

**BOYS' TOWN, SINGAPORE**  
Unique Entity No. S84CC0095A

**AUDITED ACCOUNTS FOR THE FINANCIAL YEAR ENDED**  
**31 DECEMBER 2013**

**VERITY PARTNERS**  
Chartered Accountants of Singapore

**BOYS' TOWN, SINGAPORE**  
**Unique Entity No. S84CC0095A**

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**BOYS' TOWN, SINGAPORE**  
**Unique Entity No. S84CC0095A**

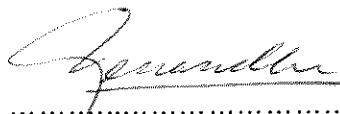
**STATEMENT BY THE BOARD OF GOVERNORS**

We, **GERARD LEE HOW CHENG** and **LIONAL TSENG**, on behalf of the Board of Governors, do state that in our opinion:

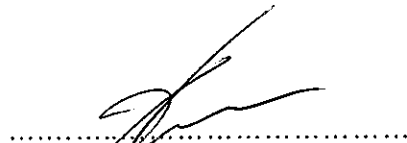
- (a) the financial statements set out on pages 4 to 24 are drawn up to present fairly, in all material respects, the state of affairs of **BOYS' TOWN, SINGAPORE** as at 31 December 2013 and the results, changes in funds and cash flows of **BOYS' TOWN, SINGAPORE** for the financial year ended on that date;
- (b) the use of the donation monies was in accordance with the objectives of **BOYS' TOWN, SINGAPORE** as required under regulation 16 of the Charities (Institutions of a Public Character) Regulations;
- (c) **BOYS' TOWN, SINGAPORE** has complied with the requirements of regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations; and
- (d) at the date of this statement, there are reasonable grounds to believe that **BOYS' TOWN, SINGAPORE** will be able to pay its debts as and when they fall due.

The Board of Governors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Governors



.....  
**GERARD LEE HOW CHENG**  
Chairman



.....  
**LIONAL TSENG**  
Audit Committee Chairman

**DATED: 24 APR 2014**



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
BOYS' TOWN, SINGAPORE  
Unique Entity No. S84CC0095A**

**Report on the Financial Statements**

We have audited the financial statements of BOYS' TOWN, SINGAPORE, which comprise the balance sheet as at 31 December 2013, and the income and expenditure statement, statement of changes in funds and statement of cash flows for the financial year ended on that date, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 24.

*Board of Governors' Responsibility for the Financial Statements*

The Board of Governors is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Charities Act (Chapter 37) (the "Act") and Singapore Financial Reporting Standards, and for such internal control as the Board of Governors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's 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 auditor's judgements, 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 control relevant to the entity's preparation and fair presentation of the financial statements 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Governors, 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**BOYS' TOWN, SINGAPORE**  
**Unique Entity No. S84CC0095A**

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the state of affairs of the entity as at 31 December 2013 and the results, changes in funds and cash flows of the entity for the financial year then ended in accordance with the provisions of the Act and Singapore Financial Reporting Standards.

**Report on Other Legal and Regulatory Requirements**

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

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

- a. The use of the donation monies was not in accordance with the objectives of the entity as required under regulation 16 of the Charities (Institutions of a Public Character) Regulations; and
- b. The entity has not complied with the requirements of regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.



**VERITY PARTNERS**  
Public Accountants and  
Chartered Accountants  
Singapore

**DATED: 24 APR 2014**

**BOYS' TOWN, SINGAPORE**  
**Unique Entity No. S84CC0095A**

**BALANCE SHEET AS AT 31 DECEMBER 2013**

	Note	31.12.2013 S\$	31.12.2012 (Restated) S\$	01.01.2012 (Restated) S\$
<b>ASSETS</b>				
<b>Non-current asset</b>				
Property and equipment	5	<u>14,489,726</u>	<u>11,059,165</u>	<u>4,428,540</u>
<b>Current assets</b>				
Trade receivables		20,542	12,112	33,744
Other receivables and prepayments	6	509,831	350,619	361,698
Cash and cash equivalents	7	<u>8,008,623</u>	<u>3,873,424</u>	<u>8,338,296</u>
		<u>8,538,996</u>	<u>4,236,155</u>	<u>8,733,738</u>
<b>TOTAL ASSETS</b>		<u><u>23,028,722</u></u>	<u><u>15,295,320</u></u>	<u><u>13,162,278</u></u>
<b>FUNDS AND LIABILITIES</b>				
<b>Funds</b>				
Building Fund	8, 16	4,048,871	10,629,045	8,251,406
General Fund		3,940,941	3,693,641	3,825,592
Asset Capitalisation Reserve	9	<u>6,927,355</u>	-	-
		<u>14,917,167</u>	<u>14,322,686</u>	<u>12,076,998</u>
<b>Current liabilities</b>				
Other payables and accruals	10	761,555	722,634	835,280
Deferred capital grants	11, 16	<u>7,350,000</u>	<u>250,000</u>	<u>250,000</u>
		<u>8,111,555</u>	<u>972,634</u>	<u>1,085,280</u>
<b>TOTAL FUNDS AND LIABILITIES</b>		<u><u>23,028,722</u></u>	<u><u>15,295,320</u></u>	<u><u>13,162,278</u></u>

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

**BOYS' TOWN, SINGAPORE**  
**Unique Entity No. S84CC0095A**

**INCOME AND EXPENDITURE STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Note	2013 S\$	2012 S\$
<b>INCOME</b>			
Amortisation of deferred capital grants	11	150,000	-
Boarding fees		76,610	67,248
Boys' scholarships		3,062	3,062
Donations		2,462,499	1,873,716
Grant for training		4,740	8,299
Grant from Caritas Singapore Community Council		500,000	500,000
Grant from Ministry of Social and Family Development		393,575	302,737
Grant from National Council of Social Service		3,916	1,620
Grant from National Youth Council		-	6,524
Grant-others		5,513	7,195
Interest income		7,032	8,346
Miscellaneous income		75,371	90,369
Rental income		2,300	3,330
		<u>3,684,618</u>	<u>2,872,446</u>
<b>EXPENDITURE</b>			
Depreciation	5	118,250	38,306
Education sponsorship		17,578	18,446
Food and provisions		168,000	168,000
Fund-raising expenses		195,037	167,665
General expenses		16,813	33,060
Goods and services tax		-	98,739
Information technology expenses		10,501	21,862
Insurance		30,249	7,339
Professional fees		16,198	13,256
Programme expenses		226,908	195,383
Rental of premises		120,000	120,000
Repairs and maintenance		115,422	61,269
Scholarship and books		10,739	1,432
Security services		133,964	116,062
Staff CPF contributions and skills development levy	12	235,070	191,924
Staff salaries and bonuses	12	1,780,364	1,540,086
Staff training		56,814	53,132
Staff welfare		12,563	9,852
Supplies and materials		12,595	19,862
Telephone		12,270	9,396
Upkeep of motor vehicles		27,679	27,986
Water and electricity		120,304	91,340
		<u>3,437,318</u>	<u>3,004,397</u>
<b>Surplus/(Deficit) for the year</b>		<u>247,300</u>	<u>(131,951)</u>

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

**BOYS' TOWN, SINGAPORE**  
**Unique Entity No. S84CC0095A**

**INCOME AND EXPENDITURE STATEMENT (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Note	2013 S\$	2012 S\$
Surplus/(Deficit) for the year		<u>247,300</u>	<u>(131,951)</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>ITEMS THAT WILL NOT BE RECLASSIFIED</b>			
<b>SUBSEQUENTLY TO PROFIT OR LOSS</b>			
Net movement of Building Fund	8, 16	582,740	2,377,639
Net movement of Asset Capitalisation Reserve	9	<u>(235,559)</u>	<u>-</u>
		<u>347,181</u>	<u>2,377,639</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>594,481</u>	<u>2,245,688</u>

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



**BOYS' TOWN, SINGAPORE**  
**Unique Entity No. S84CC0095A**

**STATEMENT OF CHANGES IN FUNDS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Note	Building Fund S\$	General Fund S\$	Asset Capitalisation Reserve S\$	Total S\$
Balance at 1 January 2013		10,629,045	3,693,641	-	14,322,686
Transfer of funds	8, 9	(7,162,914)	-	7,162,914	-
Total comprehensive income		582,740	247,300	(235,559)	594,481
Balance at 31 December 2013		<u>4,048,871</u>	<u>3,940,941</u>	<u>6,927,355</u>	<u>14,917,167</u>

	Note	Building Fund S\$	General Fund S\$	Total S\$
Balance at 1 January 2012 (restated)	16	8,251,406	3,825,592	12,076,998
Total comprehensive income		2,377,639	(131,951)	2,245,688
Balance at 31 December 2012 (restated)		<u>10,629,045</u>	<u>3,693,641</u>	<u>14,322,686</u>

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

**BOYS' TOWN, SINGAPORE**  
**Unique Entity No. S84CC0095A**

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Note	2013 S\$	2012 S\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus/(Deficit) for the year		247,300	(131,951)
Adjustments for:			
Amortisation of deferred capital grants	11	(150,000)	-
Depreciation	5	118,250	116,584
Construction in progress charged to repair and maintenance expense	5	5,545	6,889
Interest on fixed deposits		(8,426)	(8,460)
Surplus/(Deficit) before working capital changes		212,669	(16,938)
Changes in working capital:			
Trade and other receivables		(167,642)	32,711
Other payables and accruals		(383,079)	(502,964)
Cash Flow From/(Used In) Operating Activities		(338,052)	(487,191)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	5	(3,367,915)	(6,363,780)
Receipts of donations for capital expenditure	8	582,740	2,377,639
Receipts of government grants for capital expenditure	11	7,250,000	-
Withdrawal/(Placement) of fixed deposits		-	131,343
Interest income		2,408	8,460
Cash Flow From/(Used In) Investing Activities		4,467,233	(3,846,338)
Net Increase/(Decrease) In Cash And Cash Equivalents		4,129,181	(4,333,529)
<b>CASH AND CASH EQUIVALENTS</b>			
Opening balance		3,221,430	7,554,959
Closing balance	7	7,350,611	3,221,430

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

**BOYS' TOWN, SINGAPORE**  
**Unique Entity No. S84CC0095A**

**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013**

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

1. GENERAL

The financial statements were authorised for issue by the Board of Governors on 24 April 2014.

The entity is registered and domiciled in the Republic of Singapore.

The registered office, which was also the principal place of operation, was located at 624, Upper Bukit Timah Road, Singapore 678212.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the entity at the balance sheet date during which the change occurred. /

**BOYS' TOWN, SINGAPORE**  
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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.1 Basis of preparation (continued)**

The preparation of financial statements in conformity with FRS requires the Board of Governors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision only affects that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The adoption of the following new or revised FRS that are applicable in the current financial year and relevant to the entity does not have material impact on the accounting policies and figures presented in the financial statements for the financial year ended 31 December 2013:

- Amendment to FRS 1 Presentation of Items of Other Comprehensive Income
- Amendment to FRS 1 Presentation of Financial Statements – Clarification of the requirements for comparative information
- Amendment to FRS 16 Property, Plant and Equipment – Classification of spare parts and servicing equipment
- Amendment to FRS 107 Disclosure-Offsetting Financial Assets and Financial Liabilities
- FRS 113 Fair value measurement

The entity has not applied any new or revised FRS or Interpretations of FRS (INT FRS) that have been issued as of the balance sheet date but are not yet effective. The initial application of these standards and interpretations are not expected to have any material impact on the entity's financial statements. The entity has not considered the impact of any FRS or INT FRS issued after the balance sheet date.

**2.2 Functional and presentation currency**

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates (functional currency). The financial statements are presented in Singapore Dollars (S\$), which is the entity's functional currency.

**BOYS' TOWN, SINGAPORE**  
**Unique Entity No. S84CC0095A**

**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.3 Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis so as to write-off the cost of the assets over their estimated useful lives, as follows:

Multi-purpose building and main building	50 years
Motor vehicles	10 years
Furniture, fittings, equipment and machinery	5 to 10 years
Computers and software	3 to 5 years

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

Assets under construction are not depreciated as these assets are not yet available for use.

The residual values and useful lives of property and equipment are reviewed, and adjusted as appropriate, at each balance sheet date.

Subsequent expenditure relating to property and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the entity and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

On disposal of an item of property and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income and expenditure statement.

**2.4 Financial assets**

Financial assets within the scope of FRS 39 are classified as loans and receivables. Loans and receivables include "trade and other receivables" and "cash and cash equivalents".

Financial assets are recognised on the balance sheet when, and only when, the entity becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus directly attributable transactions costs. The entity determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

**BOYS' TOWN, SINGAPORE**  
**Unique Entity No. S84CC0095A**

**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.4 Financial assets (continued)**

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the income and expenditure statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The entity assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses are recognised in the income and expenditure statement.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the income and expenditure statement.

**2.5 Receivables**

Trade and other receivables are measured at initial recognition at fair value and subsequently at amortised cost using the effective interest rate method less an allowance for any uncollectible amounts.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that the receivables are impaired. An allowance for impairment is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

The carrying amounts of current receivables are assumed to approximate their fair values at the reporting date.

**2.6 Cash and cash equivalents**

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

**2.7 Financial liabilities**

The entity classifies its financial liabilities in the following categories: (a) financial liabilities at fair value through profit or loss; and (b) financial liabilities at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial liabilities (continued)

Financial liabilities are classified as financial liabilities at fair value through profit or loss if they are incurred for the purpose of short-term repurchasing (held for trading) or designated by management on initial recognition (designated under the fair value option). The entity does not have any financial liabilities classified at fair value through profit or loss at the end of the financial year.

Financial liabilities are recognised on the balance sheet when, and only when, the entity becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest rate method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the income and expenditure statement when the liabilities are derecognised. Net gains or losses on derivatives include exchange differences.

2.8 Related parties

Related parties are entities with common directors as that of the entity. Parties are also considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or other entities.

2.9 Payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

The carrying amounts of current payables are assumed to approximate their fair values at the reporting date.

2.10 Provisions

Provisions are recognised when the entity has a present obligation (legal or constructive) as result of a past event, it is probable that the entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

**BOYS' TOWN, SINGAPORE**  
**Unique Entity No. S84CC0095A**

**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.10 Provisions (continued)**

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**2.11 Building Fund**

The purpose of the building fund is for the payment of costs relating to the construction, furnishing and maintenance of the new buildings under construction.

**2.12 Asset Capitalisation Reserve**

Specific donations given for the construction of the building are capitalised as non-current assets, and the corresponding credits are reflected in the Building Fund which will be transferred to the Asset Capitalisation Reserve once the building is available for use. The depreciation on the related asset is accounted for in Asset Capitalisation Reserve.

**2.13 Income recognition**

Donations are recognised in the income and expenditure statement as and when received.

Boarding fees are recognised when due and received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in the income and expenditure statement in the period in which they become receivable.

Rental income from operating leases is recognised on a straight-line basis over the lease term.

Interest income is recognised on a time proportion basis using the effective interest rate.



**BOYS' TOWN, SINGAPORE**  
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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.14 Impairment of non-financial assets**

Property 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. Higher of the cash-generating unit's fair value less cost to sell and value in use) of the asset is estimated to determine the amount of the impairment loss.

For the purpose of impairment testing of these 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 to which the asset belongs to. If the recoverable amount of the asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The impairment loss is recognised in the income and expenditure statement unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a reduction in revaluation reserve.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's 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 amortisation or 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 income and expenditure statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

**2.15 Employee benefits**

As required by law, the entity makes contributions to the Central Provident Fund (CPF). CPF contributions are recognised as compensation expenses in the same period as employment that gives rise to the contributions.

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

These expenses are charged to the income and expenditure statement as and when they arise and are disclosed as part of staff costs.

**2.16 Operating leases**

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

**BOYS' TOWN, SINGAPORE**  
**Unique Entity No. S84CC0095A**

**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2013**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.16 Operating leases (continued)**

Payments made under operating leases are taken to the income and expenditure statement on a straight-line basis over the period of the lease.

**2.17 Government grants**

Government grants are recognised when there is reasonable assurance that the entity will comply with conditions related to them and that the grants will be received.

Grants related to income are recognised in income and expenditure statement over the periods necessary to match them with the related costs that they are intended to compensate. The timing of such recognition in income and expenditure statement will depend on the fulfillment of any conditions or obligations attached to the grant.

Grants related to assets are either offset against the carrying amount of the relevant asset or presented as deferred income (liability) in the balance sheet. The income and expenditure statement will be affected by a reduced depreciation charge or by recognising deferred income in income and expenditure statement systematically over the useful life of the related asset.

**2.18 Foreign currencies**

Transactions in foreign currencies are measured and recorded in Singapore Dollars using the exchange rate in effect at the date of the transaction. At each balance sheet date, recorded monetary balances that are denominated in a foreign currency are translated to reflect the rate at the balance sheet date. All exchange adjustments are taken to the income and expenditure statement.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

**2.19 Taxation**

The entity has been registered as a charity under the Charities Act and is exempted from income tax under Section 13U of the Income Tax Act, Chapter 134.

**3. PRINCIPAL ACTIVITIES**

Boys' Town, Singapore provides residential, outreach, school and community based programs to help youth-at-risk between the ages 11 to 18 become socially integrated, responsible and contributory members of society.

**BOYS' TOWN, SINGAPORE**  
**Unique Entity No. S84CC0095A**

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**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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.

**4.1 Critical judgements in applying the entity's accounting policies**

The Board of Governors is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

**4.2 Useful lives of property and equipment**

The entity determines the estimated useful lives and related depreciation expense for the property and equipment. The entity estimates useful lives of the property and equipment by reference to expected usage of the property and equipment, expected repair and maintenance, and technical or commercial obsolescence arising from changes or improvements in the market. The useful lives and related depreciation expense could change significantly as a result of the changes in these factors.

**4.3 Allowance for impairment of trade and other receivables**

The policy for allowance for impairment of trade and other receivables of the entity is based on the evaluation of collectibility of receivables, ageing analysis of accounts and on Board of Governors' estimate. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of the debtors were to deteriorate and result in an impairment of their ability to make payments, an allowance may be required.

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**5. PROPERTY AND EQUIPMENT**

	Multi- purpose building	Main building	Motor vehicles	Furniture, fittings, equipment and machinery	Computers and software	Construction in progress	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<b>Cost</b>							
At 1 January 2013	198,172	8,882,829	231,044	561,550	128,570	1,666,743	11,668,908
Additions	-	28,645	-	225,338	4,027	3,531,905	3,789,915
Reclassification	-	4,953,017	-	240,086	-	(5,193,103)	-
Charged to repair and maintenance expense	-	-	-	-	-	(5,545)	(5,545)
At 31 December 2013	198,172	13,864,491	231,044	1,026,974	132,597	-	15,453,278
<b>Accumulated depreciation</b>							
At 1 January 2013	85,753	59,219	157,379	233,328	74,064	-	609,743
Charges for the year	3,963	219,027	9,970	91,661	29,188	-	353,809
At 31 December 2013	89,716	278,246	167,349	324,989	103,252	-	963,552
<b>Carrying amount</b>							
At 31 December 2013	108,456	13,586,245	63,695	701,985	29,345	-	14,489,726

	Multi- purpose building	Main building	Motor vehicles	Furniture, fittings, equipment and machinery	Computers and software	Construction in progress	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<b>Cost</b>							
At 1 January 2012	198,172	-	231,044	217,804	127,055	4,147,624	4,921,699
Additions	-	4,803,055	-	282,784	1,515	1,666,744	6,754,098
Reclassification	-	4,079,774	-	60,962	-	(4,140,736)	-
Charged to repair and maintenance expense	-	-	-	-	-	(6,889)	(6,889)
At 31 December 2012	198,172	8,882,829	231,044	561,550	128,570	1,666,743	11,668,908
<b>Accumulated depreciation</b>							
At 1 January 2012	81,789	-	149,560	209,386	52,424	-	493,159
Charges for the year	3,964	59,219	7,819	23,942	21,640	-	116,584
At 31 December 2012	85,753	59,219	157,379	233,328	74,064	-	609,743
<b>Carrying amount</b>							
At 31 December 2012	112,419	8,823,610	73,665	328,222	54,506	1,666,743	11,059,165

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5. **PROPERTY AND EQUIPMENT (CONTINUED)**

During the financial year, the entity capitalised property and equipment totalling S\$3,789,915 (2012: S\$6,754,098), of which S\$3,367,915 (2012: S\$6,363,780) was acquired by cash. The balance of S\$422,000 (2012: S\$390,318) was held in retention monies payable (Note 10).

Depreciation charges for the financial year were accounted as follows:

	2013 S\$	2012 S\$
Income and expenditure statement	118,250	38,306
Asset Capitalisation Reserve (Note 9)	235,559	-
Building Fund	-	78,278
	353,809	116,584

6. **OTHER RECEIVABLES AND PREPAYMENTS**

	2013 S\$	2012 S\$
Advances	12,000	-
Deposits	59,700	59,700
Prepayments	34,609	20,943
Other debtors	403,522	269,976
	509,831	350,619

7. **CASH AND CASH EQUIVALENTS**

For the purpose of the cash flow statement, the cash and cash equivalents comprised of:

	2013 S\$	2012 S\$
Cash and bank balances	6,445,632	1,529,526
Fixed deposits	1,562,991	2,343,898
	8,008,623	3,873,424
Less: fixed deposits (*)	(658,012)	(651,994)
	7,350,611	3,221,430

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**7. CASH AND CASH EQUIVALENTS (CONTINUED)**

The effective interest rates of the fixed deposits ranged from 0.10% to 0.70% (2012: 0.10% to 0.63%) per annum at the balance sheet date with maturity periods ranging from 1 to 5 months (2012: 1 to 5 months) from the balance sheet date.

\* Fixed deposits with maturity periods of more than 3 months from the balance sheet date.

**8. BUILDING FUND**

	2013 S\$	2012 S\$
Opening balance	10,629,045	8,251,406
Designated donations received for the construction of building	646,675	2,554,650
Utilisation of Building Fund (Included depreciation of S\$Nil, 2012: S\$78,278)	(63,935)	(177,011)
	582,740	2,377,639
Less: Transferred to Asset Capitalisation Reserve (Note 9)		
- Cost	7,241,192	-
- Accumulated depreciation	(78,278)	-
	7,162,914	-
Closing balance	4,048,871	10,629,045

**9. ASSET CAPITALISATION RESERVE**

	2013 S\$	2012 S\$
Transferred from Building Fund (Note 8)	7,241,192	-
Less:		
Accumulated depreciation		
Opening balance	-	-
Transferred from Building Fund (Note 8)	78,278	-
Charges for the year (Note 5)	235,559	-
Closing balance	313,837	-
	6,927,355	-

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**10. OTHER PAYABLES AND ACCRUALS**

	2013	2012
	S\$	S\$
Accruals	235,325	284,995
Retention monies payable	422,000	390,318
Sundry payables	104,230	47,321
	761,555	722,634

**11. DEFERRED CAPITAL GRANTS**

	2013	2012
	S\$	S\$
Grants received		
Opening balance	250,000	250,000
Grants received in the current year	7,250,000	-
Closing balance	7,500,000	250,000
Less: Amortisation		
Opening balance	-	-
Grants amortised in the current year	150,000	-
Closing balance	150,000	-
	7,350,000	250,000

**12. STAFF COSTS**

	2013	2012
	S\$	S\$
<u>General Fund</u>		
Staff costs (including key management personnel's remuneration - Note 13)	1,780,364	1,540,086
Staff CPF contributions and skills development levy	235,070	191,924
Other staff costs	69,377	62,984
	2,084,811	1,794,994
<u>Building Fund</u>		
Staff costs	45,000	65,000
Staff CPF contributions and skills development levy	4,815	6,360
	49,815	71,360

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13. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2013 S\$	2012 S\$
Food and provisions expenses charged by a related party	24,000	24,000
Rental expenses charged by a related party	120,000	120,000

Key management personnel's compensation are as follows:

	2013 S\$	2012 S\$
Salaries and bonuses	334,758	311,827
CPF contributions	36,528	35,134
	371,286	346,961
Number of key management personnel	3	3

The remuneration of key management personnel is determined by the Board of Governors having regard to the performance of the individual and market trend.

14. TAX-EXEMPT RECEIPTS

During the financial year, the entity issued tax-exempt receipts for donations collected amounting to S\$2,306,574 (2012: S\$2,882,220).

15. FINANCIAL INSTRUMENTS

Categories of financial instruments

The financial instruments as at the balance sheet date were:

	2013 S\$	2012 S\$
Financial assets, loans and receivables	8,504,387	4,215,212
Financial liabilities, at amortised cost	761,255	722,634



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15. **FINANCIAL INSTRUMENTS (CONTINUED)**

Financial risk management

The main risks arising from the entity's financial instruments are liquidity risk, interest rate risk and credit risk. The entity does not use derivatives and other instruments in its management activities. The entity does not hold or issue derivative financial instruments for trading purposes. The Board of Governors agrees to the policy for managing the risks and they are summarised below:

15.1 **Liquidity risk**

Liquidity risk is the risk the entity is unable to meet its cash flow obligations as and when they fall due.

The entity manages liquidity risk by maintaining sufficient cash to meet normal operating commitments.

15.2 **Interest rate risk**

Interest rate risk is the risk to earnings and value of financial instruments caused by fluctuations in interest rates.

The entity's exposure to changes in interest rates relates primarily to its holding of fixed deposits. The entity's policy is to obtain favourable interest rates that are available.

The entity is not exposed to any significant interest rate risk. The sensitivity analysis for changes in interest rate risk is not disclosed as the effect on income and expenditure statement is considered not significant.

15.3 **Credit risk**

Credit risk is the potential loss arising from any failure by the customers or debtors to fulfill their obligations as and when these obligations fall due.

The carrying amount of bank balances and other receivables represent the entity's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The entity has no significant concentration of credit risk and places its surplus funds with financial institutions which are regulated.

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16. **COMPARATIVES**

During the financial year, the entity had adopted Financial Reporting Standard 20, Accounting for Government Grants and Disclosure of Government Assistance and this had been applied retrospectively. As a result, certain line items had been restated and the effects of the restatements are summarised below:

<u>01.01.2012</u>	As previously reported	Effects of prior year's restatements	As restated
<u>Balance sheet</u>	S\$	S\$	S\$
<u>Funds</u>			
Building Fund	8,501,406	(250,000)	8,251,406
<u>Current liabilities</u>			
Deferred capital grants	<u>-</u>	<u>250,000</u>	<u>250,000</u>