expenditures								
- Depreciation of property, plant and equipment	10	21,479	0	0	0	1,919	0	23,398
- Amortisation of intangible assets	11	6,865	0	0	0	0	2,166	9,031
- General expenses		1,979	0	0	0	428	0	2,407
- Membership fee		125	0	0	0	0	0	125
- Small value assets		500	0	0	0	0	0	500
- Training		342	0	0	0	1,370	0	1,712
- Vehicle expenses		11,020	0	0	0	0	0	11,020
		<u>216,701</u>	<u>0</u>	<u>0</u>	<u>1,440</u>	<u>6,028</u>	<u>2,166</u>	<u>226,335</u>
TOTAL EXPENDITURE		<u>424,915</u>	<u>0</u>	<u>0</u>	<u>1,440</u>	<u>6,028</u>	<u>2,166</u>	<u>434,549</u>
Net (expenditure)/income for the financial year		(34,092)	500	23,671	(1,440)	0	0	(11,361)
Transfer between funds	13	23,671	0	(23,671)	0	0	0	0
Total funds brought forward		<u>951,847</u>	<u>10,240</u>	<u>0</u>	<u>2,880</u>	<u>0</u>	<u>0</u>	<u>964,967</u>
Total funds carried forward		<u>941,426</u>	<u>10,740</u>	<u>0</u>	<u>1,440</u>	<u>0</u>	<u>0</u>	<u>953,606</u>

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 S\$	2021 S\$
ASSETS			
Current assets			
Cash and cash equivalents	7	908,340	894,826
Other receivables	8	8,426	31,553
Inventories	9	4,829	2,502
		<u>921,595</u>	<u>928,881</u>
Non-current assets			
Property, plant and equipment	10	25,787	47,819
Intangible assets	11	64,668	83,093
		<u>90,455</u>	<u>130,912</u>
Total assets		<u>1,012,050</u>	<u>1,059,793</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	52,744	97,613
Contract liabilities	5	312	384
		<u>53,056</u>	<u>97,997</u>
Non-current liabilities			
Provision of reinstatement cost	12	8,190	8,190
Total liabilities		<u>61,246</u>	<u>106,187</u>
NET ASSETS		<u>950,804</u>	<u>953,606</u>
FUNDS			
Unrestricted funds			
General fund	13	938,924	941,426
Building fund	13	10,740	10,740
		<u>949,664</u>	<u>952,166</u>
Restricted funds			
Care & Share Grant	13	0	0
Invictus Fund	13	1,140	1,440
Invictus Fund (Tech-and-GO!)	13	0	0
VWOs-Charities Capability Fund	13	0	0
		<u>1,140</u>	<u>1,440</u>
TOTAL FUNDS		<u>950,804</u>	<u>953,606</u>

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

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2022	Balance at beginning of financial year S\$	Net expenditure S\$	Transfer to/(from) (Note 13) S\$	Balance at end of financial year S\$
Unrestricted funds				
General fund	941,426	(2,502)	0	938,924
Building fund	10,740	0	0	10,740
	<u>952,166</u>	<u>(2,502)</u>	<u>0</u>	<u>949,664</u>
Restricted funds				
Care & Share Grant	0	0	0	0
Invictus Fund	1,440	(300)	0	1,140
Invictus Fund (Tech-and GO!)	0	0	0	0
VWOs-Charities Capability Fund	0	0	0	0
	<u>1,440</u>	<u>(300)</u>	<u>0</u>	<u>1,140</u>
Total funds	<u>953,606</u>	<u>(2,802)</u>	<u>0</u>	<u>950,804</u>
2021	Balance at beginning of financial year S\$	Net (expenditure) / income S\$	Transfer to/(from) (Note 13) S\$	Balance at end of financial year S\$
Unrestricted funds				
General fund	951,847	(34,092)	23,671	941,426
Building fund	10,240	500	0	10,740
	<u>962,087</u>	<u>(33,592)</u>	<u>23,671</u>	<u>952,166</u>
Restricted funds				
Care & Share Grant	0	23,671	(23,671)	0
Invictus Fund	2,880	(1,440)	0	1,440
Invictus Fund (Tech-and GO!)	0	0	0	0
VWOs-Charities Capability Fund	0	0	0	0
	<u>2,880</u>	<u>22,231</u>	<u>(23,671)</u>	<u>1,440</u>
Total funds	<u>964,967</u>	<u>(11,361)</u>	<u>0</u>	<u>953,606</u>

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 S\$	2021 S\$
Cash flows from operating activities			
Net expenditure for the financial year		(2,802)	(11,361)
Adjustments for:			
- Depreciation of property, plant and equipment	10	22,432	23,398
- Amortisation of intangible assets	11	18,425	9,031
Operating cash flow before working capital changes		38,055	21,068
Changes in working capital			
- Other receivables		23,127	(17,564)
- Inventories		(2,327)	(1,370)
- Trade and other payables		(44,869)	77,677
- Contract liabilities		(72)	144
Net cash generated from operating activities		13,914	79,955
Cash flows from investing activities			
Purchases of property, plant and equipment	10	(400)	(33,351)
Purchases of intangible assets	11	0	(92,124)
Net cash used in investing activities		(400)	(125,475)
Net increase/(decrease) in cash and cash equivalents		13,514	(45,520)
Cash and cash equivalents at beginning of financial year		894,826	940,346
Cash and cash equivalents at end of financial year	7	908,340	894,826

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

1. General information

Realm of Tranquility (the "Society") is registered and domiciled in Singapore. The Society's registered address is located at 170 Upper Bukit Timah Road, #05-11, Bukit Timah Shopping Centre, Singapore 588179.

The Society was registered as a charity under the Charities Act 1994 on 15 April 1993. The Society has been accorded an Institution of a Public Character ("IPC") status for the period from 24 April 2021 to 23 April 2023 and subsequently renewed from 24 April 2023 to 23 February 2025.

The principal activities of the Society are those of uplifting the morality, the development of divine love and concern for others and the encouragement of good deeds and offering of voluntary services to charitable institutions and the needy.

2. Significant accounting policies**2.1 Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRSs") and the disclosure requirements of the Societies Act 1966 (the "Societies Act") and Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.1.1 Interpretations and amendments to published standards effective in 2022

In the current financial year, the Society adopted the new or amended FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective on 1 January 2022. Changes to the Society's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs and INT FRSs.

The adoption of these new or amended FRSs and INT FRSs did not result in substantial changes to the Society's accounting policies and had not material effect on the amounts reported for the current or prior financial years.

2. Significant accounting policies (Cont'd)**2.1 Basis of preparation (Cont'd)**

2.1.2 Standards issued but not yet effective

The Society has not adopted the following relevant new/revised FRSs, INT FRSs and amendments to FRSs that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
- FRS 117	1 January 2023
Amendments to:	
- FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
- FRS 8: Definition of Accounting Estimates	1 January 2023
- FRS 12: Deferred tax related Assets and Liabilities arising from a Single Transaction	1 January 2023
- FRS 1: Classification of Liabilities as Current or Non-current	1 January 2024
- FRS 1: Non-current Liabilities with Covenants	1 January 2024
- FRS 116: Lease Liability in a Sale and Leaseback	1 January 2024
- FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be Determined

Management believes that the adoption of the revised standards and interpretations will have no material impact on the financial statements in the period of initial application.

2.2 Income recognition

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

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

Income is recognised as follows:

2.2.1 Donations

Donations are recognised in the statement of financial activities upon receipt. Donations subject to donor-imposed conditions that specify the time period in which the expenditure can take place are accounted for as deferred income and recognised as a liability until the financial period in which the Society is allowed by the condition to expend the income.

2.2.2 Sale of items

Income from sale of items is recognised when the items have been delivered to the customers and the customers have accepted the items and collectability of the related receivables are reasonably assured.

2. Significant accounting policies (Cont'd)**2.2 Income recognition (Cont'd)**

Income is recognised as follows: (Cont'd)

2.2.3 Fund-raising income

Fund-raising income is recognised in the period in which the event takes place.

2.2.4 Membership fees

Membership received from fees is recognised on an accrual basis.

2.2.5 Rendering of services

Income from rendering of services is recognised when the services have been performed and rendered.

2.2.6 Other income

Other income is recognised upon received.

2.3 Government grants

Government grants 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 fair value is recognised as deferred capital grant on the statement of financial position and is amortised to the statement of financial activities over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.4 Expenditure recognition

All expenditure are accounted for on accrual basis, aggregated under the respective areas. Direct costs are attributed to the activity where possible. Where costs are not wholly attributable to an activity, they are apportioned on a basis consistent with the use of resources.

2.4.1 Cost of generating funds

Cost of generating funds consists of costs that are directly attributable to the fund-raising activities and are separated from those costs incurred in undertaking charitable activities.

2.4.2 Cost of charitable activities

Cost of charitable activities comprises all costs incurred in the pursuit of the charitable objects of the Society and an apportionment of overhead and shared costs.

2.4.3 Governance and other administrative costs

Governance and other administrative costs include the costs of governance arrangement, which relate to the general running of the Society, providing governance infrastructure and ensuring public accountability. These costs include costs related to constitutional and statutory requirements and an apportionment of overhead and shared costs.

2. Significant accounting policies (Cont'd)**2.5 Property, plant and equipment****2.5.1 Measurement**

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment initially recognised includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

2.5.2 Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Office equipment	3 years
Motor vehicles	6 years
Furniture and fittings	3 years
Medical equipment	3 years
Electronics equipment	3 years
Reinstatement cost	3 years
Renovation	3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in the statement of financial activities in the financial year in which the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

2.5.3 Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that have already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repairs and maintenance expenses in the statement of financial activities when incurred.

2.5.4 Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the statement of financial activities.

2. Significant accounting policies (Cont'd)**2.6 Intangible assets**

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding development costs, are not capitalised expenditure is reflected in statement of financial activities in the year in which the expenditure is incurred.

The Society do not have other intangible asset with indefinite useful life.

Intangible assets with finite useful life are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefit embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gain or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and recognised in the statement of financial activities when the asset is de-recognised.

Computer software and licences

Computer software and licences is stated at cost less accumulated amortisation and impairment losses, if any. The costs are amortised using the straight-line method over its estimated useful life of 5 years.

2.7 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the statement of financial activities.

Management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2. Significant accounting policies (Cont'd)**2.7 Impairment of non-financial assets (Cont'd)**

A reversal of impairment loss for an asset is recognised in the statement of financial activities, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in the statement of financial activities.

2.8 Financial assets**2.8.1 Classification and measurement**

The Society classified its financial assets at amortised cost.

The classification of debt instruments depends on the Society's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Society reclassifies debt instruments when and only when its business model for managing those assets changes.

(i) At initial recognition

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

(ii) At subsequent measurement**Debt instruments**

Debt instruments mainly comprise of cash and cash equivalents and other receivables.

Debt instruments that are held for collection of contractual cash flow where those cash flows represent solely payments of principal and interest are measured at amortised cost.

A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the statement of financial activities when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

2.8.2 Impairment

The Society assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For cash and cash equivalents and other receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2. Significant accounting policies (Cont'd)**2.8 Financial assets (Cont'd)****2.8.3 Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Society commits to purchase or sell the asset.

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

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in statement of financial activities.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and short-term highly liquid investments that are readily convertible to a known amount of cash, which are subject to an insignificant risk of changes in value.

2.10 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

When necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Donated stocks are valued at cost and will not be for resale in the subsequent period. The donated stocks or gift vouchers are valued based on their face value.

2.11 Financial liabilities

Financial liabilities are recognised when, and only when, the Society becomes a party to the contractual provisions of the financial instrument and are classified according to the substance of the contractual arrangements entered into. All interest related charges are recognised in the statement of financial activities. Financial liabilities include "Trade and other payables" in the statement of financial position.

Financial liabilities which are due to be settled within 12 months after the reporting date are presented as current liabilities in the statement of financial position even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue. Other financial liabilities due to be settled more than 12 months after the reporting date are presented as non-current liabilities in the statement of financial position.

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

2.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Society prior to the end of financial year, which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

2. Significant accounting policies (Cont'd)**2.12 Trade and other payables (Cont'd)**

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

Other payables excluding accruals, are recognised at their transaction price, excluding transaction cost, 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.

2.13 Borrowing costs

Borrowing costs are recognised in the statement of financial activities using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. Borrowing costs may include interest in respect of lease liabilities recognised in accordance with FRS 116.

2.14 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Society has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.15 Leases

At the inception of the contract, the Society assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(a) When the Society is the lessee

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

- Right-of-use assets

The Society recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

If ownership of the leased asset transfers to the Society at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.7.

2. Significant accounting policies (Cont'd)**2.15 Leases (Cont'd)**

(a) When the Society is the lessee (Cont'd)

- Lease liabilities

The initial measurement of a lease liability is measured at the present value of the lease payments discounted using the interest rate implicit in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Society shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees
- The exercise price of a purchase option if the Society is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Society exercising that option.

For a contract that contain both lease and non-lease components, the Society allocates the consideration to each lease component on the basis of the relative stand-alone prices of the lease and non-lease components. The Society has elected to not separate lease and non-lease components for property leases and account these as one single lease component.

Lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Society's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in the statement of financial activities if the carrying amount of the right-of-use asset has been reduced to zero.

The Society has applied the amendment to FRS 116 Leases: Covid-19-Related Rent Concessions. The Society applies the practical expedient allowing it not to assess whether a rent concession related to COVID-19 is a lease modification. The Society applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Society chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Society assesses whether there is a lease modification.

- Short term and low value leases

The Society has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to the statement of financial activities on a straight-line basis over the lease term.

2. Significant accounting policies (Cont'd)**2.15 Leases (Cont'd)**

(a) When the Society is the lessee (Cont'd)

- Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Society shall recognise those lease payments in the statement of financial activities in the periods that triggered those lease payments.

2.16 Employee benefits**2.16.1 Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which the Society pays fixed contributions into separate entities such as the Central Provident Fund ("CPF"), on a mandatory, contractual or voluntary basis. The Society has no further payment obligations once the contributions have been paid. The Society's contribution to defined contribution plans are recognised as employee compensation expense when they are due.

2.16.2 Employee leaves entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

2.17 Funds

Restricted fund balances are restricted by outside sources and may only be utilised in accordance with the purposes for which they are established. Designated funds are earmarked for specific purposes and are largely made up of funds allocated at the discretion of the Management Committee. These designated funds are treated as restricted funds as they contain funds restricted by outside sources.

The Management Committee retains full control over the use of unrestricted funds for any of the Society's purposes.

2.18 Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefit is probable.

2.19 Events after the reporting date

Post year-end events that provide additional information about the Society's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

2. Significant accounting policies (Cont'd)**2.20 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 Society if that person:
 - (i) Has control or joint control over the Society;
 - (ii) Has significant influence over the Society; or
 - (iii) Is a member of the key management personnel of the Society or of a parent of the Society;
- (b) An entity is related to the Society if any of the following conditions applies:
 - (i) The entity and the Society are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the 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 Society or an entity related to the Society. If the Society is itself such a plan, the sponsoring employers are also related to the Society;
 - (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)
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Society or to the parent of Society.

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

3. Significant accounting judgements and estimates

The preparation of the Society's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenditure, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

The key critical judgements in applying the Society's accounting policies concerning the future at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Government grants

Government grants to meet operating expenses are recognised as income in statement of financial activities on the accrual basis in the year these operating expenses were incurred and there is reasonable assurance that the Society will comply with the conditions attached to it. For certain grants, the government agencies reserve the right to withdraw, withhold or reduce the amount of any funds approved but not yet disbursed or to call for the refund of all funds which have been disbursed to the Society if the conditions are not met.

3. Significant accounting judgements and estimates (Cont'd)**3.2 Key sources of estimation and uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Society based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Society. Such changes are reflected in the assumptions when they occur.

3.2.1 Useful lives of property, plant and equipment and intangible assets

The Society reviews annually the estimated useful lives of property, plant and equipment and intangible assets based on factors such as operating plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

3.2.2 Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. This requires an estimation of the value in use of the cash-generating units. Estimating the value in use requires the Society to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

4. Income tax

The Society is a charity registered under the Charities Act since 15 April 1993. Consequently, the income of the Society is exempted from tax under the provisions of Section 13 (1) of the Income Tax Act 1947.

5. Revenue from contracts with customers

a) Disaggregation of revenue from contracts with customers

	Note	2022 S\$	2021 S\$
Revenue from:			
Membership fee		1,652	2,542
Charity dinner	18	163,274	0
Fund-raising events	18	2,878	7,758
Income from TCM services rendered		133,217	128,924
Tranquil magazine		1,000	21,000
Miscellaneous income		1,712	1,462
		<u>303,733</u>	<u>161,686</u>
Timing of transfer of goods and services			
- At a point in time		302,081	159,144
- Over time		1,652	2,542
		<u>303,733</u>	<u>161,686</u>

5. Revenue from contracts with customers (Cont'd)

b) Contract liabilities

	2022 S\$	2021 S\$
Membership subscription received in advance	<u>312</u>	<u>384</u>

(i) Income recognised in relation to contract liabilities

	2022 S\$	2021 S\$
Revenue recognised in current period that was included in contract liabilities balance at the beginning of the year	<u>384</u>	<u>240</u>

The contract liabilities relate to the member subscription fees for the unsatisfied performance obligation in providing the sponsorship support for membership services. Revenue will be recognised when services rendered over the membership period.

There is no significant changes in contract liabilities balances.

6. Donations

	2022 S\$	2021 S\$
Tax deductible donations	260,080	124,866
Non-tax deductible donations	<u>17,641</u>	<u>14,412</u>
	<u>277,721</u>	<u>139,278</u>

The donations were allocated as follows:

• Donations	101,889	92,499
• Charity dinner	163,274	0
• Tranquil magazine	1,000	21,000
• Charity sales	2,878	7,758
• Other fund-raising activities	<u>8,680</u>	<u>18,021</u>
	<u>277,721</u>	<u>139,278</u>

During the financial year, the Society issued tax-exempt receipts for donations collected amounting to S\$260,080 (2021: S\$124,866) pursuant to its IPC status.

7. Cash and cash equivalents

	2022 S\$	2021 S\$
Cash on hand	200	701
Cash at banks	855,343	841,379
Fixed deposits	<u>52,797</u>	<u>52,746</u>
	<u>908,340</u>	<u>894,826</u>

The fixed deposits mature within 4 to 10 months (2021: 10 to 12 months) from the financial year end and earn an interest rate of 0.10% (2021: 0.10%) per annum.

Fixed deposits are included as cash and cash equivalents as these can be readily converted into cash without incurring significant penalty.

At the reporting date, the carrying amounts of cash and cash equivalents approximate their fair values.

8. Other receivables

	2022 S\$	2021 S\$
Deposits	7,248	9,329
Donation receivable	732	7,460
Grant receivables – NCSS	0	13,354
Prepayments	321	1,160
Other receivables	125	250
	<u>8,426</u>	<u>31,553</u>

Other receivables are non-trade in nature, interest-free and repayable on demand.

The National Council of Social Service (NCSS) provides funding to the Society for the operation of certain programmes. The current programmes include IT solutions to automate processes and embark on digital transformation projects and implementation of a case and client management system.

At the reporting date, the carrying amounts of other receivables approximate their fair values.

9. Inventories

	2022 S\$	2021 S\$
Charity sales item	<u>2,148</u>	<u>2,148</u>
Donations in-kind		
At beginning of financial year	354	1,132
Additions	2,681	219
Distributions	(354)	(997)
At end of financial year	<u>2,681</u>	<u>354</u>
	<u>4,829</u>	<u>2,502</u>

The donations in-kind consist of rice and grocery items to be distributed to those needy families.

10. Property, plant and equipment

	Office equipment S\$	Motor vehicles S\$	Furniture and fittings S\$	Medical equipment S\$	Electronics equipment S\$	Reinstatement cost S\$	Renovation S\$	Total S\$
Cost								
At 1 January 2021	13,548	69,894	4,079	11,840	39,727	8,190	133,445	280,723
Additions	9,686	20,261	0	599	2,805	0	0	33,351
At 31 December 2021	23,234	90,155	4,079	12,439	42,532	8,190	133,445	314,074
Additions	0	0	0	0	400	0	0	400
At 31 December 2022	23,234	90,155	4,079	12,439	42,932	8,190	133,445	314,474
Accumulated depreciation								
At 1 January 2021	9,936	46,843	4,079	11,823	37,746	0	132,430	242,857
Depreciation charge	3,702	13,619	0	17	2,515	2,730	815	23,398
At 31 December 2021	13,638	60,462	4,079	11,840	40,261	2,730	133,245	266,255
Depreciation charge	4,483	13,762	0	200	1,057	2,730	200	22,432
At 31 December 2022	18,121	74,224	4,079	12,040	41,318	5,460	133,445	288,687
Carrying amount								
31 December 2021	9,596	29,693	0	599	2,271	5,460	200	47,819
31 December 2022	5,113	15,931	0	399	1,614	2,730	0	25,787

11. Intangible assets

	Computer software and licences S\$
Cost	
At 1 January 2021	0
Additions	92,124
At 31 December 2021 and 31 December 2022	<u>92,124</u>
Accumulated amortisation	
At 1 January 2021	0
Amortisation charge	9,031
At 31 December 2021	9,031
Amortisation charge	18,425
At 31 December 2022	<u>27,456</u>
Carrying amount	
31 December 2021	<u>83,093</u>
31 December 2022	<u>64,668</u>

Intangible assets comprise smart case, client management portal and inventory management system.

12. Trade and other payables

	2022 S\$	2021 S\$
Current liabilities		
Trade payables		
- Third parties	3,927	47,354
Accruals	29,903	23,168
Deferred grant income – Invictus Fund (Tech-and-GO!)	3,730	7,326
Deferred grant income – VWOs-Charities Capability Fund	15,160	19,491
Interest received in advance	24	23
Other payables	0	251
	<u>52,744</u>	<u>97,613</u>
Non-current liabilities		
Provision for reinstatement cost	8,190	8,190
Total liabilities	<u>60,934</u>	<u>105,803</u>

Trade payables and other payables are non-interest bearing and are normally settled on 30 days' term.

The deferred grant income – NCSS will be recognised as a grant income, on a systematic basis, over the expected useful life of the relevant asset.

At the reporting date, the carrying amounts of trade and other payables approximate their fair values.

13. Funds**13.1 Unrestricted funds**General fund

General fund is expendable at the discretion of the Management Committee in furtherance of the Society's objects and purposes.

Building fund

Building fund is set up for the purpose of setting up an activity centre in the future.

13.2 Restricted funds

These are restricted funds subject to specific trusts, which may be declared by the donor(s) or with their authority or created through legal process but still within the objects of the Society. As at the reporting date, the Society has the following restricted funds:

Care & Share Grant

Care and Share Fund accounts for matching grants received from the Singapore Government under its Care & Share Programme. It is a restricted fund under the Programme and should be used for the Society's capability and capacity building, new programmes and enhancements and expansion. Up to 20% of the grants received can be used for the Society's critical existing needs. The agreement is valid from 1 January 2015 to 30 June 2019.

In 2021, the Society has received S\$23,671 which represents the 10% balance of the approved grant (final disbursement of 10% for Care & Share programme). Since the deficit balance of Care and Share Fund was absorbed and covered by the General Fund in the previous year, the management has therefore transferred back the grant received to the General Fund.

Invictus Fund

Invictus Fund is received from National Council of Social Service. The purpose of the grant provided is to support social services provided by the Society.

The Invictus Fund (Tech-and-GO!)

The Invictus Fund (Tech-and-GO!) aims to make it more affordable for charities to take up IT solutions from the adoption of pre-scoped solutions to digitise data and automate processes. In accordance to the funding agreement, the funding support is from 1 April 2021 to 31 December 2022 and the Society shall implement the solution by 30 September 2021.

VWOs-Charities Capability Fund

VWOs-Charities Capability Fund purpose is to undertake a project known as Implementation of a Case and Client Management System. The NCSS has agreed on behalf of the MSF VCF to give to the Society a grant based on an 80:20 co-sharing funding principle, subject to a maximum of \$43,313.60 or 80% of the actual expenditure of the supported costs, whichever is lower over a 7-months period from December 2020 to June 2021 or such other periods as may be mutually agreed between the NCSS and the Society.

14. Leases

The Society lease office premises from non-related party under non-cancellable operating lease agreement.

	2022 S\$	2021 S\$
Lease expense not capitalised as liabilities:		
<u>Expense relating to short-term leases</u>		
Rental of office premises*		
- Governance, administrative and other expenditures	<u>39,945</u>	<u>37,159</u>

*This includes Covid-19 related rent concession received from lessor of S\$NIL (2021: S\$9,986).

15. Financial instruments

The financial assets and liabilities of the Society at the reporting date are as follows:

	2022 S\$	2021 S\$
Financial assets, at amortised cost		
Cash and cash equivalents	908,340	894,826
Other receivables (excluding prepayments)	<u>8,105</u>	<u>30,393</u>
	<u>916,445</u>	<u>925,219</u>
Financial liabilities, at amortised cost		
Trade and other payables (excluding interest received in advance and deferred grant income)	<u>42,332</u>	<u>78,963</u>
	<u>42,332</u>	<u>78,963</u>

16. Financial risk management

The Society is exposed to various financial risks arising from its operations. The key financial risks include interest rate risk, credit risk and liquidity risk. Management Committee reviews and agrees policies and procedures for the management of these risks.

The following describes the Society's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Society's financial instruments will fluctuate because of changes in market interest rates. The Society's exposure to interest rate risk arises primarily from their cash and cash equivalents.

The Society does not expect any significant effect on the Society's income or expenditure arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

Sensitivity analysis for interest rate risk

At the reporting date, the interest rate profile of the Society's interest-bearing financial instruments was as follows:

	2022 S\$	2021 S\$
Fixed rate instruments		
<u>Financial assets</u>		
Fixed deposits	<u>52,797</u>	<u>52,746</u>

16. Financial risk management (Cont'd)Interest rate risk (Cont'd)Sensitivity analysis for interest rate risk (Cont'd)

The sensitivity analysis is based on changes in the interest rates of variable rate financial instruments.

Sensitivity analysis for interest rate risk is not presented as the Society do not have significant exposure to market risk for changes in interest rate.

At the reporting date, the Society does not have variable rate interest-bearing financial instruments.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligation, resulting in financial loss to the Society.

Risk management

The Society adopts the following policy to mitigate the credit risk.

For banks and financial institutions, the Society mitigates its credit risks by transacting only with a counter party who are rated "A" and above by independent rating agencies. The Society has no significant concentration of credit risk.

Impairment of financial assets

The Society does not expect to incur material credit losses on their risk management of financial assets.

Financial assets that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies.

There are no credit loss allowance for financial asset at amortised cost as at 31 December 2022 and 2021.

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting its financial obligations due to shortage of funds. The Society exposure to liquidity risk arises primarily from mis-matches of the maturities of financial assets or liabilities. Management monitors and ensures that the Society maintains a level of cash and cash equivalents deemed adequate to finance the Society's operations.

16. Financial risk management (Cont'd)Liquidity risk (Cont'd)

The table below summarises the maturity profile of the Society's financial assets and liabilities at the end of the reporting period based on the contractual undiscounted repayment obligations:

	Within one year S\$	Later than one year but not later than five years S\$	Total S\$
2022			
Financial assets			
Cash and cash equivalents	908,340	0	908,340
Other receivables (excluding prepayments)	8,105	0	8,105
	<u>916,445</u>	<u>0</u>	<u>916,445</u>
Financial liabilities			
Trade and other payables	<u>(34,142)</u>	<u>(8,190)</u>	<u>(42,332)</u>
	<u>(34,142)</u>	<u>(8,190)</u>	<u>(42,332)</u>
Net financial assets/(liabilities)	<u>882,303</u>	<u>(8,190)</u>	<u>874,113</u>
	Within one year S\$	Later than one year but not later than five years S\$	Total S\$
2021			
Financial assets			
Cash and cash equivalents	894,826	0	894,826
Other receivables (excluding prepayments)	30,393	0	30,393
	<u>925,219</u>	<u>0</u>	<u>925,219</u>
Financial liabilities			
Trade and other payables	<u>(70,773)</u>	<u>(8,190)</u>	<u>(78,963)</u>
	<u>(70,773)</u>	<u>(8,190)</u>	<u>(78,963)</u>
Net financial assets/(liabilities)	<u>854,446</u>	<u>(8,190)</u>	<u>846,256</u>

17. Fair values

As at 31 December 2022, the carrying amounts of financial assets and liabilities recorded in the financial statements of the Society approximate their fair values due to their short-term nature.

18. Fund-raising expenses

	Note	2022 S\$	2021 S\$
Total gross receipts	5	166,152	7,758
Direct costs of fund-raising expenses		26,321	1,329
Percentage of direct fund-raising expenses over gross receipts		<u>15.84%</u>	<u>17.13%</u>

19. Reserve position and policy

The Society's reserve position for financial year ended 31 December 2022 and 2021 are as follows:

		2022	2021	Increase/ (decrease)
		S\$'000	S\$'000	%
A	Unrestricted Fund			
	General fund	939	941	(0.21)
B	Restricted or Designated Funds			
	Designated Funds	11	11	0
	Restricted Funds	1	1	0
C	Endowment Fund	0	0	0
D	Total Funds	951	953	(0.21)
E	Total Annual Operating Expenditure	437	435	0.46
F	Ratio of Funds to Annual Operating Expenditure (A/E)	2.15	2.16	

Reference:

- C. An endowment fund consists of assets, funds or properties that are held in perpetuity, which produces annual income flow for a foundation to spend as grants.
- D. Total Funds including unrestricted, restricted, designated and endowment funds.
- E. Total Annual Operating Expenditure includes Cost of Generating Funds, Cost of Charitable Activities and Governance and Administrative Costs.

The Society's Reserve Policy is as follows:

The reserve of the Society provide financial stability and the means for the development of the Society's activities. The Management intends to maintain the reserves at a level sufficient at all times of at least twelve (12) months' value for its operating needs. The Society reviews the level of reserves regularly for the Society's continuing obligations.

20. Related party transaction**(a) Related party transactions and balances**

There are no transactions with related parties during the current and previous year.

(b) Key management personnel compensation

The remuneration of the key management personnel during the financial year is as follows:

	2022	2021
	S\$	S\$
Salaries and other short-term employee benefits	42,740	41,940
Post-employment benefits – Contribution to CPF	7,072	6,936
	<u>49,812</u>	<u>48,876</u>

21. Management of conflict of interest

During the current and previous year, none of the Management Committee members have received any remuneration from the Society except for those disclosed in Note 20.

Management Committee and management members are required to disclose any interest that they may have, whether directly or indirectly, that the Society may enter into or in any organisations that the Society has dealings with or is considering dealing with; and any personal interest accruing to him as one of the Society's supplier, user of services or beneficiary. Should there be any potential conflict of interest, the affected Management Committee 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.

22. Impact of COVID-19 (Coronavirus Disease 2019)

As the COVID-19 situation has improved and moved from pandemic to endemic, restrictions have been gradually released. Unless there is any new COVID-19 variant causing the government to restart the safe management measures, the Society can reasonably ascertain the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2023 would be marginal.

The Society has assessed that the going concern basis of preparation for this set of financial statements remains appropriate. The Management Committee is continuously monitoring the COVID-19 situation and will take further action as necessary in response to the service disruption.

23. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Management Committee of the Society on 22 May 2023.