

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

**AUDITED ACCOUNTS FOR THE FINANCIAL YEAR ENDED**

**31 DECEMBER 2016**

**VERITY PARTNERS**  
Chartered Accountants of Singapore

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

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**BOYS' TOWN, SINGAPORE**  
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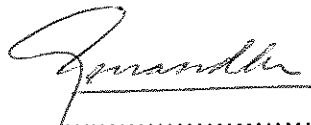
**STATEMENT BY THE BOARD OF GOVERNORS**

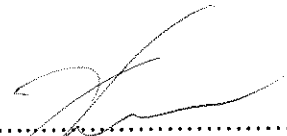
We, **GERARD LEE HOW CHENG** and **LIONAL TSENG**, on behalf of the Board of Governors, state that in our opinion:

- (a) the financial statements set out on pages 6 to 27 are drawn up to present fairly, in all material respects, the financial position of **BOYS' TOWN, SINGAPORE** as at 31 December 2016 and the financial performance, 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 APRIL 2017**



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

**BOYS' TOWN, SINGAPORE**

**Unique Entity No. S84CC0095A**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of BOYS' TOWN, SINGAPORE (the Charity), which comprise the statement of financial position as at 31 December 2016, and the income and expenditure statement, 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 as set out on pages 6 to 27.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Charities Act, Chapter 37 and other relevant regulations (the Charities Act and Regulations) and Financial Reporting Standards in Singapore (FRS) so as to give a true and fair view of the financial position of the Charity as at 31 December 2016 and of the financial performance, changes in funds and cash flows of the Charity 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 Charity 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

**BOYS' TOWN, SINGAPORE**  
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**Other Information**

The Board of Governors is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon (the Annual Report). The Annual Report is expected to be made available to us after the date of this auditors' report.

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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

**Responsibilities of the Board of Governors and Those Charged with Governance for the Financial Statements**

The Board of Governors is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Charities Act and Regulations and FRS, 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.

In preparing the financial statements, the board of governors is responsible for assessing the Charity'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 Charity or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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 Charity'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 Charity'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 Charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**VERITY PARTNERS**

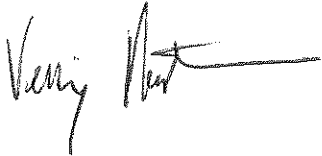
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
BOYS' TOWN, SINGAPORE  
Unique Entity No. S84CC0095A**

**Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required to be kept by the Charity have been properly kept in accordance with the provisions of 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 Charity 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 Charity has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.



**VERITY PARTNERS**

Public Accountants and  
Chartered Accountants  
Singapore

**DATED: 20 APRIL 2017**

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

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016**

	Note	2016 S\$	2015 S\$
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property and equipment	5	<u>17,286,870</u>	<u>14,710,256</u>
<b>Current assets</b>			
Trade receivables		18,417	26,716
Other receivables and prepayments	6	165,707	205,230
Cash and cash equivalents	7	<u>7,356,127</u>	<u>8,442,352</u>
		<u>7,540,251</u>	<u>8,674,298</u>
<b>TOTAL ASSETS</b>		<u><u>24,827,121</u></u>	<u><u>23,384,554</u></u>
 <b>FUNDS AND LIABILITIES</b>			
<b>Funds</b>			
Building Fund	8	3,574,712	3,586,218
Technology Management Fund	9	9,100	78,842
Asset Capitalisation Reserve	10	6,758,675	7,005,427
General Fund		<u>6,385,564</u>	<u>4,918,876</u>
		<u>16,728,051</u>	<u>15,589,363</u>
<b>Current liabilities</b>			
Other payables and accruals	11	1,199,070	745,191
Deferred capital grants	12	<u>6,900,000</u>	<u>7,050,000</u>
		<u>8,099,070</u>	<u>7,795,191</u>
<b>TOTAL FUNDS AND LIABILITIES</b>		<u><u>24,827,121</u></u>	<u><u>23,384,554</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 2016**

	Note	2016 S\$	2015 S\$
<b>INCOME</b>			
Amortisation of deferred capital grants	12	150,000	150,000
Adventure therapy programme		8,020	-
Boarding fees		78,693	98,127
Donations		2,045,719	2,238,675
Grant from Caritas Singapore Community Council		650,000	650,000
Grant from Catholic Welfare Services		150,000	183,108
Grant from Ministry of Social and Family Development		1,823,810	941,236
Grant from National Council of Social Service		1,383,778	402,417
Grant from Workforce Development Agency		21,939	-
Grant-others		34,066	110,584
Interest income		4,961	4,972
Miscellaneous income		247,355	167,859
Sanctuary care		824,791	-
Rental income		5,950	2,500
		<u>7,429,082</u>	<u>4,949,478</u>
<b>EXPENDITURE</b>			
Adventure centre expenses		5,212	18,037
Depreciation	5	180,387	178,614
Food and provisions		191,883	190,320
Fostering programme		65,816	-
Fund-raising expenses		125,581	161,646
General expenses		34,772	18,093
Information technology expenses		21,162	8,167
Insurance		44,277	34,167
Property and equipment written off		-	28
Professional fees		80,347	25,145
Programme expenses		276,027	243,084
Rental of premises		133,754	120,000
Repairs and maintenance		196,602	163,586
Scholarship and books		10,259	3,801
Security services		156,808	145,958
Staff CPF contributions and skills development levy	13	478,660	363,554
Staff salaries and bonuses	13	3,611,531	2,864,599
Staff training		103,334	55,022
Staff welfare		26,589	19,873
Supplies and materials		23,906	14,843
Telephone		18,982	12,892
Upkeep of motor vehicles		30,349	20,316
Water and electricity		124,020	170,757
Youth reach programme		22,136	62,092
		<u>5,962,394</u>	<u>4,894,594</u>
<b>Surplus for the year</b>		<u>1,466,688</u>	<u>54,884</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 2016**

	Note	2016 S\$	2015 S\$
Surplus for the year		<u>1,466,688</u>	<u>54,884</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	(9,236)	130,264
Net movement of Technology Management Fund	9	(7,814)	132,920
Net movement of Asset Capitalisation Reserve	10	<u>(310,950)</u>	<u>(292,469)</u>
		<u>(328,000)</u>	<u>(29,285)</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>1,138,688</u>	<u>25,599</u>

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

**BOYS' TOWN, SINGAPORE**  
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**STATEMENT OF CHANGES IN FUNDS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	Note	Technology			Asset	Total
		Building	Management	Capitalisation	General	
		Fund	Fund	Reserve	Fund	
		S\$	S\$	S\$	S\$	S\$
Balance at 1 January 2016		3,586,218	78,842	7,005,427	4,918,876	15,589,363
Transfer of funds	8,9,10	(2,270)	(61,928)	64,198	-	-
Total comprehensive income		(9,236)	(7,814)	(310,950)	1,466,688	1,138,688
Balance at 31 December 2016		<u>3,574,712</u>	<u>9,100</u>	<u>6,758,675</u>	<u>6,385,564</u>	<u>16,728,051</u>

	Note	Technology			Asset	Total
		Building	Management	Capitalisation	General	
		Fund	Fund	Reserve	Fund	
		S\$	S\$	S\$	S\$	S\$
Balance at 1 January 2015		3,472,685	-	7,227,087	4,863,992	15,563,764
Transfer of funds	8,9,10	(16,731)	(54,078)	70,809	-	-
Total comprehensive income		130,264	132,920	(292,469)	54,884	25,599
Balance at 31 December 2015		<u>3,586,218</u>	<u>78,842</u>	<u>7,005,427</u>	<u>4,918,876</u>	<u>15,589,363</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 2016**

	Note	2016 S\$	2015 S\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year		1,466,688	54,884
Adjustments for:			
Amortisation of deferred capital grants	12	(150,000)	(150,000)
Depreciation	5	180,387	178,614
Property and equipment written off		-	28
Interest on fixed deposits		(4,961)	(7,484)
Surplus before working capital changes		1,492,114	76,042
Changes in working capital:			
Trade and other receivables		47,822	41,724
Other payables and accruals		271,234	85,937
Cash Flow From Operating Activities		1,811,170	203,703
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	5	(2,885,306)	(633,664)
Net Receipts of donations/(Payment) for capital expenditure	8, 9	(17,050)	263,184
Interest income		1,031	3,542
Cash Flow Used In Investing Activities		(2,901,325)	(366,938)
Net Increase/(Decrease) In Cash And Cash Equivalents		(1,090,155)	(163,235)
<b>CASH AND CASH EQUIVALENTS</b>			
Opening balance		7,776,533	7,939,768
Closing balance	7	6,686,378	7,776,533

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 2016**

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 April 2017.

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, is 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 end of the reporting period during which the change occurred. /

**BOYS' TOWN, SINGAPORE**  
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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2016**

**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 2016.

The entity has not applied any new or revised FRS or Interpretations of FRS (INT FRS) that have been issued as of the end of the reporting period 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 end of the reporting period.

**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

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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2016**

**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 the end of the reporting period.

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 statement of financial position 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 the end of the reporting period.

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 2016**

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

**2.4 Financial assets (continued)**

The entity assesses at the end of each reporting period 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 end of the reporting period.

**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 reporting period.



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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2016**

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

**2.7 Financial liabilities (continued)**

Financial liabilities are recognised on the statement of financial position 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 end of the reporting period.

**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 end of the reporting period, 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.

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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2016**

**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 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.

**2.12 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.

**2.13 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**  
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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2016**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 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.

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

2.15 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.

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

**2.16 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 statement of financial position. 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.

**2.17 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 the end of the reporting period, recorded monetary balances that are denominated in a foreign currency are translated to reflect the rate at the end of the reporting period. 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.

**2.18 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. 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.

**3.1 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.

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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2016**

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

3.2 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.

3.3 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.

4. **PRINCIPAL ACTIVITIES**

Boys' Town, Singapore provides residential, outreach, school and community based programs to help youth-at-risk between the ages 10 to 21 become socially integrated, responsible and contributory members of society.

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5. PROPERTY AND EQUIPMENT

	At 01.01.2016	Additions	Disposals	At 31.12.2016
Cost	S\$	S\$	S\$	S\$
Main building	14,358,857	-	-	14,358,857
Motor vehicles	258,093	-	-	258,093
Furniture, fittings, equipment and machinery	924,962	5,355	-	930,317
Computer and software	163,665	126,102	-	289,767
Construction in progress	624,426	2,936,494	-	3,560,920
	<u>16,330,003</u>	<u>3,067,951</u>	-	<u>19,397,954</u>
 Accumulated depreciation				
Main building	849,499	287,177	-	1,136,676
Motor vehicles	190,220	12,675	-	202,895
Furniture, fittings, equipment and machinery	474,648	155,937	-	630,585
Computer and software	105,380	35,548	-	140,928
Construction in progress	-	-	-	-
	<u>1,619,747</u>	<u>491,337</u>	-	<u>2,111,084</u>
 Carrying amount				
Main building				13,222,181
Motor vehicles				55,198
Furniture, fittings, equipment and machinery				299,732
Computer and software				148,839
Construction in progress				3,560,920
				<u><u>17,286,870</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2016**

5. PROPERTY AND EQUIPMENT (CONTINUED)

	At 01.01.2015	Additions	Disposals	At 31.12.2015
Cost	S\$	S\$	S\$	S\$
Main building	14,343,206	15,651	-	14,358,857
Motor vehicles	258,093	-	-	258,093
Furniture, fittings, equipment and machinery	939,895	1,599	(16,532)	924,962
Computer and software	140,593	56,814	(33,742)	163,665
Construction in progress	7,802	616,624	-	624,426
	<u>15,689,589</u>	<u>690,688</u>	<u>(50,274)</u>	<u>16,330,003</u>
Accumulated depreciation				
Main building	562,403	287,096	-	849,499
Motor vehicles	177,545	12,675	-	190,220
Furniture, fittings, equipment and machinery	335,271	155,902	(16,525)	474,648
Computer and software	123,692	15,410	(33,722)	105,380
Construction in progress	-	-	-	-
	<u>1,198,911</u>	<u>471,083</u>	<u>(50,247)</u>	<u>1,619,747</u>
Carrying amount				
Main building				13,509,358
Motor vehicles				67,873
Furniture, fittings, equipment and machinery				450,314
Computer and software				58,285
Construction in progress				624,426
				<u><u>14,710,256</u></u>

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5. PROPERTY AND EQUIPMENT (CONTINUED)

During the financial year, the entity capitalised property and equipment totalling S\$3,067,951 (2015: S\$690,688), of which S\$2,885,306 (2015: S\$633,664) was acquired by cash. The balance of S\$182,645 (2015: S\$57,024) was held in retention monies payable (Note 11).

Depreciation charges for the financial year were accounted as follows:

	2016	2015
	S\$	S\$
Income and expenditure statement	180,387	178,614
Asset Capitalisation Reserve (Note 10)	310,950	292,469
	491,337	471,083

6. OTHER RECEIVABLES AND PREPAYMENTS

	2016	2015
	S\$	S\$
Deposits	14,455	20,550
Prepayments	9,736	7,530
Other debtors	141,516	177,150
	165,707	205,230

7. CASH AND CASH EQUIVALENTS

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

	2016	2015
	S\$	S\$
Cash and bank balances	5,778,678	6,869,739
Fixed deposits	1,577,449	1,572,613
	7,356,127	8,442,352
Less : Fixed deposits(*)	(669,749)	(665,819)
	6,686,378	7,776,533

The effective interest rates of the fixed deposits ranged from 0.10% to 0.70% (2015: 0.10% to 0.70%) per annum at the end of the reporting period with maturity periods ranging from 1 to 5 months (2015: 1 to 5 months) from the end of the reporting period.

\* Fixed deposits with maturity periods of more than 3 months from the end of the reporting period.



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8. BUILDING FUND

	2016 S\$	2015 S\$
Opening balance	3,586,218	3,472,685
Designated donations received for the construction of building	106,262	202,512
Utilisation	(115,498)	(72,248)
	(9,236)	130,264
Less: Transferred to Asset Capitalisation Reserve (Note 10)		
- Cost	2,270	16,731
	2,270	16,731
Closing balance	3,574,712	3,586,218

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

Designated donation received for the construction of building during the financial year ended 31 December 2016 comprised of S\$105,000 from President's Challenge to support part of the costs of building an Adventure Challenge Course within Boys' Town, Singapore premises.

9. TECHNOLOGY MANAGEMENT FUND

	2016 S\$	2015 S\$
Opening balance	78,842	-
Designated donations received for the enhancement of management system	-	148,000
Utilisation	(7,814)	(15,080)
	(7,814)	132,920
Less: Transferred to Asset Capitalisation Reserve (Note 10)		
- Cost	61,928	54,078
	61,928	54,078
Closing balance	9,100	78,842

The purpose of the fund is for the payments of costs related to the Case and Donor Management System.

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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2016**

10. ASSET CAPITALISATION RESERVE

	2016	2015
	S\$	S\$
Opening balance	7,846,594	7,775,785
Transferred from Building Fund (Note 8)	2,270	16,731
Transferred from Technology Mangement Fund (Note 9)	61,928	54,078
Closing balance	7,910,792	7,846,594
Less:		
Accumulated depreciation		
Opening balance	841,167	548,698
Charges for the year (Note 5)	310,950	292,469
Closing balance	1,152,117	841,167
	6,758,675	7,005,427

11. OTHER PAYABLES AND ACCRUALS

	2016	2015
	S\$	S\$
Accruals	950,920	640,028
Retention monies payable	182,645	57,024
Sundry payables	65,505	48,139
	1,199,070	745,191

12. DEFERRED CAPITAL GRANTS

	2016	2015
	S\$	S\$
Grants received		
Opening balance	7,500,000	7,500,000
Closing balance	7,500,000	7,500,000
Less: Amortisation		
Opening balance	450,000	300,000
Grants amortised in the current year	150,000	150,000
Closing balance	600,000	450,000
	6,900,000	7,050,000

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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2016**

13. STAFF COSTS

	2016 S\$	2015 S\$
<u>General Fund</u>		
Staff costs (including key management personnel's remuneration - Note 14)	3,611,531	2,864,599
Staff CPF contributions and skills development levy	478,660	363,554
Other staff costs	129,923	74,895
	4,220,114	3,303,048
<u>Building Fund</u>		
Staff costs	45,415	16,204
Staff CPF contributions and skills development levy	3,497	1,300
	48,912	17,504

14. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2016 S\$	2015 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:

	2016 S\$	2015 S\$
Salaries, bonuses and benefits-in-kind	516,733	388,908
CPF contributions	62,239	40,278
	578,972	429,186
Number of key management personnel	4	3

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14. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

The following information relates to the remuneration of the entity's key management personnel for the financial year ended 31 December 2016 (2015: 31 December 2015).

	2016	2015
Band		
S\$100,000 to below S\$200,000	<u>4</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.

15. CAPITAL COMMITMENTS

	2016	2015
	S\$	S\$
Contracts for construction of building	<u>1,025,952</u>	<u>3,436,712</u>

16. TAX-EXEMPT RECEIPTS

During the financial year, the entity issued tax-exempt receipts for donations collected totalling S\$2,150,719 (2015: S\$1,824,505).

17. RESERVES POLICY

Boys' Town has a reserves policy of not more than 5 years of its Annual Operating Expenditure to meet its operational needs.

18. FINANCIAL INSTRUMENTS

Categories of financial instruments

The financial instruments as at the end of the reporting period were:

	2016	2015
	S\$	S\$
Financial assets, loans and receivables	<u>7,530,515</u>	<u>8,666,768</u>
Financial liabilities, at amortised cost	<u>1,199,070</u>	<u>745,191</u>

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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2016**

18. 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:

18.1 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.

18.2 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.

18.3 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.