CSI & CO. PAC
Audit
Singapore

SPECIAL NEEDS TRUST COMPANY LIMITED
(Company Limited by Guarantee)
(Incorporated in the Republic of Singapore)

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019

Company Reg No: 200812120W

SPECIAL NEEDS TRUST COMPANY LIMITED
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SPECIAL NEEDS TRUST COMPANY LIMITED
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DIRECTORS' STATEMENT

The directors of Special Needs Trust Company Limited (the "Company") are pleased to present their statement together with the audited financial statements for the financial year ended 31 March 2019.

Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Company for the financial year covered by the financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors approved and authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Moses Lee Kim Poo	(Appointed on 01/01/2019)
Chee Yoh Chuang	
Chua Yeow Hooi	
Lim Cheng Teck	
Quek Soo Hoon	
Dr Balbir Singh	
Dr Tang Hang Wu	
Tina Hung @ Ong Geok Tin	
Beck Gek Suan Charlotte	
Abdul Majeed Bin Abdul Khader	
Jeremy Lim Fung Yen	
Dilys Charmaine Boey Mengyi	(Appointed on 01/10/2018)

Directors' interests in shares and debentures, and arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

The Company is limited by guarantee and has no share capital and debentures.

Share options

The Company is limited by guarantee. As such, there are no share options or unissued shares of the Company under option.

Independent auditor

CSI & Co. PAC, has expressed willingness to accept re-appointment.

On behalf of the Board of Directors,

Moses Lee Kim Poo
Director

Chee Yoh Chuang
Director

13 August 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPECIAL NEEDS TRUST COMPANY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Special Needs Trust Company Limited (the "Company"), which comprise the statement of financial position as at 31 March 2019, the statement of comprehensive income, statement of changes in funds and statement of cash flows for the 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 Companies Act, Chapter 50 ("the Companies Act"), the Charities Act, Chapter 37 and other relevant regulations ("the Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and of the financial performance, changes in funds and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company 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 Directors' Statement included in page 1 to 2, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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CSI & Co. PAC is a public accounting corporation incorporated with limited liability in Singapore.
(Company & GST Registration Number: 200802102R)

Responsibilities of Management and Those Charged with Governance 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 Companies Act, the Charities Act and Regulations and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

Those charged with governance comprises the directors and the governing board. Their responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 Company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required to be kept by the Company have been properly kept in accordance with the provisions of the Companies Act, and the Charities Act and Regulations.

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

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

CSI & Co. PAC
Public Accountants and
Chartered Accountants
Singapore

13 August 2019

SPECIAL NEEDS TRUST COMPANY LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 $	2018 $
ASSETS			
Non-current assets			
Property, plant and equipment	5	14,724	22,670
Trust amount held by Public Trustee Office	6	26,596,566	21,400,004
		26,611,290	21,422,674
Current assets			
Trade and other receivables	7	33,877	34,695
Cash and cash equivalents	8	6,009,784	5,745,779
		6,043,661	5,780,474
Total assets		**32,654,951**	**27,203,148**
FUND AND LIABILITIES			
Unrestricted Fund			
Accumulated Fund	9	5,024,735	4,252,861
Restricted Funds			
Financial Assistance Fund	10	580,160	645,725
Care & Share Fund	11	159,433	205,839
Total Funds		5,764,328	5,104,425
Non-current liabilities			
SNTC trust fund due to Principals	12	26,596,566	21,400,004
Current liabilities			
Trade and other payables	13	78,145	28,200
Grant received in advance	13	-	524,874
Provisions	14	215,912	145,645
Total current liabilities		294,057	698,719
Total liabilities		26,890,623	22,098,723
Total equity and liabilities		**32,654,951**	**27,203,148**

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

SPECIAL NEEDS TRUST COMPANY LIMITED
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 $	2018 $
Revenue	15	14,210	11,600
Grant	15	2,443,449	2,453,950
Other Income	15	98,600	126,621
		2,556,259	2,592,171
Costs and expenses			
Depreciation	5	24,496	76,179
Employee benefits expense	16	1,331,653	1,063,953
Other expenses	17	540,207	545,969
		(1,896,356)	(1,686,101)
Surplus for the year, representing total comprehensive income for the year	18	659,903	906,070

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

SPECIAL NEEDS TRUST COMPANY LIMITED
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STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 MARCH 2019

	Note	Accumulated Fund	Financial Assistance Fund	Care & Share Fund	Total
		$	$	$	$
Balance at 31 March 2017		3,306,182	672,938	219,235	4,198,355
Total comprehensive income/(deficit) for the year	9, 10,11	946,679	(27,213)	(13,396)	906,070
Balance at 31 March 2018		**4,252,861**	**645,725**	**205,839**	**5,104,425**
Total comprehensive income/(deficit) for the year	9, 10,11	771,874	(65,565)	(46,406)	659,903
Balance at 31 March 2019		**5,024,735**	**580,160**	**159,433**	**5,764,328**

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

SPECIAL NEEDS TRUST COMPANY LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Surplus before tax		659,903	906,070
Adjustments for:			
Depreciation	5	24,496	76,179
Loss on disposal of property, plant and equipment		-	533
Staff cost provision charged to comprehensive income		184,016	116,708
		208,512	193,420
		868,415	1,099,490
Change in working capital:			
(Increase)/Decrease in:			
Fund receivables		2,624	2,084
Other receivables		(1,806)	(12,138)
Increase/(Decrease) in:			
Grant received in advance		(524,875)	(5,812)
Trade and other payables		49,946	(44,001)
Provisions		(113,749)	(150,286)
		(587,860)	(210,153)
Net cash from/(used in) operating activities		*280,555*	*889,337*
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(16,550)	(1,279)
Net cash from/(used in) investing activities		*(16,550)*	*(1,279)*
Net increase/(decrease) in cash and cash equivalents		264,005	888,058
Cash and cash equivalents at beginning of year	8	5,745,779	4,857,721
Cash and cash equivalents at end of year	**8**	**6,009,784**	**5,745,779**

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 13 August 2019.

1. Domicile and activities

Special Needs Trust Company Limited (the "Company") is a public company limited by guarantee, incorporated in Singapore. The address of the Company's registered office is 298 Tiong Bahru Road, #10-01 Central Plaza, Singapore 168730.

The Company is registered as a charity (since 1 August 2008) under the Singapore Charities, Act ("Cap. 37"). The Company is also an approved Institution of a Public Character ("IPC) (1 August 2016 - 31 July 2019) under the Singapore Charities Act. The Company has submitted the application to renew IPC in May 2019 and the application is in process as at to-date.

The Company is primarily involved in the business of those relating to the provision of trust services; as well as to help lower income families with the initial sum to setup trust for their special needs dependents.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

This is the first set of the Company's annual financial statements in which FRS 109 *Financial Instruments* have been applied. Changes to significant accounting policies are described in note 2(e).

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

(c) Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

(d) Use of estimates and judgments

The preparation of the financial statements in conformity with FRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 5 - depreciation policy of property, plant and equipment; and
- Note 15 - revenue recognition: whether revenue is recognised over time or at a point in time.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 5 - useful life and impairment of property, plant and equipment.

(e) Changes in accounting policy

The Company has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 April 2018:

- FRS 109 *Financial Instruments.*

The adoption of this FRS, amendments to standards and interpretations did not have a material effect on the Company's statement of financial position.

FRS 109 *Financial Instruments*

FRS 109 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new expected credit loss ('ECL') model and a new general hedge accounting model.

(i) Classification and measurement of financial assets and financial liabilities

FRS 109 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. FRS 109 eliminates the previous FRS 39 categories of held to maturity, loans and receivables and available-for-sale.

FRS 109 largely retains the existing requirements in FRS 39 for the classification and measurement of financial liabilities. The adoption of FRS 109 has not had a significant effect on the Company's accounting policies related to financial assets and financial liabilities.

2. Basis of preparation (continued)

(e) Changes in accounting policy (continued)

FRS 109 *Financial Instruments (continued)*

(i) Classification and measurement of financial assets and financial liabilities (continued)

In summary, upon the adoption of FRS 109, the Company had the following required or elected reclassifications as at 1 April 2018:

FRS 39 measurement category		**FRS 109 measurement category**		
		Amortised cost	FVOCI	FVTPL
	$	$	$	$
Loans and receivables	33,220	33,220	-	-
Cash and cash equivalents	5,745,779	5,745,779	-	-
		5,778,999	-	-

(ii) Impairment of financial assets

FRS 109 replaces the 'incurred loss' model in FRS 39 with an ECL model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI and intra-group financial guarantee contracts, but not to equity investments.

Under FRS 109, credit losses are recognised earlier than under FRS 39. For assets in the scope of the FRS 109 impairment model, impairment losses are generally expected to increase and become more volatile.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Additional information about how the Company measures the allowance for impairment is described in note 3(d).

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 2(e), which addresses changes in accounting policies.

3. **Significant accounting policies (continued)**

(a) **Financial instruments**

Non-derivative financial assets and financial liabilities

(i) **Recognition and initial measurement**

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) **Classification and subsequent measurement**

<u>Policy applicable from 1 April 2018</u>

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at (a) amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in comprehensive income. Any gain or loss on derecognition is recognised in comprehensive income.

3. **Significant accounting policies (continued)**

(a) **Financial instruments (continued)**

(ii) **Classification and subsequent measurement (continued)**

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

3. **Significant accounting policies (continued)**

(a) **Financial instruments (continued)**

(ii) **Classification and subsequent measurement (continued)**

Assessment whether contractual cash flows are solely payments of principal and interest (continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

<u>Policy applicable before 1 April 2018</u>

During the year, the Company has classified non-derivative financial assets in the following category:

- *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables, and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and fixed deposits. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Company's cash management are included in cash and cash equivalents.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in comprehensive income. Directly attributable transaction costs are recognised in comprehensive income as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in comprehensive income. These financial liabilities comprised loans and borrowings, bank overdrafts, and trade and other payables.

3. Significant accounting policies (continued)

(a) Financial instruments (continued)

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in comprehensive income.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

3. **Significant accounting policies (continued)**

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) or property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in comprehensive income.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in comprehensive income as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in comprehensive income on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

3. **Significant accounting policies (continued)**

(b) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives for the current and comparative years are as follows:

Computer	3 years
Furniture and fittings	3 years
Renovation	3 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Fully depreciated assets still in use are retained in the financial statements.

(c) Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Company's statement of financial position.

(d) Impairment

Policy applicable from 1 April 2018

(i) Non-derivative financial assets and contract assets

The Company recognises loss allowances for ECLs on financial assets measured at amortised costs.

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset

Simplified approach

The Company applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Company applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

3. Significant accounting policies (continued)

(d) Impairment (continued)

(i) Non-derivative financial assets and contract assets (continued)

General approach (continued)

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 30 days past due.

The Company considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3. Significant accounting policies (continued)

(e) Impairment (continued)

(i) Non-derivative financial assets and contract assets (continued)

Credit-impaired financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 30 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Loss allowances for FGC are recognised as a financial liability to the extent that they exceed the initial carrying amount of the FGC less the cumulated income recognised.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Policy applicable before 1 April 2018

A financial asset not carried at fair value through statement of comprehensive income is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security.

3. **Significant accounting policies (continued)**

(e) **Impairment (continued)**

(i) Non-derivative financial assets and contract assets (continued)

- *Loans and receivables*

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in comprehensive income and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through statement of comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment property, inventories, contract assets and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in statement of comprehensive income. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. Significant accounting policies (continued)

(f) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(g) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in comprehensive income in the periods during which services are rendered by employees.

(ii) Short-term employee benefits

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

(h) Income

(i) Donations

Donations are recognised as and when the Company's entitlement to such income is established with no significant uncertainty and amount can be measured with sufficient reliability, which is generally upon receipt of the amount due in full or by instalments. Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

(ii) Government grants

Government grants in the form of funding from Ministry of Social and Family Development are recognised as income in the financial statements over the years necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Grant received in advance usually for the first quarter of the subsequent financial year are recognised on the statement of financial position.

(iii) Services

Revenue from services rendered is recognised in income in the relevant period the service is provided.

(iv) Interest income

Interest income is recognised as it accrues in the statement of comprehensive income using the effective interest method.

3. **Significant accounting policies (continued)**

(i) Lease payments

Payments made under operating leases are recognised in expenditure on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(j) Income tax expense

As a registered charity, the Company is exempt from tax under Section 13(1)(zm) of the Singapore Income Tax Act.

(k) Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 April 2018. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

(l) Standards issued but not yet effective

The Company has not adopted the following standards applicable to the Company that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
FRS 116 Leases	1 January 2019
Annual Improvements to FRSs (March 2018)	1 January 2019

The directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

<u>FRS 116 Leases</u>

FRS 116 requires lessees to recognise most leases on the statement of financial position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges.

The standard includes two recognition exemption for lessees - leases of 'low value' assets and short-term leases which do not contain any purchase options. The new standard is effective for annual periods beginning on or after 1 January 2019.

(m) Related party relationships and transactions

FRS 24 on related party disclosures requires the reporting entity to disclose transactions with its related parties irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

4. **The Company**

The Company is limited by guarantee and does not have a share capital.

5. Property, plant and equipment

2019	Computer $	Furniture & Fittings $	Renovation $	Total $
Cost or Valuation				
Balance at beginning year:				
At cost	127,546	5,031	191,645	324,222
At valuation	-	-	-	-
	127,546	5,031	191,645	324,222
- Additions	16,550	-	-	16,550
- Disposals	(9,495)	-	-	(9,495)
Balance at end of year	134,601	5,031	191,645	331,277
Accumulated Depreciation and Impairment				
Balance at beginning of year:	122,221	3,656	175,675	301,552
- Charge for the year	7,154	1,373	15,969	24,496
- Disposals	(9,495)	-	-	(9,495)
- Impairment loss	-	-	-	-
Balance at end of year	119,880	5,029	191,644	316,553
Net Book Value				
At end of year	14,721	2	1	14,724
At beginning of year	5,325	1,375	15,970	22,670

2018	Computer $	Furniture & Fittings $	Renovation $	Total $
Cost or Valuation				
Balance at beginning year:				
At cost	140,610	5,031	191,645	337,286
At valuation	-	-	-	-
	140,610	5,031	191,645	337,286
- Additions	1,279	-	-	1,279
- Disposals	(14,343)	-	-	(14,343)
Balance at end of year	127,546	5,031	191,645	324,222
Accumulated Depreciation and Impairment				
Balance at beginning of year:	125,411	1,979	111,793	239,183
- Charge for the year	10,620	1,677	63,882	76,179
- Disposals	(13,810)	-	-	(13,810)
- Impairment loss	-	-	-	-
Balance at end of year	122,221	3,656	175,675	301,552
Net Book Value				
At end of year	5,325	1,375	15,970	22,670
At beginning of year	15,199	3,052	79,852	98,103

During the year, the Company acquired property, plant and equipment with an aggregate cost of $16,550 (2018: $1,279). Cash payments of $16,550 (2018: $1,279) were made for purchase of property, plant and equipment.

6. Trust amount held by Public Trustee Office

Trust funds under the Company's SNTC Trusteeship Scheme amounting to $26,596,566 (2018: $21,400,004) are invested and managed by the Public Trustee – Public Trustee's Office ('PTO'). Upon activation of the trust, the trust funds will be administered by the Company ('SNTC'), according to the wishes of the settlor set out in the Letter of Intent attached to the Trust Deed (note 12).

7. Trade and other receivables

	Note	2019 $	2018 $
Trade receivables		150	150
Fund receivables		-	2,625
Refund of contribution		4,683	12,876
Other receivables		5,742	6,055
Deposits		11,590	11,514
Prepayments		11,712	1,475
Total trade and other receivables		**33,877**	**34,695**
Prepayments		11,712	1,475
Loans and receivables	22	22,165	33,220
Total trade and other receivables		**33,877**	**34,695**

Trade receivables are non-interest bearing and generally on 30 days' terms.

The Company's exposure to credit and currency risks and impairment losses relating to loans and receivables are disclosed in note 22.

8. Cash and cash equivalents

Cash and cash equivalents consist of fixed deposits, cash on hand and balance with bank as follows:

	Note	2019 $	2018 $
Cash on hand		500	500
Cash at bank		709,284	1,395,279
Fixed deposits		5,300,000	4,350,000
	22	6,009,784	5,745,779

The weighted average effective interest rate relating to cash at bank is 0.92% (2018: 0.92%) per annum and fixed deposits range from 1.6% - 1.68% (2018: 1.1% - 1.4%) per annum. The maturity dates for the fixed deposits range from May 2019 to June 2019 (2018: May 2018 to March 2019). The Company's cash and bank balances includes $590,542 (2018: $645,292) being held for the purpose of the Financial Assistance Fund and $159,433 (2018: $205,839) being held for the purpose of Care & Share fund.

9. Accumulated fund

This fund is expendable at the discretion of the Company's Board of Directors to operate the Special Needs Trust Company Trusteeship Scheme, the Special Needs Savings Scheme and the Senior Trust Planning Service.

10. Financial Assistance fund

This consists of:

	2019 $	2018 $
Balance at beginning of year	645,725	672,938
Add: Donations		
- Tax deductible	8,900	41,850
- Non-tax deductible	535	937
	9,435	42,787
Less: Financial Assistance		
- Initial Trust Capital	(75,000)	(70,000)
	(65,565)	(27,213)
Balance at end of year	580,160	645,725

This restricted fund, which is to be reviewed annually, is to help lower income families with the initial sum to set up trust for their special needs dependents.

11. Care & Share fund

	2019 $	2018 $
Balance at beginning of year	205,839	219,235
Add: Refund from balance of relocation	-	462
Grant received for the year	-	-
	-	462
Less: Expenditure	(46,406)	(13,858)
	(46,406)	(13,396)
Balance at end of year	159,433	205,839

The Care & Share ("C&S") Fund which is a restricted fund, is a national fund-raising and volunteerism movement for the social service sector, with the following objectives:

(i) To bring the nation together to show care and concern for the less fortunate;

(ii) To recognize contributions made by Volunteer Welfare Organisations (VWOs) over the years; and

(iii) To invest in building capability in the social service sector to meet future needs beyond 2015.

The C&S is administered by National Council of Social Service (NCSS) on behalf of Ministry of Social and Family Development.

The Company's application for C&S matching grant was approved on 30 October 2014 and supported grant usages will be in capability and capacity building, critical existing needs and new programmes to meet emerging unmet needs and enhancements.

12. SNTC Trust Fund due to Principals

	2019 $	2018 $
Balance at beginning of year	21,400,004	18,190,549
Add: Receipts	7,208,340	3,611,738
Less: Disbursements	(2,011,778)	(402,283)
Balance at end of year	26,596,566	21,400,004

Trust funds are placed by the principals with the Company ('SNTC') and funds managed by the Public Trustee's office (note 6).

13. Trade and other payables

	Note	2019 $	2018 $
Trade payables		27,693	1,079
Accruals		50,452	27,121
Grant received in advance		-	524,874
Total trade and other payables		**78,145**	**553,074**
Grant received in advance		-	524,874
Other financial liabilites	22	78,145	28,200
Total trade and other payables		**78,145**	**553,074**

Grant received in advance relates to funding received from Ministry of Social and Family Development for the first quarter (April to June) of the financial year 2018.

The Company's exposure to currency and liquidity risk relating to other financial liabilities are disclosed in note 22.

14. Provisions

Movement in the following provisions are as follows:

	Unutilised Leave $	Bonus $	Total $
2019			
Balance at beginning of year	31,896	113,749	145,645
Provisions made during the year	14,642	169,374	184,016
Provisions used during the year	-	(113,749)	(113,749)
Balance at end of year	46,538	169,374	215,912
2018			
Balance at beginning of year	28,937	150,286	179,223
Provisions made during the year	2,959	113,749	116,708
Provisions used during the year	-	(150,286)	(150,286)
Balance at end of year	31,896	113,749	145,645

Provision for unutilised leave was made on the unutilisation of staff leave balances as at year end based on the Company's annual leave policy.

Provision for bonus was made to reward the staff's performance. The rate, based on all staff's collective contribution to the success of the Company as well as individual performance, is determined and approved by the Executive Committee.

15. Income

The amount of each significant category of income recognised during the financial year is as follows:

	2019	2018
	$	$
Revenue		
- rendering of services	14,210	11,600
Timing of transfer of good or service		
- At a point in time	14,210	11,600
- Over time	-	-
	14,210	11,600
Grant and other income		
- interest	68,009	47,319
- grants from Ministry of Social and Family Development	2,443,449	2,453,950
- donations (tax deductible)	8,900	41,850
- donations (non-tax deductible)	535	937
- donations (donation-in-kind)	9,161	9,575
- wage credit scheme	11,996	15,026
- others	-	11,914
	2,542,050	2,580,571

Billings of fees of $292,100 (2018: $241,500) according to paragraph 3 of Annex 1A of the variation agreement entered between the Company and Ministry of Social and Family Development, is disclosed and presented as: (1) Revenue arising from the Company's fees of $14,210 (2018: $11,600); and (2) Other Income arising from Ministry of Social and Family Development funding of $277,890 (2018: $229,900) which is included in the Other Income line - grant of $2,443,449 (2018: $2,453,950).

16. Employee benefits expense

	2019	2018
	$	$
Defined contribution plan	173,211	132,277
Salaries and bonus	1,136,403	920,183
Staff insurance	4,489	5,848
Unutilised leave expenses	14,642	2,959
Expenditure on Manpower	1,328,745	1,061,267
Medical	2,908	2,686
	1,331,653	1,063,953

17. Other expenses

	2019 $	2018 $
Communication	8,848	7,350
Contract for service	11,375	23,225
Financial assistance - Initial Trust Capital	75,000	70,000
IT maintenance	54,346	25,398
Professional fees	36,396	16,692
Rental and service charges	87,933	84,572
Skills development levy	1,934	1,659
Staff - MSF secondment	207,033	275,571
Staff benefits	7,271	16,717
Other administrative expenses, etc.	50,071	24,785
	540,207	545,969

18. Surplus for the year

The following items have been included in arriving at surplus for the year:

	Note	2019 $	2018 $
Depreciation	5	24,496	76,179
Operating lease expense		93,020	88,270
Employee benefits expense	16	1,331,653	1,063,953
Interest earned		(68,009)	(47,319)

19. Income tax expense

The Company is a registered Charity under the Charities Act, Chapter 37 and is exempt from tax under Section 13(1)(zm) of the Singapore Income Tax Act.

20. Operating leases

Leases as lessee

The future minimum lease payments to be paid under the non-cancellable lease are as follows:

	2019 $	2018 $
Within one year	46,110	35,291
Between two to five years	168,625	12,498
More than five years	-	-
	214,735	47,789

20. Operating leases (continued)

Leases as lessee (continued)

The Company leases the following:

(a) an office unit for a period of 3 years commencing from 1 August 2015 to 9 January 2019. The lease was further extended for another 5 years till 9 January 2024.

(b) a copier for a period of 5 years commencing from 1 August 2017 to 31 July 2022.

21. Related party transactions

(a) Transactions with related parties

There are no related party transactions during the year.

(b) Transactions with key management personnel

(i) Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company.

The Board of Directors and the General Manager are considered as key management personnel of the Company.

There is no paid staff who are close members of the family of the General Manager or Board Member, who receives more than $50,000 during the year.

The Board of Directors render their services on a voluntary basis and do not receive any remuneration.

The remuneration of the General Manager is determined by the Executive Committee.

	2019	2018
	$	$
Salaries, unutilised leave and other short-term employee benefits	212,307	210,196
Contributions to defined contribution plan	13,260	9,672
	225,567	219,868

(ii) Remuneration Banding

Staff with annual remuneration (comprising basic salary, bonuses, allowances and employer's contributions to Central Provident Fund) of $75,000 and above are as follows:

	2019	2018
	$	$
$75,000 - $99,999	1	-
$100,000 - $149,999	3	3
$150,000 - $199,999	-	-
$200,000 - $249,999	1	1
$250,000 and above	-	-

22. Financial instruments

(a) Accounting classifications and fair values

The following table sets out the financial instruments as at the statement of financial position date:

	Note	2019 $	2018 $
Financial assets measured at amortised cost:			
Loans and receivables	7	22,165	33,220
Cash and cash equivalents	8	6,009,784	5,745,779
		6,031,949	5,778,999
Financial liabilities measured at amortised cost:			
Other financial liabilities	13	78,145	28,200

The carrying amounts of financial assets and financial liabilities measured at amortised cost approximate to their fair values as the amounts are of short term nature and are subject to normal credit terms. The carrying amount of finance lease liability approximate to its fair value as it is subject to market rate of interests for similar arrangements with other institutions.

(b) Financial risk management

Overview

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk (currency and interest rate)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management is responsible for developing and monitoring the Company's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

22. Financial instruments (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

- Fund and other receivables

Fund and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Company.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of fund and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

- *Currency risk*

The Company is not exposed to currency risk as financial instruments are denominated in the functional currency of the Company, primarily the Singapore dollar (SGD).

- *Interest rate risk*

The Company adopts a policy of ensuring that majority of its exposure to changes in interest rates on borrowings is on a fixed-rate basis, taking into account assets with exposure to changes in interest rates.

22. Financial instruments (continued)

(b) Financial risk management (continued)

(iii) Market risk (continued)

- *Interest rate risk (continued)*

Exposure to interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Nominal Interest rates	Carrying amount 2019	Carrying amount 2018
	%	$	$
Fixed rate instruments			
Financial assets			
- Fixed deposits	1.6 - 1.68 (2018: 1.1 - 1.4)	5,300,000	4,350,000
- Cash at bank	0.92 (2018: 0.92)	709,284	1,395,279
Financial liabilities	-	-	-
		6,009,284	5,745,279

The Company's exposure to market risk for change in interest rates relate mainly to cash balances placed in fixed deposits. At the statement of financial position date, the Company does not have any significant interest-bearing liabilities.

A change in 100 basis point at the reporting date is not expected to have a significant impact on the financial statements. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

(c) Equity management

The Company's net debt to adjusted equity ratio (exclude trust fund held by IPTO – note 6) at the end of the reporting period was as follows:

	Note	2019	2018
		$	$
Total debt		26,890,623	22,098,723
Less: Trust amount held by PTO	6	(26,596,566)	(21,400,004)
Less: Cash and cash equivalents	8	(6,009,784)	(5,745,779)
		(32,606,350)	(27,145,783)
Net debt		(5,715,727)	(5,047,060)
Total equity		5,764,328	5,104,425
Add: subordinated debt instruments		-	-
Less: amounts accumulated in equity relating to cash flow hedges		-	-
Adjusted equity		5,764,328	5,104,425
Debt-to-adjusted equity ratio		NA	NA

There were no changes in the Company's approach to equity management during the year. The Company is not subject to externally imposed capital requirements.

SPECIAL NEEDS TRUST COMPANY LIMITED
(Company Limited by Guarantee)
(Incorporated in the Republic of Singapore)

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2019

	Note	Accumulated Fund	Financial Assistance Fund	Care & Share Fund	Total
		$	$	$	$
Income					
Trustee Fee		14,210	-	-	14,210
Tax-deductible donations		-	8,900	-	8,900
Non-tax deductible donations		-	535	-	535
Donation in Kind		9,160	-	-	9,160
MSF Funding		2,443,449	-	-	2,443,449
Wage Credit Scheme		11,996	-	-	11,996
Interest earned		68,009	-	-	68,009
Total income		2,546,824	9,435	-	2,556,259
Expense					
Auditors' remuneration/Service audit		12,752	-	-	12,752
Communications		8,848	-	-	8,848
Community engagement		11,568	-	-	11,568
Contract for service		11,375	-	-	11,375
Depreciation		21,738	-	2,758	24,496
Expenditure on Manpower	16	1,331,653	-	-	1,331,653
Financial Assistance Initial Trust Capital		-	75,000	-	75,000
IT Maintenance		23,423	-	30,923	54,346
Miscellaneous		9,348	-	-	9,348
Professional fees		27,664	-	8,731	36,396
Rental and Service charges		83,940	-	3,994	87,933
Secretarial fees		4,091	-	-	4,091
Skill development levy		1,934	-	-	1,934
Staff benefits		7,271	-	-	7,271
Staff-Secondment		207,033	-	-	207,033
Supplies and materials		9,190	-	-	9,190
Transport		1,946	-	-	1,946
Utilities		1,175	-	-	1,175
Total expense		1,774,950	75,000	46,406	1,896,356
Surplus/(Deficit) for the year		771,874	(65,565)	(46,406)	659,903

The above statement does not form part of the statutory audited financial statements of the Company and is prepared for management purposes only.