

**BOYS' TOWN**  
**(Incorporated in the Republic of Singapore)**  
**Registration No. 201534576H**

**ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED**

**31 DECEMBER 2017**

**VERITY PARTNERS**  
Chartered Accountants of Singapore

**BOYS' TOWN**  
**(Incorporated in the Republic of Singapore)**  
**Registration No. 201534576H**

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**BOYS' TOWN**  
**(Incorporated in the Republic of Singapore)**

**DIRECTORS' STATEMENT**

The directors present the statement to the members of the Company together with the audited financial statements for the financial year ended 31 December 2017.

1. **OPINION OF THE DIRECTORS**

In the opinion of the directors:

- (a) the financial statements set out on pages 7 to 30 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and the financial performance, changes in funds and cash flows of the Company for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. **DIRECTORS**

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

Gerard Lee How Cheng  
Yeo Koh Tuan Kiok Dominic  
Tseng Lionel  
Lim Hock Seng  
Tay Teck Chye  
Raymond Chan  
Seng Boon Kheng  
Lee Pang Kee Philip (Li FengQi)  
Angelina Frances Fernandez  
Irene Yeo Ai Ling @ Irene Loi  
Leon Ng Koh Wee (appointed on 2 January 2018)

3. **OTHER MATTERS**

As the Company is limited by guarantee, the Board of Directors does not consider it necessary to report on the matters to be disclosed under Section 164 of the Singapore Companies Act, Chapter 50.

4. **ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES**

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement, whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of debentures of the Company or shares in, or debentures of any other body corporate.

**BOYS' TOWN**  
**(Incorporated in the Republic of Singapore)**

**DIRECTORS' STATEMENT**

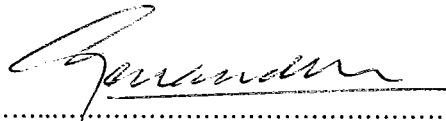
5. INDEPENDENT AUDITOR

The independent auditor, Verity Partners, has expressed its willingness to accept re-appointment.

6. AUTHORISATION OF FINANCIAL STATEMENTS

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

On behalf of the Board of Directors



.....  
**GERARD LEE HOW CHENG**  
Director



.....  
**TSENG LIONAL**  
Director

**DATED: 21 MAY 2013**

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

**BOYS' TOWN**  
**Registration No. 201534576H**

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

#### **Opinion**

We have audited the financial statements of BOYS' TOWN (the Company), which comprise the statement of financial position as at 31 December 2017, 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 7 to 30.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Companies Act), the Charities Act, Chapter 37 and other relevant regulations (the Charities Act and Regulations) and Financial Reporting Standards in Singapore (FRS) so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and of the financial performance, changes in the funds and cash flows of the Company for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

**BOYS' TOWN**

**Registration No. 201534576H**

**Other Information (continued)**

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

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, the Charities Act and Regulations and FRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level 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  
Registration No. 201534576H**

**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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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**

**Registration No. 201534576H**

**Report on Other Legal and Regulatory Requirements**

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

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

- (a) the Company has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Company has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations



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

**DATED: 21 MAY 2018**



**BOYS' TOWN**  
(Incorporated in the Republic of Singapore)

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017**

	Note	2017 S\$	2016 S\$
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property, plant and equipment	6	17,244,810	-
<b>Current assets</b>			
Other receivables and prepayments	7	460,966	-
Cash and cash equivalents	8	6,112,257	-
		<u>6,573,223</u>	-
<b>TOTAL ASSETS</b>		<u><u>23,818,033</u></u>	<u><u>-</u></u>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds</b>			
Building Fund	9	-	-
Technology Management Fund	10	-	-
Asset Capitalisation Reserve	11	9,914,465	-
General Fund		5,782,068	-
		<u>15,696,533</u>	<u>-</u>
<b>Current liabilities</b>			
Other payables and accruals	12	1,371,500	-
Deferred capital grants	13	6,750,000	-
		<u>8,121,500</u>	-
<b>TOTAL FUNDS AND LIABILITIES</b>		<u><u>23,818,033</u></u>	<u><u>-</u></u>

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

**BOYS' TOWN**  
(Incorporated in the Republic of Singapore)

**INCOME AND EXPENDITURE STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Note	2017 S\$	2016 S\$
<b>INCOME</b>			
Amortisation of deferred capital grants	13	150,000	-
Donations (Restructuring)		1	-
Donations (Non-Tax Exempted)		315,075	-
Donations (Tax Exempted)	18	2,059,032	-
Programme income		129,523	-
Grant from Caritas Singapore Community Council		950,000	-
Grant from Catholic Welfare Services		152,467	-
Grant from Ministry of Social and Family Development		2,357,956	-
Grant from National Council of Social Service		30,253	-
Grant from Workforce Development Agency		2,344	-
Grant-others		101,977	-
Interest income		9,520	-
Miscellaneous income		8,920	-
Rental income		48,012	-
		<u>6,315,080</u>	<u>-</u>
<b>EXPENDITURE</b>			
Depreciation	6	201,945	-
Fund-raising expenses		113,203	-
General expenses		44,489	-
Information technology expenses		53,817	-
Insurance		42,337	-
Professional fees		55,058	-
Programme expenses	15,16	693,431	-
Rental of premises		131,949	-
Repairs and maintenance		240,994	-
Security services		180,456	-
Staff salaries and bonuses	14	4,310,077	-
Staff CPF contributions and skills development levy	14	553,244	-
Foregin worker levy		4,265	-
Staff training		67,722	-
Staff welfare		28,794	-
Supplies and materials		50,239	-
Telephone		20,186	-
Water and electricity		126,370	-
		<u>6,918,576</u>	<u>-</u>
<b>Deficit for the year</b>		<u>(603,496)</u>	<u>-</u>

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

**BOYS' TOWN**  
(Incorporated in the Republic of Singapore)

**INCOME AND EXPENDITURE STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Note	2017 S\$	2016 S\$
Deficit for the year		<u>(603,496)</u>	<u>-</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	9	(63,086)	-
Net movement of Technology Management Fund	10	(8,584)	-
Net movement of Asset Capitalisation Reserve	11	<u>(356,352)</u>	<u>-</u>
		<u>(428,022)</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>(1,031,518)</u></u>	<u><u>-</u></u>

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

**BOYS' TOWN**  
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**STATEMENT OF CHANGES IN FUNDS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Note	Building	Technology	Asset	General	Total
		Fund	Management	Capitalisation	Fund	
		S\$	Fund	Reserve	Fund	S\$
		S\$	S\$	S\$	S\$	S\$
Balance at 1 January 2017	5	3,574,712	9,100	6,758,675	6,385,564	16,728,051
Transfer of funds	9,10,11	(3,511,626)	(516)	3,512,142	-	-
Total comprehensive income		(63,086)	(8,584)	(356,352)	(603,496)	(1,031,518)
Balance at 31 December 2017		-	-	9,914,465	5,782,068	15,696,533

	General	Total
	Fund	
	S\$	S\$
Balance at 1 January 2016	-	-
Total comprehensive income	-	-
Balance at 31 December 2016	-	-

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

**BOYS' TOWN**  
(Incorporated in the Republic of Singapore)

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Note	2017 S\$	2016 S\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Deficit for the year		(603,496)	-
Adjustments for:			
Amortisation of deferred capital grants	13	(150,000)	-
Depreciation	6	201,945	-
Interest on fixed deposits		(9,520)	-
Deficit before working capital changes		(561,071)	-
Changes in working capital:			
Trade and other receivables		(276,842)	-
Other payables and accruals		73,860	-
Cash Flow From Operating Activities		<u>(764,053)</u>	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	6	(417,667)	-
Net cash inflow on transfer of business	5	7,356,127	-
Net Receipts of donations/(Payment) for capital expenditure	9, 10	(71,670)	-
Withdrawal/(Placement) of fixed deposits		(146,254)	-
Interest income		9,520	-
Cash Flow From Investing Activities		<u>6,730,056</u>	-
Net Increase/(Decrease) In Cash And Cash Equivalents		5,966,003	-
<b>CASH AND CASH EQUIVALENTS</b>			
Opening balance		-	-
Closing balance	8	<u><u>5,966,003</u></u>	<u><u>-</u></u>

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

**BOYS' TOWN**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017**

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 Directors on 21 May 2018.

The Company is incorporated and domiciled in the Republic of Singapore, as a company limited by guarantee under the Singapore Companies Act, Chapter 50. The members of the Company guarantee to contribute a sum not exceeding S\$1 per member to the assets of the Company in the event of its winding up. The Company is also registered as a charity under the Singapore Charities Act, Chapter 37.

The registered office, which is 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 drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Financial Reporting Standards in Singapore (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 Company at the end of the reporting period during which the change occurred.

**BOYS' TOWN**  
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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017**

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

**2.1 Basis of preparation (continued)**

The preparation of financial statements in conformity with FRS requires management 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 reporting period and relevant to the Company does not have material impact on the accounting policies and figures presented in the financial statements for the financial year ended 31 December 2017.

- Amendments to FRS 7 Statement of Cash Flows: Disclosure Initiative
- Amendments to FRS 112 Disclosure of Interests in Other Entities

As at the date of authorisation of the financial statements, the following new/revised FRS, and amendments to FRS that maybe relevant to the Company were issued but not effective:

- FRS 109 Financial Instruments, FRS 115 Revenue from Contracts with Customers (with clarifications issued)

Applies to annual periods beginning on or after 1 January 2018, with early application permitted.

- FRS 116 Leases

Applies to annual periods beginning on or after 1 January 2019, with earlier application permitted if FRS 115 is adopted.

The Company is currently assessing the potential impact on the financial statements.

**BOYS' TOWN**  
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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Functional and presentation currency

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

2.3 Property, plant and equipment

Property, plant 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:

	Number of years
Main building	50
Motor vehicles	10
Furniture, fittings, equipment and machinery	5 to 10
Computers and software	3 to 5

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of the reporting period.

Subsequent expenditure relating to property, plant 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 Company 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, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

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

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



**BOYS' TOWN**  
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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 in the statement of financial position when, and only when, the Company 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 Company 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 profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Company assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses are recognised in profit or loss.

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 profit or loss.

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.

**BOYS' TOWN**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Cash and cash equivalents

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

2.7 Financial liabilities

The Company 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 Company does not have any financial liabilities classified at fair value through profit or loss at the end of the reporting period.

Financial liabilities are recognised in the statement of financial position when, and only when, the Company 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 profit or loss 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 Company. 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.

Trading transactions with related parties are carried out in the normal course of business based on terms agreed between the parties.

**BOYS' TOWN**  
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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Company has a present obligation (legal or constructive) as result of a past event, it is probable that the Company 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.

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 the 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 the 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 Company with no future related costs are recognised in the income and expenditure statement in the period in which they become receivable.

**BOYS' TOWN**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Income recognition (continued)

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, plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. 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 profit or loss unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a 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 profit or loss, 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 Company 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. These expenses are charged to profit or loss as and when they arise and are disclosed as part of staff costs.

**BOYS' TOWN**  
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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Employee benefits (continued)

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 profit or loss 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.

2.16 Government grants

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

Grants related to income are recognised in profit or loss over the periods necessary to match them with the related costs that they are intended to compensate. The timing of such recognition in profit or loss 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 profit or loss will be affected by a reduced depreciation charge or by recognising deferred income in profit or loss 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 that date. All exchange adjustments are taken to profit or loss.

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.

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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Taxation

The Company 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 Company's accounting policies

The management 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.

3.2 Useful lives of property, plant and equipment

The management determines the estimated useful lives and related depreciation expense for the property, plant and equipment. The Company estimates useful lives of the property, plant and equipment by reference to expected usage of the property, plant 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 Company is based on the evaluation of collectibility of receivables, ageing analysis of accounts and on management's 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

The principal activities of Boys' Town are to provide residential, outreach, school and community based programs to help youths-at-risk between the ages 10 to 21 become socially integrated, responsible and contributing members of society.

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5. TRANSFER OF BUSINESS

On 1 January 2017, the "Business" of Boys' Town (Unique Entity No. S84CC0095A) ("Transferor") was transferred to the Company via a Business Transfer Agreement dated 16 March 2017. The "Business" included all the assets, contracts, cash, goodwill, employees and liabilities related to or in connection with the charitable efforts carried on or undertaken by the Transferor in Singapore as at close of business on 31 December 2016 and as the same are set out in the accounts of the Transferor.

The fair value for the identifiable assets and liabilities of Boys' Town, Singapore as at the transfer date were:

	Fair value recognised on transfer S\$
Property, plant and equipment	17,286,870
Trade receivables	18,417
Other receivables and prepayments	165,707
Cash and cash equivalents	7,356,127
	24,827,121
Other payables and accruals	(1,199,070)
Deferred capital grants	(6,900,000)
	(8,099,070)
 Total identifiable net assets at fair value	 16,728,051
 <u>This is represented by: -</u>	
Building Fund	3,574,712
Technology Management Fund	9,100
Asset Capitalisation Reserve	6,758,675
General Fund	6,385,564
	16,728,051
 <u>Effect of acquisition of Boys' Town, Singapore on cash flows</u>	
Total consideration	1
Less: Donation from Boys' Town, Singapore	(1)
Consideration settled in cash	-
Less: Cash and cash equivalents acquired	(7,356,127)
Net cash inflow on transfer	7,356,127

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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017**

6. PROPERTY, PLANT AND EQUIPMENT

	At 01.01.2017 (Note 5)	Additions	Disposals	Reclassification	At 31.12.2017
Cost	S\$	S\$	S\$	S\$	S\$
Main building	14,358,857	-	-	3,575,241	17,934,098
Motor vehicles	258,093	24,252	-	-	282,345
Furniture, fittings, equipment and machinery	930,317	412,500	-	-	1,342,817
Computer and software	289,767	65,164	-	-	354,931
Construction in progress	3,560,920	14,321	-	(3,575,241)	-
	<u>19,397,954</u>	<u>516,237</u>	<u>-</u>	<u>-</u>	<u>19,914,191</u>
<b>Accumulated depreciation</b>					
Main building	1,136,676	340,806	-	-	1,477,482
Motor vehicles	202,895	14,898	-	-	217,793
Furniture, fittings, equipment and machinery	630,585	145,892	-	-	776,477
Computer and software	140,928	56,701	-	-	197,629
Construction in progress	-	-	-	-	-
	<u>2,111,084</u>	<u>558,297</u>	<u>-</u>	<u>-</u>	<u>2,669,381</u>
<b>Carrying amount</b>					
Main building					16,456,616
Motor vehicles					64,552
Furniture, fittings, equipment and machinery					566,340
Computer and software					157,302
Construction in progress					-
					<u>17,244,810</u>



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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017**

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the financial year, the Company acquired property, plant and equipment totalling S\$516,237 (2016: S\$NIL), of which S\$417,667 (2016: S\$NIL) was acquired by cash. The balance of S\$98,570 (2016: S\$NIL) was held as retention monies payable (Note 12).

Depreciation charges for the financial year were accounted as follows:

	2017 S\$	2016 S\$
Income and expenditure statement	201,945	-
Asset Capitalisation Reserve (Note 11)	356,352	-
	558,297	-

7. OTHER RECEIVABLES AND PREPAYMENTS

	2017 S\$	2016 S\$
Deposits	18,865	-
Prepayments	2,839	-
Donation receivables	227,004	-
Grant receivables	173,187	-
Other debtors	39,071	-
	460,966	-

8. CASH AND CASH EQUIVALENTS

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

	2017 S\$	2016 S\$
Cash and bank balances	4,528,719	-
Fixed deposits	1,583,538	-
	6,112,257	-
Less : Fixed deposits(*)	(146,254)	-
	5,966,003	-

The effective interest rates of the fixed deposits ranged from 0.10% to 1.10% (2016: NIL %) per annum at the end of the reporting period with maturity periods ranging from 1 to 5 months (2016: NIL 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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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017**

9. BUILDING FUND

	2017 S\$	2016 S\$
Opening balance (Note 5)	3,574,712	-
Designated donations received for the construction of building	59	-
Utilisation	(63,145)	-
	(63,086)	-
Less: Transferred to Asset Capitalisation Reserve (Note 11)		
- Cost	3,511,626	-
	3,511,626	-
Closing balance	-	-

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

10. TECHNOLOGY MANAGEMENT FUND

	2017 S\$	2016 S\$
Opening balance (Note 5)	9,100	-
Designated donations received for the enhancement of management system	-	-
Utilisation	(8,584)	-
	(8,584)	-
Less: Transferred to Asset Capitalisation Reserve (Note 11)		
- Cost	516	-
	516	-
Closing balance	-	-

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 2017**

11. ASSET CAPITALISATION RESERVE

	2017 S\$	2016 S\$
Opening balance (Note 5)	7,910,792	-
Transferred from Building Fund (Note 9)	3,511,626	-
Transferred from Technology Mangement Fund (Note 10)	516	-
	<u>3,512,142</u>	-
Closing balance	<u>11,422,934</u>	-
Less:		
Accumulated depreciation		
Opening balance (Note 5)	1,152,117	-
Charges for the year (Note 6)	356,352	-
Closing balance	<u>1,508,469</u>	-
	<u>9,914,465</u>	-

12. OTHER PAYABLES AND ACCRUALS

	2017 S\$	2016 S\$
Accruals	1,243,722	-
Retention monies payable	98,570	-
Sundry payables	29,208	-
	<u>1,371,500</u>	-

13. DEFERRED CAPITAL GRANTS

	2017 S\$	2016 S\$
Grants received		
Opening balance (Note 5)	7,500,000	-
Closing balance	7,500,000	-
Less: Amortisation		
Opening balance (Note 5)	600,000	-
Grants amortised in the current year	150,000	-
Closing balance	<u>750,000</u>	-
	<u>6,750,000</u>	-

These represent grants related to assets from the Ministry of Social and Family Development for the construction of the Main building.

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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017**

14. STAFF COSTS

	2017	2016
	S\$	S\$
Staff costs (including key management personnel's remuneration - Note 17)	4,310,077	-
Staff CPF contributions and skills development levy	553,244	-
Other staff costs	100,782	-
	4,964,103	-

15. PROGRAMME EXPENSES

	2017	2016
	S\$	
<u>Fostering Agency</u>		
Publicity & roadshow	60,170	-
Foster parent assessment	23,730	-
Cost of foster child	27,084	-
Marketing corporate video	35,631	-
Transport	16,086	-
Telephone	200	-
Fostering Programmes	3,512	-
	166,413	-
<u>Safe and Strong Families - Reunification Service</u>		
Transport	72	-
Telephone	833	-
Programme Exp	169	-
	1,074	-
<u>Therapeutic Group Home</u>		
Transport	3,627	-
Boys Expenses	3,400	-
Dormitory Affairs	57	-
Programme Exp	716	-
	7,800	-

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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017**

**16. DETAILED INCOME AND EXPENDITURE STATEMENT BY SERVICES CENTRE**

2017	Residential Service	Therapeutic Group Home	Boys' Town Adventure Centre	Clinical Intervention Centre	Youth Reach	Training & Research	Safe and Strong Families - Reunification Service	Fostering Agency	Sanctuary Care	Total
	SS	SS	SS	SS	SS	SS	SS	SS	SS	SS
INCOME	57,000	33,000	6,000	7,500	16,500	1,500	7,500	18,000	3,000	150,000
Amortisation of deferred capital grants	1	-	-	-	-	-	-	-	-	1
Donations - Restructuring	1,366,550	-	-	153,782	573,999	38,446	-	-	106,771	2,374,107
Programme income	47,173	-	134,559	5,900	2,460	9,650	-	-	-	129,523
Grant from Caritas Singapore Community Council	500,000	-	64,540	150,000	150,000	-	-	-	-	950,000
Grant from Catholic Welfare Services	2,467	-	150,000	-	-	-	-	-	-	152,467
Grant from Ministry of Social and Family Development	954,799	162,598	-	-	90,513	-	-	606,808	-	2,088,554
MSF Corporate Development Fund	102,373	59,269	10,776	13,470	29,634	2,694	13,470	32,328	5,388	269,402
Grant from National Council of Social Service	7,786	4,508	820	1,024	12,018	205	1,024	2,459	409	30,253
Grant from Workforce Development Agency	891	516	94	117	258	23	117	281	47	2,344
Grant-others	38,751	22,435	4,079	5,099	11,217	1,020	5,099	12,237	2,040	101,977
Income income	699	393	383	479	1,054	96	479	1,149	192	9,579
Miscellaneous income	18,016	10,431	1,896	2,971	197	18	89	215	37	8,920
Rental income	3,100,146	295,257	380,350	340,431	1,042,865	54,126	303,985	679,166	118,833	48,012
<b>EXPENDITURE</b>										
Programme Costs	409,107	7,800	36,914	4,707	46,434	993	1,074	166,413	19,989	693,431
Programme expenses	1,535,104	593,661	214,806	279,107	592,681	106,262	233,201	588,642	166,613	4,310,077
Staff salaries and bonuses	204,327	70,799	27,520	34,012	80,295	14,280	29,680	75,780	16,551	553,244
Staff CPF contributions and skills development levy	300	-	-	-	-	-	-	3,635	330	4,265
Foreign worker levy	1,739,731	664,460	242,326	313,119	672,976	120,542	262,881	668,057	183,494	4,867,586
<b>Total Staff Costs</b>										
Depreciation	212,153	122,825	22,332	27,915	61,413	5,583	27,915	66,996	11,165	558,297
Depreciation of assets	70,186	-	7,924	9,056	19,245	2,264	-	-	4,528	113,203
Other Operating Expenses	19,979	8,461	1,679	2,019	4,335	509	1,910	4,864	888	44,644
Fund-raising expenses	24,602	16,060	2,713	3,427	7,160	897	3,376	7,445	1,546	67,226
General expenses	16,575	8,844	1,608	2,010	5,032	402	2,010	4,946	910	42,337
Information technology expenses	18,060	10,456	1,901	2,376	5,228	475	2,376	5,703	8,483	55,058
Insurance	46,223	17,629	8,884	9,369	17,293	7,426	7,494	12,770	4,861	131,949
Professional fees	105,369	62,511	25,208	14,412	35,558	3,442	13,959	32,959	5,741	299,159
Rental of premises	68,573	39,700	7,218	9,023	19,850	1,805	9,023	21,655	3,609	180,456
Repairs and maintenance	16,946	6,712	1,432	5,201	16,094	399	1,212	5,317	14,409	67,722
Security services	9,284	2,862	1,038	1,699	5,198	519	1,243	6,210	741	28,794
Staff training	17,722	9,043	2,299	2,283	6,752	893	2,135	6,146	2,966	50,239
Staff welfare	5,671	2,930	796	902	5,842	480	1,137	1,639	789	20,186
Supplies and materials	46,754	27,068	4,921	6,152	16,867	1,230	6,152	14,764	2,462	126,370
Water and electricity	465,944	212,276	67,621	164,454	20,741	52,027	124,418	51,953	1,227,343	
Telephone	2,826,935	1,007,361	369,193	413,670	945,277	147,859	343,897	1,025,884	266,581	7,346,657
Total Other Operating Expenses	273,211	(712,104)	11,137	(73,239)	97,588	(93,733)	(39,912)	(346,718)	(147,748)	(1,031,518)
Total Expenditure										
Surplus/(Deficit)										

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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017**

17. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2017 S\$	2016 S\$
Food and provisions expenses charged by a related party	24,000	-
Consideration for transfer of business from a related party (Note 5)	1	-
Rental expenses charged by a related party	120,000	-
	2017 S\$	2016 S\$
Salaries, bonuses and benefits-in-kind	576,638	-
CPF contributions	65,714	-
	642,352	-
Number of key management personnel	4	-

The following information related to the remuneration of the Company's key management personnel for the financial year ended 31 December 2017 (2016: 31 December 2016).

	2017	2016
Band		
Below S\$100,000	-	-
S\$100,000 to below S\$200,000	3	-
S\$200,000 to below S\$300,000	1	-

18. TAX-EXEMPT RECEIPTS

During the financial year, the Company issued tax-exempt receipts for donations collected/ totalling S\$2,059,032 (2016: S\$NIL).

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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017**

19. RESERVES POLICY

The Company reserve position at the end of the reporting period were as follows:

	2017	2016
	S\$	S\$
Unrestricted funds	5,782,068	-
Restricted/Designated Funds:		
- Asset Capitalisation Reserve	9,914,465	-
	15,696,533	-
 Ratio of unrestricted funds to period annual operating expenditure	1 : 1.27	-

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

The Board of Directors periodically reviews the amount of reserves that are required to ensure that they are adequate to fulfill the Company's continuing obligations.

20. FINANCIAL INSTRUMENTS

Categories of financial instruments

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

	2017	2016
	S\$	S\$
Financial assets, loans and receivables	6,570,384	-
Financial liabilities, at amortised cost	1,371,500	-

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**NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2017**

20. FINANCIAL INSTRUMENTS

Financial risk management

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

20.1 Liquidity risk

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

The Company monitors its cash flow actively. The management expects the cash flows generated from normal course of operations to be adequate to ensure liquidity.

20.2 Interest rate risk

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

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

The Company 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.

20.3 Credit risk

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

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

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