HALOGEN FOUNDATION (SINGAPORE)
Reg No : 200308081M
(Incorporated in the Republic of Singapore)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2020

HALOGEN FOUNDATION (SINGAPORE)
(Incorporated in the Republic of Singapore)

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DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of Halogen Foundation (Singapore) (the "Foundation") for the financial year ended 31 December 2020.

1. Opinion of the directors

In the opinion of the directors,

(i) the financial statements of the Foundation set out on pages 6 to 27 are drawn up so as to give a true and fair view of the financial position of the Foundation as at 31 December 2020 and of the financial performance, changes in funds and cash flows of the Foundation for the financial year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

2. Directors

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

Martin Tan Beng Chong	
Ramlee Bin Buang (Treasurer)	
Ann Tan Sian Ann (Dr)	
Derrick Kon Sen Choeng (Dr)	
Lim Hwee Seh	
Mark John Sayer	
Seah Gek Choo (She YuZhu)	
Thong Yuen Siew Jessie	
Tam Chee Chong	
Aaron Shahril Yusoff Maniam	(Appointed on 12 February 2020)
Tan Lai Yuen	(Appointed on 12 February 2020)

3. Arrangement to enable directors to acquire shares or debentures

The Foundation is limited by guarantee and has no share capital. Neither at the end of nor at any time during the financial year was the Foundation a party to any arrangement whose object is to enable the directors of the Foundation to acquire benefits by means of the acquisitions of shares or debentures of the Foundation or any other body corporate.

4. Directors' interests in shares or debentures

The Foundation is limited by guarantee and has no share capital. The Foundation has not issued any debentures and does not have any shares in related corporation. By virtue of the provision of Section 164 of the Singapore Companies Act, Cap. 50, no director who holds office at the end of the financial year has any interest in the Foundation.

5. Share options

As the Foundation is limited by guarantee, matters relating to share options are not applicable.

6. Auditors

The auditors, Precursor Assurance PAC, have expressed their willingness to accept re-appointment.

On behalf of the board of directors,

Martin Tan Beng Chong

Ramlee Bin Buang (Treasurer)

Date: 21 May 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALOGEN FOUNDATION (SINGAPORE)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Halogen Foundation (Singapore) (the "Foundation"), which comprise the statement of financial position of the Foundation as at 31 December 2020, the statement of comprehensive income, statement of changes in funds and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore (the "FRSs"), so as to give a true and fair view of the financial position of the Foundation as at 31 December 2020 and of the financial activities, changes in funds and cash flows of the Foundation for the financial year ended on that date.

Basis of Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation 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 for our opinion.

Other Matter: Prior Year Financial Statements Audited by a Predecessor Auditor

The financial statements for the previous financial year ended 31 December 2019 were audited by another auditor whose report dated 20 August 2020 expressed an unqualified opinion on those financial statements.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement as set out on pages 1 to 2.

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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALOGEN FOUNDATION (SINGAPORE) ("CONTINUED")

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 Regulations 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 that 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Foundation'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 it 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 Foundation's internal control.

- Evaluate on the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALOGEN FOUNDATION (SINGAPORE) ("CONTINUED")

- 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 Foundation's ability to continue as 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 Foundation 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 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 Companies Act and the Charities Act and Regulations to be kept by the Foundation 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 financial year:

(a) the use of donation money was not in accordance with the objectives of the Foundation as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and

(b) the Foundation has not complied with the requirements of Regulation 15 (fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

Precursor Assurance PAC
Public Accountants and
Chartered Accountants

Singapore
Date: 21 May 2021

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Restricted funds			Unrestricted funds	
	Note	Halogen SPARK! (NFTE)	Care and Share	Total restricted funds	General funds	Total funds
		$	$	$	$	$
2020						
Income						
Donations (including fund raising)	3	102,600	-	102,600	646,180	748,780
Grants	4	412,991	332,129	745,120	145,572	890,692
Academy income		12,525	-	12,525	402,316	414,841
Merchandise sales		-	-	-	10	10
Other income	5	-	-	-	511,039	511,039
Total income		528,116	332,129	860,245	1,705,117	2,565,362
Expenditure						
Academy expenses		60,574	15,312	75,886	53,665	129,551
Fund raising expenses		-	-	-	46,406	46,406
Depreciation of plant and equipment		17,994	-	17,994	38,291	56,285
Amortisation of intangible assets		-	-	-	4,746	4,746
Depreciation of right-of-use assets		31,393	-	31,393	73,252	104,645
Other expenses		60,187	5,801	65,988	199,318	265,306
Staff costs	6	358,217	9,868	368,085	885,304	1,253,389
Total expenditure		528,365	30,981	559,346	1,300,982	1,860,328
(Deficit)/Surplus before tax	7	(249)	301,148	300,899	404,135	705,034
Income tax	8	-	-	-	-	-
(Deficit)/Surplus for the year, representing total comprehensive (loss)/income for the year		(249)	301,148	300,899	404,135	705,034

The accompanying notes form an integral part of the financial statements

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 ("CONTINUED")

		Restricted funds			Unrestricted funds	
	Note	Halogen SPARK! (NFTE)	Care and Share	Total restricted funds	General funds	Total funds
		$	$	$	$	$
2019						
Income						
Sponsorships in kind		-	-	-	100,623	100,623
Donations (including fund raising)	3	307,200	-	307,200	278,716	585,916
Grants	4	538,356	322,129	860,485	137,966	998,451
Academy income		10,200	-	10,200	599,604	609,804
Merchandise sales		-	-	-	17,962	17,962
Other income	5	-	-	-	134,569	134,569
Total income		855,756	322,129	1,177,885	1,269,440	2,447,325
Expenditure						
Academy expenses		100,147	28,238	128,385	113,901	242,286
Fund raising expenses		-	-	-	306,220	306,220
Depreciation of plant and equipment		24,296	-	24,296	45,111	69,407
Amortisation of intangible assets		-	-	-	15,818	15,818
Depreciation of right-of-use assets		39,710	-	39,710	65,153	104,863
Other expenses		-	15,553	15,553	97,599	113,152
Staff costs	6	431,680	6,451	438,131	839,190	1,277,321
Total expenditure		595,833	50,242	646,075	1,482,992	2,129,067
Surplus/(Deficit) before tax	7	259,923	271,887	531,810	(213,552)	318,258
Income tax	8	-	-	-	-	-
Surplus/(Deficit) for the year, representing total comprehensive income/(loss) for the year		259,923	271,887	531,810	(213,552)	318,258

The accompanying notes form an integral part of the financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020	2019
		$	$
ASSETS			
Non-current assets			
Plant and equipment	9	25,239	62,566
Intangible assets	10	12,935	11,681
Right-of-use assets	11	277,860	385,065
		316,034	459,312
Current assets			
Trade and other receivables	12	133,234	110,970
Prepayments		25,741	39,347
Cash and cash equivalents	13	4,527,296	4,126,040
		4,686,271	4,276,357
Total assets		5,002,305	4,735,669
FUNDS			
Restricted funds		1,708,251	1,407,352
Unrestricted funds		2,583,933	2,179,798
Total funds		4,292,184	3,587,150
LIABILITIES			
Non-current liability			
Lease liabilities	14	179,842	283,200
Current liabilities			
Lease liabilities	14	100,379	111,709
Trade and other payables	15	236,417	191,208
Deferred income	16	193,483	562,402
		530,279	865,319
Total liabilities		710,121	1,148,519
Total funds and liabilities		5,002,305	4,735,669

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Restricted funds	**Unrestricted funds**	**Total funds**
	$	**$**	**$**
Balance as at 01 January 2019	875,542	2,393,350	3,268,892
Total comprehensive income/(loss) for the year	531,810	(213,552)	318,258
Balance as at 31 December 2019	1,407,352	2,179,798	3,587,150
Balance as at 01 January 2020	1,407,352	2,179,798	3,587,150
Total comprehensive income for the year	300,899	404,135	705,034
Balance as at 31 December 2020	1,708,251	2,583,933	4,292,184

The accompanying notes form an integral part of the financial statements

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020	2019
	$	$
Cash flows from operating activities		
Surplus before tax	705,034	318,258
Adjustments for:		
- Depreciation of plant and equipment	56,285	69,407
- Amortisation of intangible assets	4,746	15,818
- Depreciation of right-of-use assets	104,645	104,863
- Lease modification	(13,240)	-
- Rent concession	(18,618)	-
- Interest expense	18,144	23,457
- Interest income	(44,944)	(51,076)
Operating cash flows before working capital changes	812,052	480,727
Change in operating assets and liabilities:		
- Trade and other receivables	(2,410)	256,329
- Prepayments	13,606	(37,727)
- Trade and other payables	45,209	33,097
- Deferred revenue	(368,919)	194,672
Net cash generated from operations	499,538	927,098
Interest income received	25,090	52,963
Net cash generated from operating activities	524,628	980,061
Cash flows from investing activities		
Purchase of plant and equipment	(18,958)	(5,869)
Purchase of intangible assets	(6,000)	-
Net cash used in investing activities	(24,958)	(5,869)
Cash flows from financing activities		
Repayment of principal portion of lease liabilities	(80,270)	(95,019)
Repayment of interest portion on lease liabilities	(18,144)	(23,457)
Net cash used in financing activities	(98,414)	(118,476)
Net increase in cash and cash equivalents	401,256	855,716
Cash and cash equivalents at beginning of the year	4,126,040	3,270,324
Cash and cash equivalents at end of the year	4,527,296	4,126,040

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

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

1. General

The Foundation is a foundation limited by guarantee and not having a share capital and it is incorporated and domiciled in Singapore. The address of its registered office is 133 New Bridge Road, #13-10 Chinatown Point, Singapore 059413 and the principal place of business is 336 Smith Street #07-303, Singapore 050336.

The Foundation is a registered charity under the Charities Act, Chapter 37 since 15 November 2003 and has been awarded the Institution of a Public Character ("IPC") status for the period from 01 October 2019 to 30 September 2021.

The principal activities of the Foundation is to undertake, pursue, promote and advance educational, leadership and entrepreneurial causes and activities among young leaders and entrepreneurs irrespective of race, creed or religion. The Foundation relies mainly on sponsorships, grants and donations to fund such activities for needy and underprivileged youth.

2. Significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations"), and Financial Reporting Standards in Singapore ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The Foundation has adopted all the new/revised FRS and Interpretations to FRS ("INT FRS") that are relevant to its operations and are mandatory for the financial period beginning on or after 01 January 2020. The adoption of these standards did not result in material changes to the Foundation's financial statements.

Standards issued but not yet effective

The Foundation has not adopted the following standards, interpretations and amendments that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 116: *Covid-19 – Related Rent Concessions*	01 June 2020
Amendments to FRS 109, FRS 39, FRS 107, FRS 104, FRS 116: *Interest Rate Benchmark Reform – Phase 2*	01 January 2021
Amendments to FRS 103: *Reference to the Conceptual Framework*	01 January 2022
Amendments to FRS 16: *Property,Plant and Equipment – Proceeds before Intented Use*	01 January 2022
Amendments to FRS 37: *Onerous Contracts – Cost of Fulfilling a Contract*	01 January 2022

Description	Effective for annual periods beginning on or after
Annual Improvements to FRSs 2018 - 2020	01 January 2022
Amendments to FRS 1: Classification of Liabilities as Current or Non-current	01 January 2023
Amendments to FRS 117: *Insurance Contracts*	01 January 2023
Amendments to FRS 110 and FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined
Amendments to FRS 104: *Extension of the Temporary Exemption from Applying FRS 109*	Date to be determined

The Foundation expects that the adoption of the above standards, interpretations and amendments will not have material impact on the financial statements in the period of initial application.

Functional and presentation currency

The financial statements of the Foundation are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Singapore Dollar ("$"), which is the Foundation's functional and presentation currency.

Property, plant and equipment

(a) Measurement

All property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items.

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives (years)
Computers	3
Furniture and fittings	3
Office equipment	2
Renovation	3 to 5
Right-of-use assets	3

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

(c) Subsequent expenditure

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 made, will flow to the Foundation and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

(d) Disposal

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.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost, which includes the purchase price and other directly attributable cost of preparing the asset for its intended use. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, is not capitalised and is recognised in the profit or loss in the financial year in which the expenditure is incurred.

Intangible assets with finite lives is amortised on a straight-line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible asset with finite life is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

	Useful life (years)
Software	5
Trademark	10

Gain or loss arising from de-recognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

Impairment of non-financial assets

Non-financial assets 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. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

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

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the assets' 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 had no impairment loss been recognised for the asset in prior financial year. A reversal of impairment loss for an asset is recognised in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when, and only when, the Foundation becomes a party to the contractual provisions of the financial instrument.

(a) Financial assets

The Foundation classifies its financial assets into one of the following categories: (i) amortised cost, (ii) fair value through other comprehensive income, and (iii) fair value through profit or loss, depending on the Foundation's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets. The Foundation shall reclassify its affected financial assets when the Foundation changes its business model for managing these financial assets. As at end of the reporting period, the Foundation only has financial asset at amortised costs and its accounting policy is as follows:

Financial asset at amortised cost (debt instruments)

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is recognised using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within FRS 109 *Financial Instruments* ("FRS 109") using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

Derecognition of financial assets

The Foundation derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

(b) Financial liabilities

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 method.

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 and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions.

Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Foundation has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Funds

Unrestricted funds

Unrestricted funds include funds to manage the daily operations of the Foundation.

Restricted funds

Donations to fund designated projects are taken directly to the restricted funds.

Income, expenditure, assets and liabilities of all funds are pooled in the statement of comprehensive income and statement of financial position.

Revenue recognition

Revenue is measured based on the consideration to which the Foundation expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Foundation satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Grants

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

(b) Rendering of services

Revenue from rendering services are recognised when the services are completed.

(c) Donations and sponsorships

Revenue from committed donations from government agencies are recognised when government agencies, provide written commitments and there are no uncertainties regarding receipts.

(d) Merchandise sales

Revenue from merchandise sales is recognised when the Foundation has delivered the products to the customer, the customer has accepted the products and the collectability of the related receivables is reasonably assured.

(e) Interest income

Interest income is recognised using the effective interest rate method.

Expenditures

All expenditures are accounted for on an accrual basis, aggregated under the respective areas as soon as there is a legal or constructive obligation committing the Foundation to make payment. Direct costs are attributed to the activity where possible. Where costs cannot be wholly attributable to an activity, they have been apportioned on a basis consistent with the use of resources.

Leases

As lessee

The Foundation applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Foundation recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

(i) Right-of-use assets

The Foundation recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Foundation at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

(ii) Lease liabilities

At the commencement date of the lease, the Foundation recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Foundation and payments of penalties for terminating the lease, if the lease term reflects the Foundation exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

(iii) Short-term leases and leases of low-value assets

The Foundation applies the short-term lease recognition exemption to its short-term leases of machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Foundation pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Foundation's contribution to defined contribution plans are recognised in the financial year to which they relate.

Employee leave entitlement

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

Related parties

Related party is defined as follows:

a) A person or a close member of that person's family is related to the Foundation if that person:

   i) Has control or joint control over the Foundation;

   ii) Has significant influence over the Foundation; or

   iii) Is a member of the key management personnel of the Foundation or of a parent of the Foundation.

b) An entity is related to the Foundation if any of the following conditions applies:

i) The entity and the Foundation are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to others);

ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of the group of which the other entity is a member);

iii) Both entities are joint ventures of the same third party;

iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

v) The entity is a post-employment benefit plan for the benefit of employees of either the Foundation or an entity related to the Foundation. If the Foundation is itself such a plan, the sponsoring employers are also related to the Foundation;

vi) The entity is controlled or jointly controlled by a person identified in (a);

vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Financial risk management

The Foundation's overall business strategies, its tolerance of risks and its risk management philosophy are determined by the board of directors in accordance with prevailing economic and operating conditions.

The main risks arising from the Foundation's operations are credit risk and liquidity risk. The Foundation is not exposed to interest rate risk, price risk and foreign currency risk. The board of directors reviews and agrees policies for their risks and they are summarised below:

Credit risk

Credit risk is the potential financial loss resulting from the ability of a customer or a counterparty to settle its financial and contractual obligations to the Foundation, as and when they fall due.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the statement of financial position. The Foundation's major classes of financial assets are cash and cash equivalents and trade and other receivables.

Cash and cash equivalents are placed with banks and financial institutions which are regulated.

The Foundation uses simplified approach under FRS 109 in form of allowance matrix to measure the Expected Credit Losses ("ECL") for trade receivables, where the loss allowance is equal to lifetime ECL.

The following table provides information about the exposure to credit risk and ECL for trade receivables as at the end of the reporting period:

	Expected loss rate	Gross carrying amount	Loss allowance
	%	$	$
2020			
Current (not past due)	-	39,659	-
2019			
Current (not past due)	-	8,094	-

Liquidity risk

Liquidity risk arises in the general funding of the Foundation's operating activities. It includes the risks of not being able to fund operating activities at settlement dates and liquidate positions in a timely manner at a reasonable price.

In the management of liquidity risk, the Foundation monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Foundation's operations and mitigate the effect of the fluctuations in cash flows.

The table below analyses the maturity profile of the financial liabilities of the Foundation, including estimated interest payments.

	Less than 1 year	Within 1 to 5 years	Total
	$	$	$
2020			
Trade and other payables	236,417	-	236,417
Lease liabilities	112,698	188,296	300,994
	349,115	188,296	537,411
2019			
Trade and other payables	191,208	-	191,208
Lease liabilities	118,476	316,643	435,119
	309,684	316,643	626,327

Capital risk management

The primary objective of the Foundation's capital management is to ensure that its maintains sufficient funds to support its operations.

The Foundation manages its capital structure and makes adjustment to it, in light of changes in economic conditions. The immediate focus is to continue to optimise its operations with prudent cash management. The Foundation will continue to be guided by prudent financial policies.

There was no change to the Foundation's approach to capital management during the financial years ended 31 December 2020 and 31 December 2019.

Fair value of financial assets and financial liabilities

The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

Trade and other receivables, cash and cash equivalents and trade and other payables

The fair values of these financial instruments approximate their carrying amounts at the end of the reporting period because of their short term maturity.

Lease liabilities

The fair value of the lease liabilities are determined by discounting the relevant cash flow using current interest rate for similar instruments at the end of the reporting period.

There is no significant difference between the fair value and the carrying amount of the lease liabilities as at end of the reporting period.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Foundation's accounting policies. It also requires the use of certain accounting estimates and assumptions. There are no areas involving higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements.

Determination of lease term of contracts with extension options

The Foundation determines the lease term as the non-cancellable term of the leases, together with any periods covered by an option to extend the leases if it is reasonably certain to be exercised, or any periods covered by an option to terminate the leases, if it is reasonably certain not to be exercised.

The Foundation has several lease contracts that include extension options. The Foundation applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend the leases. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the Foundation reassesses the lease term whether there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend (e.g. construction of significant leasehold improvements or significant customisation to the leased assets).

The extension options are not included as part of the lease term because it is not reasonably certain that the leases will be extended.

3. Donations

The Foundation was first awarded the Institution of Public Character ('IPC') status on 16 November 2007 for a period of one year, expiring on 15 November 2008. The IPC status has since been renewed and will be expiring on 30 September 2021.

As an IPC, the Foundation enjoys a concessionary tax treatment whereby qualifying donors are granted 2.5 times tax deduction for the donations made to the Foundation. The tax-exempt receipts for donations collected during the year are as follows:

	2020	2019
	$	$
Tax-exempt receipts issued	646,180	287,682
Non tax-exempt receipts	102,600	308,234
	748,780	595,916

4. Grants

These relate to cash grants received from government agencies and corporate donors.

5. Other income

	2020	2019
	$	$
Interest income	44,944	51,076
Reimbursement from Ministry of Manpower	-	5,669
Wages credit scheme	116,581	40,461
Job Support Scheme (Note A)	290,688	-
Employments and Employability Institute (for flexi work arrangement)	25,000	25,000
Rent concession	18,618	-
Lease modification	13,240	-
Others	1,968	12,363
	511,039	134,569

Note A: The Job Support Scheme (the "JSS") is a temporary scheme introduced in Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

6. Staff costs

	2020	2019
	$	$
Salaries, wages and bonuses	1,072,255	1,102,217
Employer's contribution to defined contribution plans	181,134	175,104
	1,253,389	1,277,321
Key management personnel remuneration (Included under staff costs)	251,290	279,643

No employees received more than $100,000 in annual remuneration for the financial years ended 2020 and 2019. There is no compensation paid to directors for the financial years ended 2020 and 2019.

7. Surplus before tax

Surplus before tax has been arrived at after charging/(crediting):

	2020	2019
	$	$
Depreciation of plant and equipment	56,285	69,407
Amortisation of intangible assets	4,746	15,818
Depreciation of right-of-use asset	104,645	104,863
Interest expense on lease liabilities	18,144	23,457
Interest income	(44,944)	(51,076)

8. Income tax

The Foundation is registered as a charity under the Charities Act, Chapter 37. According to the Income Tax (Amendment) Bill 2007, with effect from the Year of Assessment 2008, all registered charities will enjoy automatic income tax exemption.

9. Plant and equipment

	Computers	Furniture and fittings	Office equipment	Renovation	Total
	$	$	$	$	$
Cost					
Balance as at 01 January 2019	50,081	22,052	34,316	122,642	229,091
Additions	4,801	-	1,068	-	5,869
Balance as at 31 December 2019	54,882	22,052	35,384	122,642	234,960
Balance as at 01 January 2020	54,882	22,052	35,384	122,642	234,960
Additions	14,795	-	-	4,163	18,958
Balance as at 31 December 2020	69,677	22,052	35,384	126,805	253,918
Accumulated depreciation					
Balance as at 01 January 2019	38,289	7,148	20,374	37,176	102,987
Depreciation charge	7,220	7,351	13,960	40,876	69,407
Balance as at 31 December 2019	45,509	14,499	34,334	78,052	172,394
Balance as at 01 January 2020	45,509	14,499	34,334	78,052	172,394
Depreciation charge	6,982	7,351	961	40,991	56,285
Balance as at 31 December 2020	52,491	21,850	35,295	119,043	228,679
Net carrying value as at 31 December 2019	9,373	7,553	1,050	44,590	62,566
Net carrying value as at 31 December 2020	17,186	202	89	7,762	25,239

10. Intangible assets

	Software	Trademark	Total
	$	$	$
Cost			
Balance as at 01 January 2019 and 31 December 2019	81,648	10,534	92,182
Balance as at 01 January 2020	81,648	10,534	92,182
Additions	6,000	-	6,000
Balance as at 31 December 2020	87,648	10,534	98,182
Accumulated amortisation			
Balance as at 01 January 2019	63,191	1,492	64,683
Additions	14,766	1,052	15,818
Balance as at 31 December 2019	77,957	2,544	80,501
Balance as at 01 January 2020	77,957	2,544	80,501
Additions	3,691	1,055	4,746
Balance as at 31 December 2020	81,648	3,599	85,247
Net carrying value as at 31 December 2019	3,691	7,990	11,681
Net carrying value as at 31 December 2020	6,000	6,935	12,935

11. Right-of-use assets

	Office space	Office equipment	Total
	$	$	$
Cost			
Balance as at 01 January 2019, representing balance as at 31 December 2019	465,102	24,826	489,928
Balance as at 01 January 2020	465,102	24,826	489,928
Lease modification	(2,560)	-	(2,560)
Balance as at 31 December 2020	462,542	24,826	487,368
Accumulated depreciation			
Additions, representing balance as at 31 December 2019	98,783	6,080	104,863
Balance as at 01 January 2020	98,783	6,080	104,863
Additions	98,565	6,080	104,645
Balance as at 31 December 2020	197,348	12,160	209,508
Net carrying value as at 31 December 2019	366,319	18,746	385,065
Net carrying value as at 31 December 2020	265,194	12,666	277,860

12. Trade and other receivables

	2020	2019
	$	$
Trade receivables	39,659	8,094
Deposits	12,754	12,754
Other receivables	80,821	90,122
	133,234	110,970

13. Cash and cash equivalents

	2020	2019
	$	$
Cash and bank balances	3,327,296	1,855,182
Fixed deposits (Note 1)	1,200,000	2,270,858
	4,527,296	4,126,040

Note 1: The fixed deposits of the Foundation bear interests at 1.80% (2019: ranging from 1.30% to 1.90%) per annum and have maturity period of 12 months (2019: ranging from 6 to 12 months).

14. Lease liabilities

(a) Lease liabilities

	2020	2019
	$	$
Current	100,379	111,709
Non-current	179,842	283,200
	280,221	394,909

A reconciliation of liabilities arising from financing activities is as follows:

				Non-cash changes			
	01/01/2020	Cash flows	Rent concessions	Lease modification	Accretion of interests	Others	31/12/2020
	$	$	$	$	$	$	$
2020							
Lease liabilities:							
- Current	111,709	(98,414)	(18,618)	(12,821)	18,144	100,379	100,379
- Non-current	283,200	-	-	(2,979)	-	(100,379)	179,842
	394,909	(98,414)	(18,618)	(15,800)	18,144	-	280,221

	01/01/2019	Cash flows	Non-cash changes Acquisition	Accretion of interests	Others	31/12/2019
	$	$	$	$	$	$
2019						
Lease liabilities:						
- Current	95,019	(118,476)	-	23,457	111,709	111,709
- Non-current	394,909	-	-	-	(111,709)	283,200
	489,928	(118,476)	-	23,457	-	394,909

(b) Movement in the carrying amounts of right-of-use asset disclosed in Note 11 to the financial statements

	Right-of-use assets
	$
Balance as at 01 January 2020	385,065
Lease modification	(2,560)
Depreciation	(104,645)
Balance as at 31 December 2020	277,860
Balance as at 01 January 2019	489,928
Depreciation	(104,863)
Balance as at 31 December 2019	385,065

(c) Total cash outflow

During the financial year, the Foundation had total cash outflows for leases of approximately $117,000 (2019: $133,000).

15. Trade and other payables

	2020	2019
	$	$
Trade payables	17,416	12,208
Accrued operating expenses	219,001	179,000
	236,417	191,208

16. Deferred income

Deferred income represents donations received in advance for events planned for the following year.

17. Restricted and Unrestricted funds

Restricted funds

This relates to Halogen SPARK! – Network for Teaching Entrepreneurship (NFTE) and is a funded programme designed to activate the entrepreneurial mindset and build business skills in youth from underprivileged communities. NFTE's innovative, hands-on curriculum allows young people to learn entrepreneurial skills and attitudes through activities such as opportunity recognition and market research.

Unrestricted funds

These are funds used for running other general programmes for youths and to manage daily operations of the Foundation.

18. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the board of directors of Halogen Foundation (Singapore) on 21 May 2021.