



**PAP COMMUNITY FOUNDATION  
CHARITY DIVISION  
(Registration No. T02CC1585L)**

**DIRECTORS' STATEMENT AND  
FINANCIAL STATEMENTS**

**FINANCIAL YEAR ENDED  
MARCH 31, 2021**

**PAP COMMUNITY FOUNDATION  
CHARITY DIVISION**

**DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS**

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**PAP COMMUNITY FOUNDATION  
CHARITY DIVISION**

**DIRECTORS' STATEMENT**

In the opinion of the directors,

- (a) the financial statements of PAP Community Foundation - Charity Division (the "Charity Division") set out on pages 5 to 22 are drawn up in accordance with the provisions of the Charities Act, Chapter 37 (the "Charities Act") and Financial Reporting Standards in Singapore so as to give a true and fair view of the financial position of the Charity Division as at March 31, 2021 and the financial performance, changes in endowment fund and revenue reserve and cash flows of the Charity Division for the financial year ended March 31, 2021;
- (b) the use of donation moneys is in accordance with the objectives of the Charity Division as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations;
- (c) the Charity Division has complied with Regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations;
- (d) the accounting and other records required by the Charities Act have been properly kept in accordance with the provisions of the Charities Act; and
- (e) as at the date of this statement, there are reasonable grounds to believe that the Charity Division will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS



.....  
Wong Shyun Tsai, Lawrence  
Chairman



.....  
Low Yen Ling  
CMC Treasurer

September 3, 2021

## INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMMITTEE OF

### PAP COMMUNITY FOUNDATION CHARITY DIVISION

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

##### Opinion

We have audited the financial statements of PAP Community Foundation - Charity Division (the "Charity Division"), which comprise the statement of financial position as at March 31, 2021, and the statement of comprehensive income, statement of changes in endowment fund and revenue reserve 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 5 to 22.

The Charity Division is a segment of PAP Community Foundation ("the Foundation") and is not a separately incorporated legal entity. The attached financial statements have been prepared solely from the records of the Charity Division and reflect only the transactions recorded therein.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Charities Act, Chapter 37 (the "Charities Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Charity Division as at March 31, 2021 and of the financial performance, changes in endowment fund and revenue reserve and cash flows of the Charity Division 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 Division in accordance with the Accounting and Corporate Regulatory Authority 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.

##### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement set out on page 1, the Supplementary Statement of Comprehensive Income and the Annual 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. 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMMITTEE OF

PAP COMMUNITY FOUNDATION  
CHARITY DIVISION

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

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

The directors' responsibilities include overseeing the Charity Division'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.

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 Division'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 Division'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 Division to cease to continue as a going concern.

## INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT COMMITTEE OF

PAP COMMUNITY FOUNDATION  
CHARITY DIVISION

### Responsibilities of Management and Directors for the Financial Statements (cont'd)

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

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

### Report on Other Legal and Regulatory Requirements

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

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

- (a) the Charity Division 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 Division has not complied with the requirements of Regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.



Public Accountants and  
Chartered Accountants  
Singapore

September 3, 2021

**PAP COMMUNITY FOUNDATION  
CHARITY DIVISION**

**STATEMENT OF FINANCIAL POSITION  
March 31, 2021**

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		\$	\$
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash at bank		11,000,641	9,425,241
Fixed deposits	5	16,405,910	16,143,712
Other receivables	6	89,441	168,507
Total current assets		<u>27,495,992</u>	<u>25,737,460</u>
<b>Non-current asset</b>			
Property, plant and equipment	7	<u>218,437</u>	<u>235,257</u>
<b>Total assets</b>		<u>27,714,429</u>	<u>25,972,717</u>
 <b><u>LIABILITIES, ENDOWMENT FUND AND REVENUE RESERVE</u></b>			
<b>Current liabilities</b>			
Other payables		67,910	418,186
Other payables to Service Division		<u>2,187,319</u>	<u>950,882</u>
Total current liabilities		<u>2,255,229</u>	<u>1,369,068</u>
<b>Endowment fund and revenue reserve</b>			
Endowment fund	8	4,000,000	4,000,000
Headstart fund	9	5,153,158	4,266,926
Revenue reserve		<u>16,306,042</u>	<u>16,336,723</u>
Total endowment fund and revenue reserve		<u>25,459,200</u>	<u>24,603,649</u>
<b>Total liabilities, endowment fund and revenue reserve</b>		<u>27,714,429</u>	<u>25,972,717</u>

See accompanying notes to financial statements.

**PAP COMMUNITY FOUNDATION  
CHARITY DIVISION**

**STATEMENT OF COMPREHENSIVE INCOME  
Financial year ended March 31, 2021**

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		\$	\$
<b>Income</b>	10	1,042,619	3,318,327
Donation and direct charitable expenses		(262,943)	(1,826,160)
Fund raising expenses		-	(263,593)
Employee benefits expense	11	(148,178)	(140,001)
Depreciation expense	7	(16,820)	(27,587)
Other operating expenses	12	<u>(89,677)</u>	<u>(432,920)</u>
<b>Surplus before tax</b>	13	525,001	628,066
Income tax	14	<u>-</u>	<u>-</u>
<b>Surplus for the financial year, representing total comprehensive income for the financial year</b>		<u>525,001</u>	<u>628,066</u>

See accompanying notes to financial statements.



**PAP COMMUNITY FOUNDATION  
CHARITY DIVISION**

**STATEMENT OF CHANGES IN ENDOWMENT FUND AND REVENUE RESERVE  
Financial year ended March 31, 2021**

	Endowment fund	Headstart fund	Revenue reserve	Total
	\$	\$	\$	\$
<b>Balance at April 1, 2019</b>	4,000,000	-	19,041,586	23,041,586
Movement between revenue reserve and Headstart fund	-	3,196,685	(3,196,685)	-
Surplus for the financial year, representing total comprehensive income for the financial year	-	-	628,066	628,066
Transfer to the Foundation, representing transaction with owner	-	-	(136,244)	(136,244)
Contribution from Foundation	-	<u>1,070,241</u>	-	<u>1,070,241</u>
<b>Balance at March 31, 2020</b>	4,000,000	4,266,926	16,336,723	24,603,649
Movement between revenue reserve and Headstart fund	-	400,000	(400,000)	-
Surplus for the financial year, representing total comprehensive income for the financial year	-	-	525,001	525,001
Transfer to the Foundation, representing transaction with owner	-	-	(155,682)	(155,682)
Contribution from Foundation	-	<u>486,232</u>	-	<u>486,232</u>
<b>Balance at March 31, 2021</b>	<u>4,000,000</u>	<u>5,153,158</u>	<u>16,306,042</u>	<u>25,459,200</u>

See accompanying notes to financial statements.

**PAP COMMUNITY FOUNDATION  
CHARITY DIVISION**

**STATEMENT OF CASH FLOWS  
Financial year ended March 31, 2021**

	2021	2020
	\$	\$
<b>Operating activities</b>		
Surplus before tax	525,001	628,066
Adjustments for:		
Depreciation expense	16,820	27,587
Interest income	(172,967)	(345,032)
Loss on disposal of property, plant and equipment	-	263,657
Operating surplus before changes in working capital	<u>368,854</u>	<u>574,278</u>
Other receivables	(34,701)	42,147
Other payables	(350,276)	381,962
Other payables to Service Division	1,236,437	(738,066)
Net cash from operating activities	<u>1,220,314</u>	<u>260,321</u>
<b>Investing activity</b>		
Interest received, representing net cash from investing activity	<u>286,734</u>	<u>322,826</u>
<b>Financing activity</b>		
Funds transfer from Foundation, representing net cash from financing activity	<u>330,550</u>	<u>933,997</u>
Net increase in cash and cash equivalents	1,837,598	1,517,144
Cash and cash equivalents at beginning of financial year	<u>25,568,953</u>	<u>24,051,809</u>
<b>Cash and cash equivalents at end of financial year (Note A)</b>	<u><u>27,406,551</u></u>	<u><u>25,568,953</u></u>

Note A

Cash and cash equivalents in the statement of cash flows consist of:

Cash at bank	11,000,641	9,425,241
Fixed deposits	<u>16,405,910</u>	<u>16,143,712</u>
Total	<u><u>27,406,551</u></u>	<u><u>25,568,953</u></u>

See accompanying notes to financial statements.

**PAP COMMUNITY FOUNDATION  
CHARITY DIVISION**

**NOTES TO FINANCIAL STATEMENTS  
March 31, 2021**

1 GENERAL

The PAP Community Foundation (the "Foundation") (Registration No. 198601011Z) was incorporated in the Republic of Singapore on May 17, 1986 as a public company limited by guarantee. Its registered office and principal place of business is at Blk 57B, New Upper Changi Road, #01-1402 PCF Building, Singapore 463057. The liability of each member of the Foundation is limited to an amount as may be required but not exceeding \$100. No contribution has been made by the members since the date of incorporation. There are ten members in the Foundation.

The Charity Division (Registration No. T02CC1585L) is a part of the Foundation and the attached financial statements have been prepared from the records of the Charity Division and reflect only the transactions recorded therein. The Service Division forms the remaining part of the Foundation and the combined financial statements are presented separately. The Service Division supports the activities of the Foundation in areas such as pre-school and senior care centres development and provide financial assistance to needy students. The Charity Management Committee (the "CMC") led by Chairman, Mr Lawrence Wong is tasked to oversee the activities of the Charity Division to ensure its objectives are met.

The financial statements are expressed in Singapore dollars, which is the Charity Division's functional currency.

On May 17, 1986, the Foundation was gazetted as an Institution of a Public Character and is exempted from income tax. The Institution of Public Character status expired on May 16, 2001 but was extended for 5 years from May 16, 2001 to May 15, 2006. On July 23, 2002, an internal division, Charity Division was set up and was granted charity status on July 25, 2002. The Institution of Public Character status was also granted for a period of five years with effect from July 24, 2002 and was subsequently extended to July 23, 2024. On July 24, 2002, the Foundation voluntarily gave up its Institution of Public Character ("IPC") status and transferred funds to the Charity Division.

Upon dissolution of the Charity Division, the remaining funds shall be distributed to other charitable organisations which are approved IPCs under Section 37(2) of the Income Tax Act and registered under the Charities Act Cap. 37.

The principal activity of the Charity Division is to promote the welfare and interests of the citizens of Singapore and to give donations to charitable/educational or other works in Singapore and the relief of poor and needy.

The financial statements of the Charity Division for the financial year ended March 31, 2021 were authorised for issue by the Board of Directors on September 3, 2021.

**BASIS OF ACCOUNTING** - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Financial Reporting Standards in Singapore ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

**PAP COMMUNITY FOUNDATION  
CHARITY DIVISION**

**NOTES TO FINANCIAL STATEMENTS  
March 31, 2021**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Charity Division takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**ADOPTION OF NEW AND REVISED STANDARDS** - In the current financial year, the Charity Division has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after April 1, 2020. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Charity Division's accounting policies and has no material effect on the amounts reported for the current or prior years.

**STANDARDS ISSUED BUT NOT EFFECTIVE** - At the date of authorisation of these financial statements, there are no FRSs pronouncements relevant to the Charity Division.

**FINANCIAL INSTRUMENTS** - Financial assets and financial liabilities are recognised on the statement of financial position when the Charity Division becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

**PAP COMMUNITY FOUNDATION  
CHARITY DIVISION**

**NOTES TO FINANCIAL STATEMENTS  
March 31, 2021**

**Financial assets**

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

Impairment of financial assets

The Charity Division recognises a loss allowance for expected credit losses ("ECL") on other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Charity Division recognises 12-month ECL on other receivables when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Charity Division measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

**PAP COMMUNITY FOUNDATION  
CHARITY DIVISION**

**NOTES TO FINANCIAL STATEMENTS  
March 31, 2021**

*Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Charity Division compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Charity Division considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

The Charity Division presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Charity Division has reasonable and supportable information that demonstrates otherwise.

The Charity Division assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Charity Division regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

*Definition of default*

The Charity Division considers that default has occurred when a financial asset is more than 90 days past due unless the Charity Division has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

*Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

*Write-off policy*

The Charity Division writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Charity Division's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

**PAP COMMUNITY FOUNDATION  
CHARITY DIVISION**

**NOTES TO FINANCIAL STATEMENTS  
March 31, 2021**

*Measurement and recognition of ECL*

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Charity Division in accordance with the contract and all the cash flows that the Charity Division expects to receive, discounted at the original effective interest rate.

If the Charity Division has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Charity Division measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Derecognition of financial assets

The Charity Division derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Charity Division neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Charity Division recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Charity Division retains substantially all the risks and rewards of ownership of a transferred financial asset, the Charity Division continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**Financial liabilities and equity instruments**

Classification as debt or equity

Financial liabilities and equity instruments issued by the Charity Division are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Charity Division after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently received at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Charity Division derecognises financial liabilities when, and only when, the Charity Division's obligations are discharged, cancelled or expired.

**PAP COMMUNITY FOUNDATION  
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**NOTES TO FINANCIAL STATEMENTS  
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**Offsetting arrangements**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Charity Division has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

ENDOWMENT FUND - The endowment fund forms part of a \$10 million endowment fund approved by the Commissioner for Inland Revenue for the Charity Division. The fund is to be built up using past and future surpluses from the revenue reserve. There is no planned timing of use for the fund

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	-	3.33% to 20%
Renovation	-	20%
Furniture and fittings and other assets	-	20% to 33.3%
Information technology projects/computers	-	33.3%

The estimated useful lives and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

IMPAIRMENT OF NON-FINANCIAL ASSETS - At the end of each reporting period, the Charity Division reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Charity Division estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.



**PAP COMMUNITY FOUNDATION  
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**NOTES TO FINANCIAL STATEMENTS  
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Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**PROVISIONS** - Provisions are recognised when the Charity Division has a present obligation (legal or constructive) as a result of a past event, it is probable that the Charity Division 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 reimbursement will be received and the amount of the receivable can be measured reliably.

**GOVERNMENT GRANTS** - Government grants are not recognised until there is reasonable assurance that the Charity Division will comply with the conditions attaching to them and the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Government grants whose primary condition is that the Charity Division should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

**REVENUE RECOGNITION** - Revenue is measured based on the consideration specified in a contract with a customer and excludes amount collected on behalf of third parties. The Charity Division recognises revenue when it transfers control of services to a customer.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Donation income

Donation income is recognised when the rights to receive such payment have been established.

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RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Charity Division's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

FOREIGN CURRENCY TRANSACTIONS - The financial statements of the Charity Division are measured and presented in Singapore dollars, which is the currency of the primary economic environment in which the Charity Division operates (its functional currency).

In preparing the financial statements, transactions in currencies other than the Charity Division's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

CASH AND CASH EQUIVALENTS IN STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash at bank, demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**3 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES  
OF ESTIMATION UNCERTAINTY**

In the application of the Charity Division's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

***Critical judgments in applying the Charity Division's accounting policies***

Management is of the opinion that any instances of application of judgement are not expected to have a significant effect on the amount recognised in the financial statements.

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***Key sources of estimation uncertainty***

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT**

**(a) *Categories of financial instruments***

The following table sets out the financial instruments as at the end of the reporting period:

	<u>2021</u>	<u>2020</u>
	\$	\$
<b>Financial assets</b>		
Financial assets at amortised cost	<u>27,445,341</u>	<u>25,737,460</u>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	<u>2,255,229</u>	<u>1,369,068</u>

**(b) *Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements***

The Charity Division does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting arrangements.

**(c) *Financial risk management policies and objectives***

The Charity Division's overall financial risk management programme seeks to minimise potential adverse effects on the financial performance of the Charity Division. The Charity Division has adopted risk management policies that seek to mitigate these risks in a cost-effective manner.

There has been no significant change to the Charity Division's exposure to these financial risks or the manner in which it manages and measures the risk.

**(i) Foreign currency risk management**

The Charity Division does not have any significant exposure to foreign exchange risk as it transacts mainly in Singapore dollars.

No sensitivity analysis is prepared as the Charity Division does not expect any significant effect on the Charity Division's profit or loss arising from the effects of reasonably possible changes to foreign currency exchange rates.

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(ii) Interest rate risk management

The Charity Division's policy is to maintain cash and cash equivalents in fixed interest rate instruments. Interests bearing financial assets are mainly bank balances which are all short-term in nature.

No sensitivity analysis is prepared as the Charity Division does not expect any significant effect on the Charity Division's profit or loss arising from the effects of reasonably possible changes to interest rates.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Charity Division.

The Charity Division's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	Other receivables: 12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Charity Division's financial assets as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit assessment	12-month or lifetime ECL	Gross carrying amount \$	Loss allowance \$	Net carrying amount \$
<u>2021</u>						
Other receivables	6	Performing	12-month ECL	38,790	-	38,790
<u>2020</u>						
Other receivables	6	Performing	12-month ECL	168,507	-	168,507

The Charity Division places its cash with reputable institutions.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses represents the Charity Division's maximum exposure to credit risk.

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(iv) Liquidity risk management

The Charity Division maintains sufficient cash and cash equivalents, and internally generated cash flows to finance its activities.

The Charity Division ensures sufficient liquidity at all times by efficient cash management and the Charity Division's ability to meet its obligations is managed by maintaining highly liquid assets in the form of time deposits.

All financial assets and financial liabilities as at the end of the financial period are non-interest bearing and repayable on demand or due within 1 year from the end of the reporting period.

(v) Fair values of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities as reported on the statement of financial position approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

(d) *Capital management policies and objectives*

The Charity Division manages its capital to ensure that the Charity Division will be able to continue as a going concern.

The capital structure of the Charity Division consists of funds and reserves as presented in the statement of changes in endowment fund and revenue reserve.

The Charity Division's overall strategy remains unchanged from the previous financial year.

5 FIXED DEPOSITS

Fixed deposits bear interests ranging from 0.25% to 0.65% (2020 : 1.58% to 2.02%) per annum and for a tenure of less than 12 months. The fixed deposits qualify as cash equivalents as they can be withdrawn at any point in time, except that the interest may be forfeited.

6 OTHER RECEIVABLES

	2021	2020
	\$	\$
Interest receivables	35,290	149,057
Donation receivables	3,500	19,450
Grant receivables	50,651	-
Total	<u>89,441</u>	<u>168,507</u>

Management believes that no loss allowance for other receivables is required as there has been no significant change in credit quality and the amount of receivables are recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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7 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Renovation	Furniture and fittings and other assets	IT projects and computers	Total
	\$	\$	\$	\$	\$
Cost:					
At April 1, 2019	1,063,290	57,426	12,188	3,649	1,136,553
Disposals	(553,600)	(57,426)	-	-	(611,026)
At March 31, 2020 and March 31, 2021	509,690	-	12,188	3,649	525,527
Accumulated depreciation:					
At April 1, 2019	536,789	57,426	12,188	3,649	610,052
Depreciation	27,587	-	-	-	27,587
Disposals	(289,943)	(57,426)	-	-	(347,369)
At March 31, 2020	274,433	-	12,188	3,649	290,270
Depreciation	16,820	-	-	-	16,820
At March 31, 2021	291,253	-	12,188	3,649	307,090
Carrying amount:					
At March 31, 2021	218,437	-	-	-	218,437
At March 31, 2020	235,257	-	-	-	235,257

8 ENDOWMENT FUND

The endowment fund forms part of a \$10 million endowment fund approved by the Commissioner for Inland Revenue Authority of Singapore. The fund is to be built up using past and future surpluses from the revenue reserve. There is no planned timing of use for the fund.

9 HEADSTART FUND

This represents the fund available to provide financial assistance to young children from lower income families.

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10 INCOME

	2021	2020
	\$	\$
Donation income (tax-exempt)	397,650	2,731,904
Donation income (non tax-exempt)	34,586	118,720
Donation income (sponsorship)	-	108,683
Grant income	428,571	5,714
Interest income on fixed deposits	172,967	345,032
Special project income	-	7,700
Others	8,845	574
Total	<u>1,042,619</u>	<u>3,318,327</u>

Donations (tax-exempt) amounting to \$85,790 (2020 : \$63,801) was received by the Charity Division for the Senior Care Centres. This donation was subsequently transferred to the senior care centre managed by the Service Division for the purpose of submission of request for matching grant from Community Service Trust ("CST") managed by the Agency of Integrated Care (Ministry of Health).

11 EMPLOYEE BENEFITS EXPENSE

	2021	2020
	\$	\$
Employee benefits expense include the following:		
Costs of defined contribution plans	<u>21,154</u>	<u>20,402</u>

12 OTHER OPERATING EXPENSES

	2021	2020
	\$	\$
Floral/Gifts	11,341	36,507
Functions and activities	60,394	114,233
Insurance	398	982
Loss on disposal of property, plant and equipment	-	263,657
Refreshment	890	2,469
Repair and maintenance	2,573	9,781
Others	14,081	5,291
Total	<u>89,677</u>	<u>432,920</u>

The loss on disposal of property, plant and equipment in 2020 arose due to the disposal of a building which was demolished to be rebuilt for one of the education centres.

13 SURPLUS BEFORE TAX

The remuneration of key management personnel is paid by the Foundation.

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14 INCOME TAX

The Charity Division is an approved charity under the Charities Act, Cap 37. Subject to compliance with certain conditions of the Income Tax Act, Cap 134, the Charity is exempt from income tax.

15 CORPORATE SOCIAL RESPONSIBILITIES PROGRAMME

In connection with PAP Community Foundation's corporate social responsibilities ("CSR") programmes, the Foundation has committed to contribute at least 10% of its surplus each year.

The Charity Division has been tasked to manage the CSR programmes which includes the Headstart Fund. In the current reporting period, \$2,489,924 of financial assistance has been disbursed as part of the Foundation's CSR programmes and commitment.