

# **MOUNTBATTEN VOCATIONAL SCHOOL**

[Registration No. 363]

[Registered with Ministry of Education]

## **AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

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## **Fiducia LLP**

(UEN. T10LL0955L)

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**STATEMENT BY THE MANAGEMENT COMMITTEE**

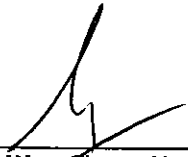
In the opinion of the Management Committee, the accompanying financial statements as set out on pages 5 to 24 are drawn up so as to give a true and fair view of the state of affairs of Mountbatten Vocational School (the "School") as at 31 March 2015 and of its results, the changes in funds and cash flows of the School for the year then ended.


At the date of this statement, there are reasonable grounds to believe that the School 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:

Chairman	Gregory Wee Chong Yeow
Administrator / Secretary	Ernest Toh Boon Cheng
Honorary Treasurer	Patrick Tan Keng Sin
Member	Chew Mun Kai
Member	Nader Tadros
Member	Margarita Hale
Member	Steven Lee Chee Phat
Member	Louis Tan Hong Pheow
Vice principal	Christine Khor Mui Lan

For and on behalf of the Management Committee,

  
\_\_\_\_\_  
Gregory Wee Chong Yeow  
Chairman

  
\_\_\_\_\_  
Patrick Tan Keng Sin  
Honorary Treasurer

Singapore,  
21 AUG 2015

## **Fiducia LLP**

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Independent auditors' report to the members of:

### **MOUNTBATTEN VOCATIONAL SCHOOL**

[Registration No. 363]

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## **Report on the Financial Statement**

We have audited the accompanying financial statements of Mountbatten Vocational School (the "School") set out on pages 5 to 24, which comprise the statement of financial position as at 31 March 2015, the statement of financial activities, the statement of changes in funds and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition, that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Fiducia LLP**

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(CONT'D)

Independent auditors' report to the members of:

### **MOUNTBATTEN VOCATIONAL SCHOOL**

[Registration No. 363]

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#### *Opinion*

In our opinion, the financial statements of the School are properly drawn up in accordance with the provisions of the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the School as at 31 March 2015, and the results, changes in funds and cash flows of the School for the financial year ended on that date.

#### **Report on other Legal and Regulatory Requirements**

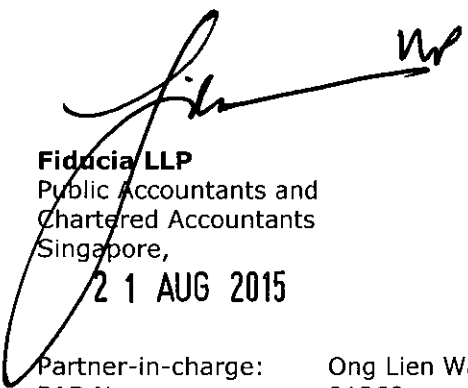
In our opinion, the accounting and other records properly kept in accordance to the Rules and Regulations issued by the Ministry of Education and National Council of Social Services, as well of any agreement with the Ministry of Education.

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

- (i) the receipt, expenditure and investment income; and
- (ii) the acquisition and disposal of assets by the School;

have not been carried out in accordance to the Rules and Regulations issued by the Ministry of Education and National Council of Social Services, as well as of any agreement signed with the Ministry of Education; nor that

- (iii) the donations and other receipts of the School were not used for approved projects and the purposes intended.



**Fiducia LLP**  
Public Accountants and  
Chartered Accountants  
Singapore,

**21 AUG 2015**

Partner-in-charge: Ong Lien Wan  
PAB No.: 01360

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015**

	Note	2015 S\$	2014 S\$ (As restated)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	678,107	468,379
Other receivables	5	31,567	13,986
Inventory		663	1,755
		<u>710,337</u>	<u>484,120</u>
<b>Non-current assets</b>			
Property, plant and equipment	6	<u>32,034</u>	<u>24,833</u>
<b>Total assets</b>		<u>742,371</u>	<u>508,953</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accruals and other payables	7	115,136	26,461
Deferred capital grant	8	<u>2,060</u>	<u>0</u>
		<u>117,196</u>	<u>26,461</u>
<b>Non-current liabilities</b>			
Deferred capital grant	8	<u>6,180</u>	<u>0</u>
<b>Total liabilities</b>		<u>123,376</u>	<u>26,461</u>
<b>NET ASSETS</b>		<u>618,995</u>	<u>482,492</u>
<b>FUNDS</b>			
<b>Unrestricted funds</b>			
Accumulated general fund		<u>526,304</u>	<u>397,145</u>
<b>Restricted funds</b>			
Designated funds			
- Equipment fund	9	14,610	14,610
- Training fund	9	10,625	10,625
- Pupil welfare assistance fund	9	32,982	27,650
- Development fund	9	27,238	22,889
- School Pocket Money Fund	9	5,540	5,417
- SE Edu Assist fund	9	<u>1,696</u>	<u>4,156</u>
		<u>92,691</u>	<u>85,347</u>
		<u>618,995</u>	<u>482,492</u>

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

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

	2015							2014 (As restated) Total funds S\$	
	Note	Restricted funds					Total funds S\$		
		General fund S\$	Pupil welfare assistance fund S\$	Develo pment fund S\$	SE Edu Assist fund S\$	School pocket money fund S\$			Other funds S\$
<b>INCOME</b>									
Amortisation of fund		2,060	0	0	0	0	0	2,060	0
Donations		0	16,000	20,000	0	0	0	36,000	41,000
Grants from MOE		778,687	0	0	0	0	0	778,687	641,775
Other grants		40,230	0	0	844	1,548	0	42,622	32,672
School fees		35,735	0	0	0	0	0	35,735	37,514
Investment income		3,049	0	0	0	0	0	3,049	1,394
Miscellaneous income		2,757	0	0	0	0	0	2,757	3,345
<b>Total income</b>		<b>862,518</b>	<b>16,000</b>	<b>20,000</b>	<b>844</b>	<b>1,548</b>	<b>0</b>	<b>900,910</b>	<b>757,700</b>
<b>EXPENDITURE</b>									
<b>Cost of charitable activities</b>									
Teaching staff salaries		329,522	0	0	0	0	0	329,522	319,340
Teaching staff CPF		41,592	0	0	0	0	0	41,592	41,578
		<b>371,114</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>371,114</b>	<b>360,918</b>
<b>Governance and other administrative costs</b>									
Communications		5,930	0	0	0	0	0	5,930	5,132
Depreciation	6	18,796	0	0	0	0	0	18,796	20,204
Equipment expenses		4,682	0	14,551	0	0	0	19,233	17,878
Insurance		5,597	0	0	0	0	0	5,597	5,370
ISC Expenses		7,000	0	0	0	0	0	7,000	9,669
Maintenance		35,359	0	0	0	0	0	35,359	25,541
Management fees		30,000	0	0	0	0	0	30,000	30,000
Other rentals		3,428	0	0	0	0	0	3,428	3,143
Professional and other services		27,756	0	0	0	0	0	27,756	23,453
School functions		11,510	10,668	1,100	3,304	1,425	0	28,007	30,186
Supplies and material		14,012	0	0	0	0	0	14,012	11,406
Transport		1,843	0	0	0	0	0	1,843	1,462
Utilities		34,319	0	0	0	0	0	34,319	33,643
<b>Staff costs</b>									
- Supporting staff salary		131,760	0	0	0	0	0	131,760	117,911
- Supporting staff CPF		17,962	0	0	0	0	0	17,962	18,876
Staff welfare		6,962	0	0	0	0	0	6,962	4,972
Staff training		5,329	0	0	0	0	0	5,329	3,891
		<b>362,245</b>	<b>10,668</b>	<b>15,651</b>	<b>3,304</b>	<b>1,425</b>	<b>0</b>	<b>393,293</b>	<b>362,737</b>
<b>Total expenditure</b>		<b>733,359</b>	<b>10,668</b>	<b>15,651</b>	<b>3,304</b>	<b>1,425</b>	<b>0</b>	<b>764,407</b>	<b>723,655</b>
<b>NET SURPLUS/(DEFICIT)</b>		<b>129,159</b>	<b>5,332</b>	<b>4,349</b>	<b>(2,460)</b>	<b>123</b>	<b>0</b>	<b>136,503</b>	<b>34,045</b>
<b>FUNDS BROUGHT FORWARD</b>		<b>397,145</b>	<b>27,650</b>	<b>22,889</b>	<b>4,156</b>	<b>5,417</b>	<b>25,235</b>	<b>482,492</b>	<b>448,447</b>
<b>FUNDS CARRIED FORWARD</b>		<b>526,304</b>	<b>32,982</b>	<b>27,238</b>	<b>1,696</b>	<b>5,540</b>	<b>25,235</b>	<b>618,995</b>	<b>482,492</b>

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

**STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

<b>2015</b>	Accumulated fund S\$	Equipment fund S\$	Training fund S\$	Pupil welfare assistance fund S\$	Development fund S\$	School pocket money fund S\$	SE Edu Assist fund S\$	Total S\$
Balance at beginning of year	397,145	14,610	10,625	27,650	22,889	5,417	4,156	482,492
Net surplus / (deficit)	129,159	0	0	5,332	4,349	123	(2,460)	136,503
Balance at end of year	526,304	14,610	10,625	32,982	27,238	5,540	1,696	618,995

**2014 (As restated)**

	Accumulated fund S\$	Equipment fund S\$	Training fund S\$	Pupil welfare assistance fund S\$	Development fund S\$	School Pocket Money Fund S\$	SE Edu Assist fund S\$	Total S\$
Balance at beginning of year	370,256	14,610	10,625	25,675	20,507	6,774	0	448,447
Net surplus / (deficit)	26,889	0	0	1,975	2,382	(1,357)	4,156	34,045
Balance at end of year	397,145	14,610	10,625	27,650	22,889	5,417	4,156	482,492

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

**STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

	Note	2015 S\$	2014 S\$ (As restated)
<b>Cash flows from operating activities</b>			
Surplus for the year		136,503	34,045
Adjustments for :			
Amortisation of fund	8	(2,060)	0
Depreciation of property, plant and equipment	6	18,796	20,204
Interest received		<u>(3,049)</u>	<u>(1,394)</u>
Operating surplus before working capital changes		150,190	52,855
Changes in operating assets and liabilities:			
Other receivables		125	(1,502)
Inventories		1,092	1,613
Accruals and other payables		<u>1,966</u>	<u>(3,972)</u>
<b>Net cash generated from operating activities</b>		<u>153,373</u>	<u>48,994</u>
<b>Cash flows from investing activities</b>			
Interest received		3,049	1,394
Purchases of property, plant and equipment	6	<u>(25,997)</u>	<u>(13,531)</u>
<b>Net cash used in investing activities</b>		<u>(22,948)</u>	<u>(12,137)</u>
<b>Cash flows from financing activities</b>			
Increase in deferred capital grant	8	10,300	0
Repayment from / (Advance to) related parties		<u>69,003</u>	<u>(41,934)</u>
<b>Net cash provided by (used in) financing activities</b>		<u>79,303</u>	<u>(41,934)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		209,728	(5,077)
Cash and cash equivalents at beginning of financial year		<u>468,379</u>	<u>473,456</u>
<b>Cash and cash equivalents at end of financial year</b>	4	<u>678,107</u>	<u>468,379</u>

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



**STATEMENT OF MONTHLY PUPIL ENROLMENT ELIGIBLE FOR FUNDING  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

Month	Number of pupils – By disability group (Hearing Impairment) (a)	Number of pupils – By disability group (Intellectual disability) (b)	Total number of pupils (c=a+b)
1 April 2014	8	82	90
1 May 2014	8	82	90
1 June 2014	8	77	85
1 July 2014	8	77	85
1 August 2014	8	77	85
1 September 2014	8	77	85
1 October 2014	8	77	85
1 November 2014	8	72	80
1 December 2014	8	72	80
1 January 2015	5	77	82
1 February 2015	5	77	82
1 March 2015	5	77	82

**STATEMENT OF MONTHLY PUPIL ENROLMENT FOR INTERNATIONAL STUDENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

Month	Number of International Students*	Number of International Students**	Total number of International Students
	(a)	(b)	(c=a+b)
1 April 2014	3	0	3
1 May 2014	3	0	3
1 June 2014	3	0	3
1 July 2014	3	0	3
1 August 2014	3	0	3
1 September 2014	3	0	3
1 October 2014	3	0	3
1 November 2014	3	0	3
1 December 2014	3	0	3
1 January 2015	2	0	2
1 February 2015	2	0	2
1 March 2015	2	0	2

(a) \*International Students who are children of employment pass holders, skilled workers and diplomatic staff.

(b) \*\*International Students who are not children of employment pass holders, skilled workers and diplomatic staff.

Note: International students are defined as those students who are not of Singaporean Citizens or Permanent Residents.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

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

### **1. General information**

Mountbatten Vocational School ("the School") is registered with the Ministry of Education under Education Act (Chapter 87) in Singapore on 21 July 1977. The School's registered address and principal place of business is at 225, Mountbatten Road, Singapore 397997.

The principal activities of the School are to train the youth with disabilities for the ITE skills Certificate programs (ISC). The main emphasis of the course is basic service skills, basic computer applications and back office skills. In the second year, the trainees are placed on a job attachment programme. Upon completion, the Institute of Technical Education endorses the certificate.

### **2. Significant accounting policies**

#### **2.1 Basis of preparation**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). 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 School's functional currency.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the School's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenditures during the financial year. Although these estimates are based on 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, 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 2014**

On 1 April 2014, the School adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the School's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

**2.1 Basis of preparation (Cont'd)**

**2.1.1 Interpretations and amendments to published standards effective in 2014 (Cont'd)**

<b>FRS</b>	<b>Effective date</b>	<b>Title</b>
FRS 110	1.1.2014	Consolidated financial statements and Amendment to FRS 27 (revised 2011) Separate financial statements
FRS 111	1.1.2014	Joint arrangements, and amendments to FRS 28 (revised 2011) Investments in Associate and Joint Ventures
FRS 32	1.1.2014	Amendment to Financial Instruments: Presentation (Offsetting financial assets and financial liabilities)
FRS 36	1.1.2014	Amendment to Impairment of Assets (Recoverable amount disclosures to non- financial assets)
FRS 39	1.1.2014	Amendment to Financial instruments: Recognition and measurement (Novation of derivatives and continuation of hedge accounting)
INT FRS 121	1.1.2014	Levies

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the accounting policies of the School and had no material effect on the amounts reported for the current or prior financial year.

**2.1.2 Standards issued but not yet effective**

The School did not early adopt the following relevant new/revised FRS, INT FRS and amendments to FRSs that were issued at the date of authorisation of these financial statements but not yet effective until future periods:

<b>FRS</b>	<b>Effective date</b>	<b>Title</b>
FRS 19	1.7.2014	Amendments – Employee benefits – defined benefit plans: Employee Contributions
FRS 102	1.7.2014	Improvements 2012 – Shared-based payment
FRS 103	1.7.2014	Improvements 2012 – Business combinations
FRS 108	1.7.2014	Improvements 2012 – Operating segments
FRS 16	1.7.2014	Improvements 2012 – Property, plant and equipment
FRS 38	1.7.2014	Improvements 2012 – Intangible assets
FRS 24	1.7.2014	Improvements 2012 – Related party disclosures
FRS 103	1.7.2014	Improvements 2013 – Business combinations
FRS 113	1.7.2014	Improvements 2013 – Fair Value Measurement
FRS 114	1.1.2016	Regulatory deferral

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. Significant accounting policies (Cont'd)**

### **2.2 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the School's activities. Revenue is recognised as follows:

#### **2.2.1 Government grants**

Government grants are recognised as income in the financial statements over the periods necessary to match them with the related costs, which they are intended to compensate on a systematic basis.

The Government funding for capital expenditure are amortised as income over the useful lives of the assets they fund.

#### **2.2.2 Donations**

Unrestricted donations are reported as income. The timing of income recognition is governed by the donor's intent. If the donor is silent, the donation is recognised as income in the year made. The timing of income recognition for restricted donations is the same as for unrestricted donations.

#### **2.2.3 Rendering of services**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date.

#### **2.2.4 Other income**

Other income is recognised when received.

### **2.3 Cost and expense recognition**

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

#### **2.3.1 Cost of charitable activities**

Cost of charitable activities comprises all directly attributable costs incurred in the pursuit of the charitable objects of the School.

#### **2.3.2 Governance and administrative costs**

Governance costs include the costs of governance arrangement, which relate to the general running of the School, 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)**

### **2.4 Property, plant and equipment**

#### **2.4.1 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 an item of property, plant and equipment 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.

#### **2.4.2 Depreciation**

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

	Useful life
Building and renovation	5 years
Furniture and equipment	5 years
Computer and equipment	3 years

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

#### **2.4.3 Subsequent expenditure**

Subsequent expenditure relating to property, plant and equipment that has 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 School and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expenses in the statement of financial activities during the financial year in which it is incurred.

#### **2.4.4 Disposal**

On disposal of an item of property, plant and equipment, the difference between the net disposals proceeds and its carrying amount is taken to the statement of financial activities.

### **2.5 Impairment of non-financial assets**

Property, plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of the assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

## **2. Significant accounting policies (Cont'd)**

### **2.5 Impairment of non-financial assets (Cont'd)**

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 impairment loss is recognised in the statement of financial activities.

An impairment loss for an asset is reversed if; there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an 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 depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the statement of financial activities.

### **2.6 Financial assets**

#### **2.6.1 Classification**

The School classifies its financial assets as loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the statement of financial position date, which are classified as non-current assets. Loans and receivables are classified within "Other receivables" and "Cash and cash equivalents" on the statement of financial position.

#### **2.6.2 Recognition and derecognition**

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

#### **2.6.3 Measurement**

Financial assets are initially recognised at fair value plus transaction costs.

Loans and receivables are subsequently carried at amortised cost using effective interest method.

#### **2.6.4 Impairment**

The School assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

An allowance for impairment of loans and receivables including other receivables, is recognised when there is objective evidence that the School will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments is considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

**2.7 Cash and cash equivalents**

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

**2.8 Financial liabilities**

Financial liabilities are recognised when the School becomes a party to the contractual agreements of the instrument and are classified according to the substance of the contractual arrangements entered into. All interest related charges are recognised in the statement of comprehensive income.

Financial liabilities are derecognised when the obligations under the liability are discharged, cancelled or expired. 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 comprehensive income.

**2.9 Accruals and other payables**

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

**2.10 Fair value estimation of financial assets and liabilities**

The carrying amounts of current financial assets and liabilities, carried at amortised cost, are assumed to approximate their fair values due to their short-term nature.

**2.11 Provisions for other liabilities and charges**

Provisions for other liabilities and charges are recognised when the School 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.

**2.12 Currency translation**

Transactions denominated in a currency other than Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at the closing rate at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial activities.



## **2. Significant accounting policies (Cont'd)**

### **2.13 Employee compensation**

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

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.

### **2.14 Related parties**

- (a) A person or a close member of that person's family is related to the School if that person:
- (i) Has control or joint control over the School;
  - (ii) Has significant influence over the School; or
  - (iii) Is a member of the key management personnel of the School or of a parent of the School;
- (b) An entity is related to the School if any of the following conditions applies:
- (i) The entity and the School 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 School or an entity related to the School. If the School is itself such a plan, the sponsoring employers are also related to the School;
  - (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).

### **3. Critical accounting estimates, assumptions and judgements**

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

#### **3.1 Critical judgements in applying the entity's accounting policies**

The key assumptions concerning the future and other key sources of estimation uncertainty 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.

##### **3.1.1 Estimated useful lives of property, plant and equipment**

The School reviews annually the estimated useful lives of property, plant and equipment 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.

##### **3.1.2 Impairment of property, plant and equipment**

Property, plant and equipment are reviewed for impairment whenever there is any indication that the assets are impaired. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the impairment loss. The key assumptions for the value in use calculation are those regarding the growth rates, and expected change to income and expenditure during the year and a suitable discount rate.

##### **3.1.3 Allowance for impairment of receivables**

The School reviews the adequacy of allowance for impairment of receivables at each closing by reference to the ageing analysis of receivables, and evaluates the risks of collection according to the credit standing and collection history of individual client. If there are indications that the financial position of a client has deteriorated resulting in an adverse assessment of his risk profile, an appropriate amount of allowance will be provided.

### **4. Cash and cash equivalents**

	2015 S\$	2014 S\$
Cash in hand	1,000	1,000
Cash at bank	374,907	267,379
Fixed deposits	<u>302,200</u>	<u>200,000</u>
	<u>678,107</u>	<u>468,379</u>

Fixed deposits have maturity 12 months (2014: 12 months) and have interest rates of 1.17% to 1.25% (2014: 1.10%) per annum.

At the reporting date, the carrying amounts of cash and cash equivalents approximated their fair value.

**5. Other receivables**

	2015 S\$	2014 S\$
Amount due from a related party - The Singapore School for the Deaf (SSD)	23,914	6,208
Deposits	200	3,600
Prepayments	6,224	3,674
Interest receivables	1,229	504
	<u>31,567</u>	<u>13,986</u>

The amount due from a related party is unsecured, non-interest bearing and is collectible on demand.

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

**6. Property, plant and equipment**

	Balance at beginning of year S\$	Additions S\$	(Disposals) S\$	Balance at end of year S\$
<b>2015</b>				
<b>Cost</b>				
Building renovation	2,066	0	0	2,066
Furniture and equipment	66,734	25,997	0	92,731
Computer and equipment	22,692	0	0	22,692
	<u>91,492</u>	<u>25,997</u>	<u>0</u>	<u>117,489</u>
	Balance at beginning of year S\$	Depreciation charge S\$	(Written back/off) S\$	Balance at end of year S\$
<b>Accumulated depreciation</b>				
Building renovation	1,652	413	0	2,065
Furniture and equipment	44,982	17,470	0	62,452
Computer and equipment	20,025	913	0	20,938
	<u>66,659</u>	<u>18,796</u>	<u>0</u>	<u>85,455</u>
	Balance at beginning of year S\$			Balance at end of year S\$
<b>Net book value</b>				
Building renovation	414			1
Furniture and equipment	21,752			30,279
Computer and equipment	2,667			1,754
	<u>24,833</u>			<u>32,034</u>

**6. Property, plant and equipment (Cont'd)**

<b>2014</b>	Balance at beginning of year S\$	Additions S\$	(Disposals) S\$	Balance at end of year S\$
<b>Cost</b>				
Building renovation	2,066	0	0	2,066
Furniture and equipment	55,943	10,791	0	66,734
Computer and equipment	19,952	2,740	0	22,692
	<u>77,961</u>	<u>13,531</u>	<u>0</u>	<u>91,492</u>

	Balance at beginning of year S\$	Depreciation charge S\$	(Written back/off) S\$	Balance at end of year S\$
<b>Accumulated depreciation</b>				
Building renovation	1,239	413	0	1,652
Furniture and equipment	26,842	18,140	0	44,982
Computer and equipment	18,374	1,651	0	20,025
	<u>46,455</u>	<u>20,204</u>	<u>0</u>	<u>66,659</u>

	Balance at beginning of year S\$	Balance at end of year S\$
<b>Net book value</b>		
Building renovation	827	414
Furniture and equipment	29,101	21,752
Computer and equipment	1,578	2,667
	<u>31,506</u>	<u>24,833</u>

**7. Accruals and other payables**

	2015 S\$	2014 S\$ (Restated)
Accruals	4,747	3,183
Amount due to a related party – The Singapore Association for the Deaf (SAD)	109,250	22,541
Amount received in advance	0	737
Other payable	1,139	0
	<u>115,136</u>	<u>26,461</u>

The amount due to a related party is unsecured, non-interest bearing and is payable on demand.

At the reporting date, the carrying amounts of accruals and other payables approximated their fair values.

**8. Deferred capital grant**

	2015 S\$	2014 S\$
Balance as at beginning of the financial year	0	0
Additions during the year	10,300	0
Amortisation	<u>(2,060)</u>	<u>0</u>
Balance as at end of the financial year	<u>8,240</u>	<u>0</u>
Not later than one year	2,060	0
Later than one year but not later than five years	<u>6,180</u>	<u>0</u>
	<u>8,240</u>	<u>0</u>

The Deferred capital fund accounts for the purchase of capital assets via utilisations of designated funds less accumulated amortisation which are matched to the depreciation charges of the corresponding equipment acquired using the funds.

**9. Designated funds**

These funds are for projects established for specific purposes. Donations received were taken up in the various categories or funds as specified by the donors.

- 9.1 Equipment fund is established to be utilised to cover shortfall in expenditure for materials and equipment.
- 9.2 Training fund is established to be utilised to cover shortfall in expenditure for local and overseas staff training.
- 9.3 Pupil welfare assistance fund was established to subsidise for student transport allowance and item.
- 9.4 Development fund was established to cover the cost of maintenance, repairs and renovation to be incurred by the School.
- 9.5 South East EduAssist Fund (SE EduAssist Fund) is to help needy students studying in special education schools in South East district.
- 9.6 School pocket money fund was established to help children from low-income families to pay for basic daily school-related expenses.

**10. Income tax**

The School is one of the two Schools under The Singapore Association for the Deaf, which is registered under the Charities Act since 26 March 1962. Consequently, the income of the School is exempted from tax under the provisions of Section 13 of the Income Tax Act Cap. 134.

**11. Related party transactions**

The following transactions took place between the School and related parties during the financial year at terms agreed between the parties:

	2015 S\$	2014 S\$
Payments made on behalf of related parties:		
- The Singapore Association for the Deaf (SAD)	718,128	678,118
- The Singapore School for the Deaf (SSD)	<u>104,070</u>	<u>48,383</u>

**12. Key management personnel remuneration and benefits**

	2015 S\$	2014 S\$
Salaries and other short-term employee benefits	89,608	86,591
Post-employment benefits – Contributions to CPF	<u>10,714</u>	<u>11,341</u>
	<u>100,322</u>	<u>97,932</u>
	No. of key management personnel	No. of key management personnel
Remuneration band		
S\$100,000 and below	<u>2</u>	<u>2</u>

One of the key management personnel above is the School administrator whose remuneration is being shared equally with Singapore School for the Deaf.

Members of the Management Committee are volunteers and none received any remuneration or reimbursement during the year (2014: Nil).

**13. Financial risk management**

The School's activities expose it to minimal financial risks and overall risk management is determined and carried out by the Management Committee.

**13.1 Liquidity risk**

The School manages its liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate by the Management Committee to fund the School's operations.

**13.2 Credit risk**

Credit risk arises mainly from the risk on counterparties defaulting on the terms of their agreements. The carrying amounts of cash and cash equivalents and other receivables represent the School's maximum exposure to credit risk in relation to financial assets. The credit risk on balances of cash and cash equivalents is considered low as surplus funds are placed in fixed deposits with reputable banks.

**13. Financial risk management (Cont'd)**

**13.3 Interest rate risk**

The School's exposure to interest rate risk relate primarily to the fixed deposits placed with banks. The Association is not exposed to significant interest rate risk.

**13.4 Foreign currency risk**

The School does not engage in trading of or speculation in foreign currencies and does not have any financial instruments that are exposed to significant foreign currency risks.

**13.5 Fair values**

The carrying amounts of the financial assets and liabilities recorded in the financial statements of the School approximate their fair values due to their short-term nature.

**14. Reserve policy and position**

The reserves that the School has set aside provide financial stability and the means for the development of its principal activities. The School intends to maintain its reserves at a level, which is at least equivalent to one year's expenses to ensure the continued running and smooth operation of the School. The intended use of the reserves is for the operational need of the School.

The Management Committee will review the amount of reserves that is required to ensure that they are adequate to fulfil School's continuing obligations on a half-yearly basis.

The School's reserve position for financial year ended 31 March 2015 is as follows:

		2015	2014 (As restated)	Increase / (Decrease)
		S\$'000	S\$'000	%
A	Unrestricted Funds			
	Accumulated general fund	526	397	32.49
B	Restricted or Designated Funds			
	Designated Funds	93	85	9.41
C	Endowment Funds	0	0	0
D	Total Funds	619	482	28.42
E	Total Annual Operating Expenditure	764	724	5.52
F	Ratio of Funds to Annual Operating Expenditure (A/E)	0.69	0.55	25.45

Reference:

- C. An endowment fund consists of assets, funds or properties, which are held in perpetuity, which produce annual income flow for a foundation to spend as grants.
- D. Total Funds include unrestricted, restricted/ designated and endowment funds.
- E. Total Annual Operating Expenditure includes expenses related to Cost of Charitable Activities and Governance and Other Operating and Administration expenses.

**15. Comparative figures**

Certain line items have been restated on the face of the statement of financial position, statement of financial activities, and the related notes to the financial statements to conform with the current year's presentation.

The restatement was made due to correction of errors in taking up the restricted fund and other payables resulting to the misstatement of certain income and expenses in the previous years.

<b>2014</b>	As previously reported S\$	Restatement S\$	As restated S\$
<b>Statement of financial position</b>			
<b>Liabilities</b>			
- Accruals and other payables	31,878	(5,417)	26,461
<b>Funds</b>			
- School Pocket Money Fund	<u>0</u>	<u>5,417</u>	<u>5,417</u>
<b>Statement of financial activities</b>			
<b>Income</b>			
- Other grants	31,724	948	32,672
<b>Cost of charitable activities</b>			
- Teaching staff salaries	0	(319,340)	(319,340)
- Teaching staff CPF	0	(41,578)	(41,578)
<b>Governance and other administrative costs</b>			
- School functions	(27,881)	(2,305)	(30,186)
- Teaching staff salaries	(319,340)	319,340	0
- Teaching staff CPF	(41,578)	41,578	0
	<u>(357,075)</u>	<u>(1,357)</u>	<u>(358,432)</u>
<b>Statement of cash flows</b>			
Net cash generated from operating activities	7,060	41,934	48,994
Net cash used in financing activities	<u>0</u>	<u>(41,934)</u>	<u>(41,934)</u>
	<u>7,060</u>	<u>0</u>	<u>7,060</u>

**16. Authorisation of financial statements**

These financial statements were authorised for issue in accordance with a resolution of the Management Committee on **21 AUG 2015**