

BOYS' TOWN, SINGAPORE
Unique Entity No. S84CC0095A

AUDITED ACCOUNTS FOR THE FINANCIAL YEAR ENDED

31 DECEMBER 2014

BOYS' TOWN, SINGAPORE
Unique Entity No. S84CC0095A

INDEX

	PAGE NO.
Statement by the Board of Governors	1
Independent Auditor's Report	2 - 3
Balance Sheet	4
Income and Expenditure Statement	5 - 6
Statement of Changes in Funds	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 24

BOYS' TOWN, SINGAPORE
Unique Entity No. S84CC0095A

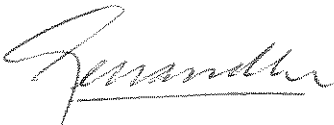
STATEMENT BY THE BOARD OF GOVERNORS

We, **GERARD LEE HOW CHENG** and **LIONAL TSENG**, on behalf of the Board of Governors, 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 2014 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: 20 MAY 2015

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 2014, 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 9 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 2014 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: 20 MAY 2015

BOYS' TOWN, SINGAPORE
Unique Entity No. S84CC0095A

BALANCE SHEET AS AT 31 DECEMBER 2014

	Note	2014 S\$	2013 S\$
ASSETS			
Non-current asset			
Property and equipment	5	<u>14,490,678</u>	<u>14,489,726</u>
Current assets			
Trade receivables		9,400	20,542
Other receivables and prepayments	6	264,270	509,831
Cash and cash equivalents	7	<u>8,601,645</u>	<u>8,008,623</u>
		<u>8,875,315</u>	<u>8,538,996</u>
TOTAL ASSETS		<u><u>23,365,993</u></u>	<u><u>23,028,722</u></u>
FUNDS AND LIABILITIES			
Funds			
Building Fund	8	4,007,278	4,048,871
General Fund		4,913,956	3,940,941
Asset Capitalisation Reserve	9	<u>6,642,530</u>	<u>6,927,355</u>
		<u>15,563,764</u>	<u>14,917,167</u>
Current liabilities			
Other payables and accruals	10	602,229	761,555
Deferred capital grants	11	<u>7,200,000</u>	<u>7,350,000</u>
		<u>7,802,229</u>	<u>8,111,555</u>
TOTAL FUNDS AND LIABILITIES		<u><u>23,365,993</u></u>	<u><u>23,028,722</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 2014

	Note	2014 S\$	2013 S\$
INCOME			
Amortisation of deferred capital grants	11	150,000	150,000
Boarding fees		125,495	76,610
Boys' scholarships		7,500	3,062
Donations		2,937,409	2,462,499
Grant for training		-	4,740
Grant from Caritas Singapore Community Council		650,000	500,000
Grant from Catholic Welfare Services		150,000	-
Grant from Ministry of Social and Family Development		780,583	393,575
Grant from National Council of Social Service		312,066	3,916
Grant from Workforce Development Agency		2,430	-
Grant-others		70,127	5,513
Interest income		4,881	7,032
Miscellaneous income		119,652	75,371
Rental income		2,639	2,300
		<u>5,312,782</u>	<u>3,684,618</u>
EXPENDITURE			
Depreciation	5	187,635	118,250
Property and equipment written off		105,505	-
Education sponsorship		-	17,578
Food and provisions		186,600	168,000
Fund-raising expenses		110,943	195,037
General expenses		8,905	16,813
Information technology expenses		11,031	10,501
Insurance		28,988	30,249
Professional fees		10,324	16,198
Programme expenses		291,096	226,908
Rental of premises		120,000	120,000
Repairs and maintenance		162,882	115,422
Scholarship and books		16,357	10,739
Security services		140,628	133,964
Staff CPF contributions and skills development levy	12	291,196	235,070
Staff salaries and bonuses	12	2,336,719	1,780,364
Staff training		43,803	56,814
Staff welfare		15,353	12,563
Supplies and materials		14,867	12,595
Telephone		11,869	12,270
Upkeep of motor vehicles		21,220	27,679
Water and electricity		162,885	120,304
Youth reach programme		60,961	-
		<u>4,339,767</u>	<u>3,437,318</u>
Surplus for the year		<u>973,015</u>	<u>247,300</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 2014

	Note	2014 S\$	2013 S\$
Surplus for the year		<u>973,015</u>	<u>247,300</u>
OTHER COMPREHENSIVE INCOME			
ITEMS THAT WILL NOT BE RECLASSIFIED			
SUBSEQUENTLY TO PROFIT OR LOSS			
Net movement of Building Fund	8	(41,593)	582,740
Net movement of Asset Capitalisation Reserve	9	<u>(284,825)</u>	<u>(235,559)</u>
		<u>(326,418)</u>	<u>347,181</u>
TOTAL COMPREHENSIVE INCOME		<u><u>646,597</u></u>	<u><u>594,481</u></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 2014

	Building		Asset Capitalisation	
	Fund	General Fund	Reserve	Total
	S\$	S\$	S\$	S\$
Balance at 1 January 2014	4,048,871	3,940,941	6,927,355	14,917,167
Total comprehensive income	(41,593)	973,015	(284,825)	646,597
Balance at 31 December 2014	4,007,278	4,913,956	6,642,530	15,563,764

		Building		Asset Capitalisation	
	Note	Fund	General Fund	Reserve	Total
		S\$	S\$	S\$	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		4,048,871	3,940,941	6,927,355	14,917,167

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 2014

	Note	2014 S\$	2013 S\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		973,015	247,300
Adjustments for:			
Amortisation of deferred capital grants	11	(150,000)	(150,000)
Depreciation		187,635	118,250
Construction in progress charged to repair and maintenance expense	5	-	5,545
Property and equipment written off		105,505	-
Interest on fixed deposits		(7,709)	(8,426)
Surplus before working capital changes		1,108,446	212,669
Changes in working capital:			
Trade and other receivables		256,703	(167,642)
Other payables and accruals		(289,860)	(383,079)
Cash Flow From/(Used In) Operating Activities		1,075,289	(338,052)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	5	(448,383)	(3,367,915)
Receipts of donations/(Payment) for capital expenditure	8	(41,593)	582,740
Receipts of government grants for capital expenditure	11	-	7,250,000
Interest income		3,844	2,408
Cash Flow From/(Used In) Investing Activities		(486,132)	4,467,233
Net Increase In Cash And Cash Equivalents		589,157	4,129,181
CASH AND CASH EQUIVALENTS			
Opening balance		7,350,611	3,221,430
Closing balance	7	<u>7,939,768</u>	<u>7,350,611</u>

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 2014

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 20 May 2015.

The entity is registered and domiciled in the Republic of Singapore. The entity is also registered as a charity under Singapore Charities Act, Chapter 37 and an approved Institution of Public Character in accordance with Section 37(a) of the Income Tax Act.

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
Unique Entity No. S84CC0095A

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

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 new or revised FRS that are applicable in the current financial year are not relevant to the entity for adoption in the financial year ended 31 December 2014.

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.

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

BOYS' TOWN, SINGAPORE
Unique Entity No. S84CC0095A

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Property and equipment (continued)

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.

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.

BOYS' TOWN, SINGAPORE
Unique Entity No. S84CC0095A

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Financial assets (continued)

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.

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.

BOYS' TOWN, SINGAPORE
Unique Entity No. S84CC0095A

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial liabilities (continued)

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.

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.

BOYS' TOWN, SINGAPORE
Unique Entity No. S84CC0095A

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Provisions (continued)

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 and furnishing of the building are capitalised as non-current assets, and the corresponding credits are reflected in the Asset Capitalisation Reserve once the building is available for use. The depreciation on the related asset is accounted for in Asset Capitalisation Reserve account.

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.

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.

BOYS' TOWN, SINGAPORE
Unique Entity No. S84CC0095A

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Impairment of non-financial assets (continued)

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.

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

BOYS' TOWN, SINGAPORE
Unique Entity No. S84CC0095A

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 10 to 23 become socially integrated, responsible and contributory members of society.

BOYS' TOWN, SINGAPORE
Unique Entity No. S84CC0095A

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

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.

BOYS' TOWN, SINGAPORE
Unique Entity No. S84CC0095A

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

5. PROPERTY AND EQUIPMENT

Cost	At 01.01.2014 S\$	Additions S\$	Disposals S\$	At 31.12.2014 S\$
Multi-purpose building	198,172	-	(198,172)	-
Main building	13,864,491	478,715	-	14,343,206
Motor vehicles	231,044	27,049	-	258,093
Furniture, fittings, equipment and machinery	1,026,974	57,355	(144,434)	939,895
Computer and software	132,597	7,996	-	140,593
Construction in progress	-	7,802	-	7,802
	<u>15,453,278</u>	<u>578,917</u>	<u>(342,606)</u>	<u>15,689,589</u>

Accumulated depreciation	At 01.01.2014 S\$	Additions S\$	Disposals S\$	At 31.12.2014 S\$
Multi-purpose building	89,717	3,963	(93,680)	-
Main building	278,246	284,157	-	562,403
Motor vehicles	167,349	10,196	-	177,545
Furniture, fittings, equipment and machinery	324,988	153,704	(143,421)	335,271
Computer and software	103,252	20,440	-	123,692
Construction in progress	-	-	-	-
	<u>963,552</u>	<u>472,460</u>	<u>(237,101)</u>	<u>1,198,911</u>

Carrying amount	At 31.12.2014 S\$
Multi-purpose building	-
Main building	13,780,803
Motor vehicles	80,548
Furniture, fittings, equipment and machinery	604,624
Computer and software	16,901
Construction in progress	7,802
	<u>14,490,678</u>

BOYS' TOWN, SINGAPORE
Unique Entity No. S84CC0095A

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

5. PROPERTY AND EQUIPMENT (CONTINUED)

Cost	At 01.01.2013 S\$	Additions S\$	Reclassification S\$	Charge to repair and maintenance expenses S\$	At 31.12.2013 S\$
Multi-purpose building	198,172	-	-	-	198,172
Main building	8,882,829	28,645	4,953,017	-	13,864,491
Motor vehicles	231,044	-	-	-	231,044
Furniture, fittings, equipment and machinery	561,550	225,338	240,086	-	1,026,974
Computer and software	128,570	4,027	-	-	132,597
Construction in progress	1,666,743	3,531,905	(5,193,103)	(5,545)	-
	<u>11,668,908</u>	<u>3,789,915</u>	<u>-</u>	<u>(5,545)</u>	<u>15,453,278</u>

	At 01.01.2013 S\$	Charges for the year S\$	At 31.12.2013 S\$
Accumulated depreciation			
Multi-purpose building	85,753	3,963	89,716
Main building	59,219	219,027	278,246
Motor vehicles	157,379	9,970	167,349
Furniture, fittings, equipment and machinery	233,328	91,661	324,989
Computer and software	74,064	29,188	103,252
Construction in progress	-	-	-
	<u>609,743</u>	<u>353,809</u>	<u>963,552</u>

	At 31.12.2013 S\$
Carrying amount	
Multi-purpose building	108,456
Main building	13,586,245
Motor vehicles	63,695
Furniture, fittings, equipment and machinery	701,985
Computer and software	29,345
Construction in progress	-
	<u><u>14,489,726</u></u>

BOYS' TOWN, SINGAPORE
Unique Entity No. S84CC0095A

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

5. PROPERTY AND EQUIPMENT (CONTINUED)

During the financial year, the entity capitalised property and equipment totalling S\$578,917 (2013: S\$3,789,915), of which S\$448,383 (2013: S\$3,367,915) was acquired by cash. The balance of S\$130,534 (2013: S\$422,000) was held in retention monies payable (Note 10).

Depreciation charges for the financial year were accounted as follows:

	2014 S\$	2013 S\$
Income and expenditure statement	187,635	118,250
Asset Capitalisation Reserve (Note 9)	284,825	235,559
	<u>472,460</u>	<u>353,809</u>

6. OTHER RECEIVABLES AND PREPAYMENTS

	2014 S\$	2013 S\$
Advances	-	12,000
Deposits	20,550	59,700
Prepayments	40,684	34,609
Other debtors	203,036	403,522
	<u>264,270</u>	<u>509,831</u>

7. CASH AND CASH EQUIVALENTS

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

	2014 S\$	2013 S\$
Cash and bank balances	7,033,881	6,445,632
Fixed deposits	1,567,764	1,562,991
	8,601,645	8,008,623
Less : Fixed Deposits(*)	(661,877)	(658,012)
	<u>7,939,768</u>	<u>7,350,611</u>

BOYS' TOWN, SINGAPORE
Unique Entity No. S84CC0095A

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

7. CASH AND CASH EQUIVALENTS (CONTINUED)

The effective interest rates of the fixed deposits ranged from 0.10% to 0.70% (2013: 0.10% to 0.70%) per annum at the balance sheet date with maturity periods ranging from 1 to 5 months (2013: 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

	2014 S\$	2013 S\$
Opening balance	4,048,871	10,629,045
Designated donations received for the construction of building	4,328	646,675
Utilisation of Building Fund	(45,921)	(63,935)
	(41,593)	582,740
Less: Transferred to Asset Capitalisation Reserve (Note 9)		
- Cost	-	7,241,192
- Accumulated depreciation	-	(78,278)
	-	7,162,914
Closing balance	4,007,278	4,048,871

9. ASSET CAPITALISATION RESERVE

	2014 S\$	2013 S\$
Transferred from Building Fund (Note 8)	7,241,192	7,241,192
Less:		
Accumulated depreciation		
Opening balance	313,837	-
Transferred from Building Fund (Note 8)	-	78,278
Charges for the year (Note 5)	284,825	235,559
Closing balance	598,662	313,837
	6,642,530	6,927,355

BOYS' TOWN, SINGAPORE
Unique Entity No. S84CC0095A

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

10. OTHER PAYABLES AND ACCRUALS

	2014 S\$	2013 S\$
Accruals	414,501	235,325
Retention monies payable	130,534	422,000
Sundry payables	57,194	104,230
	<u>602,229</u>	<u>761,555</u>

11. DEFERRED CAPITAL GRANTS

	2014 S\$	2013 S\$
Grants received		
Opening balance	7,500,000	250,000
Grants received in the current year	-	7,250,000
Closing balance	7,500,000	7,500,000
Less: Amortisation		
Opening balance	150,000	-
Grants amortised in the current year	150,000	150,000
Closing balance	300,000	150,000
	<u>7,200,000</u>	<u>7,350,000</u>

12. STAFF COSTS

	2014 S\$	2013 S\$
<u>General Fund</u>		
Staff costs (including key management personnel's remuneration - note 13)	2,336,719	1,780,364
Staff CPF contributions and skills development levy	291,196	235,070
Other staff costs	59,156	69,377
	<u>2,687,071</u>	<u>2,084,811</u>
 <u>Building Fund</u>		
Staff costs	-	45,000
Staff CPF contributions and skills development levy	-	4,815
	<u>-</u>	<u>49,815</u>

BOYS' TOWN, SINGAPORE
Unique Entity No. S84CC0095A

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

13. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2014 S\$	2013 S\$
Food and provisions expenses charged by a related party	<u>24,000</u>	<u>24,000</u>
Rental expenses charged by a related party	<u>120,000</u>	<u>120,000</u>

Key management personnel's compensation are as follows:

	2014 S\$	2013 S\$
Salaries and bonuses	361,734	334,758
CPF contributions	<u>36,645</u>	<u>36,528</u>
	<u>398,379</u>	<u>371,286</u>
Number of key management personnel	<u>3</u>	<u>3</u>

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 totalling S\$2,664,838 (2013: S\$2,306,574).

15. FINANCIAL INSTRUMENTS

Categories of financial instruments

The financial instruments as at the balance sheet date were:

	2014 S\$	2013 S\$
Financial assets, loans and receivables	<u>8,834,631</u>	<u>8,504,387</u>
Financial liabilities, at amortised cost	<u>602,229</u>	<u>761,255</u>

BOYS' TOWN, SINGAPORE
Unique Entity No. S84CC0095A

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2014

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.