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

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

CONTENTS PAGES

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 2022.

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 2022 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
Ann Tan Sian Ann (Dr)
Derrick Kon Sen Choeng (Dr)
Lim Hwee Seh
Mark John Sayer (Treasurer)
Seah Gek Choo (She YuZhu)
Thong Yuen Siew Jessie
Aaron Shahril Yusoff Maniam
Tan Lai Yuen
William Bruce Grahame Padfield
Cherie Lim E-Ling (Appointed on 15 November 2022)

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 1967, 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,

Aaron Sharil Yusoff Maniam	Mark John Sayer (Treasurer)

Date: 12 May 2023

Precursor Assurance PAC
Chartered Accountants of Singapore
UEN NO.: 201003376K

INDEPENDENT AUDITORS' 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 2022, 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 provision of the Singapore Companies Act 1967 (the "Act"), 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 2022 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 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.

A: 60 Albert Street, #14-04 OG Albert Complex, Singapore 189969 | T: +65 6336 5500 | E: clients@precursor.com.sg | W: www.precursor.com.sg

INDEPENDENT AUDITORS' 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 Act, 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.

Auditors' 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 auditors' 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 skepticism 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 Foundation's internal control.

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

Precursor Assurance PAC
Chartered Accountants of Singapore
UEN NO.: 201003376K

INDEPENDENT AUDITORS' 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 auditors' 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 auditors' 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 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

Precursor Assurance PAC
Public Accountants and
Chartered Accountants

Singapore
Date: 12 May 2023

A: 60 Albert Street, #14-04 OG Albert Complex, Singapore 189969 | T: +65 6336 5500 | E: clients@precursor.com.sg | W: www.precursor.com.sg

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Restricted funds: Halogen SPARK! (NFTE)	Restricted funds: Care and Share	Total restricted funds	Unrestricted funds: General funds	Total funds
		$	$	$	$	$
2022						
Income						
Donations (including fund raising)	3	2,555	-	2,555	475,891	478,446
Grants - others	4	233,414	214,753	448,167	573,557	1,021,724
Grants - TBSSF	4	231,166	-	231,166	-	231,166
Academy income		11,088	-	11,088	618,395	629,483
Merchandise sales		-	-	-	290	290
Other income	5	1,050	-	1,050	72,357	73,407
Sponsorship in-kind		-	-	-	62,520	62,520
Total income		479,273	214,753	694,026	1,803,010	2,497,036
Expenditure						
Academy expenses		160,216	24,290	184,506	138,154	322,660
Fund raising expenses		-	-	-	95,851	95,851
Depreciation of plant and equipment		5,085	11,864	16,949	-	16,949
Amortisation of intangible assets		-	-	-	19,481	19,481
Depreciation of right-of-use assets		31,269	-	31,269	72,960	104,229
Other expenses		58,383	5,482	63,865	209,332	273,197
Staff costs	6	448,488	172,008	620,496	1,023,778	1,644,274
Sponsorship in-kind		-	-	-	62,520	62,520
Total expenditure		703,441	213,644	917,085	1,622,076	2,539,161
(Deficit)/Surplus before tax	7	(224,168)	1,109	(223,059)	180,934	(42,125)
Income tax	8	-	-	-	-	-
(Deficit)/Surplus for the year, representing total comprehensive (loss)/income for the year		(224,168)	1,109	(223,059)	180,934	(42,125)

The accompanying notes form an integral part of the financial statements

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 ("CONTINUED")

	Note	Restricted funds Halogen SPARK! (NFTE)	Care and Share	Total restricted funds	Unrestricted funds General funds	Total funds
		$	$	$	$	$
2021						
Income						
Donations (including fund raising)	3	167,226	-	167,226	189,066	356,292
Grants - others	4	199,430	-	199,430	923,833	1,123,263
Grants - TBSSF	4	230,394	-	230,394	-	230,394
Academy income		5,372	-	5,372	488,996	494,368
Merchandise sales		-	-	-	369	369
Other income	5	-	-	-	62,750	62,750
Total income		602,422	-	602,422	1,665,014	2,267,436
Expenditure						
Academy expenses		120,503	76,156	196,659	135,188	331,847
Fund raising expenses		-	-	-	20,182	20,182
Depreciation of plant and equipment		4,836	11,283	16,119	-	16,119
Amortisation of intangible assets		-	-	-	13,312	13,312
Depreciation of right-of-use assets		31,199	-	31,199	72,799	103,998
Other expenses		52,648	28,016	80,664	167,762	248,426
Staff costs	6	399,688	354,454	754,142	578,151	1,332,293
Total expenditure		608,874	469,909	1,078,783	987,394	2,066,177
(Deficit)/Surplus before tax	7	(6,452)	(469,909)	(476,361)	677,620	201,259
Income tax	8	-	-	-	-	-
(Deficit)/Surplus for the year, representing total comprehensive (loss)/income for the year		(6,452)	(469,909)	(476,361)	677,620	201,259

The accompanying notes form an integral part of the financial statements

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022	2021
		$	$
ASSETS			
Non-current assets			
Plant and equipment	9	28,943	28,499
Intangible assets	10	33,934	44,415
Right-of-use assets	11	99,778	173,862
		162,655	246,776
Current assets			
Trade and other receivables	12	300,106	105,918
Prepayments		15,905	17,756
Cash and cash equivalents	13	4,345,972	4,507,985
		4,661,983	4,631,659
Total assets		4,824,638	4,878,435
LIABILITIES			
Non-current liability			
Lease liabilities	14	25,474	74,064
Current liabilities			
Lease liabilities	14	79,005	105,304
Trade and other payables	15	165,880	110,677
Deferred income	16	102,961	94,947
		347,846	310,928
Total liabilities		373,320	384,992
FUNDS			
Restricted funds			
- Halogen SPARK! (NFTE)		42,027	266,195
- Care and Share		-	(1,109)
	17	42,027	265,086
Unrestricted funds	17	4,409,291	4,228,357
Total funds		4,451,318	4,493,443
Total funds and liabilities		4,824,638	4,878,435

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Restricted funds			Unrestricted funds	
	Note	**Halogen SPARK! (NFTE)**	**Care and Share**	**Total restricted funds**	**General funds**	**Total funds**
		$	**$**	**$**	**$**	**$**
Balance as at 01 January 2021, previously presented		272,647	1,435,604	1,708,251	2,583,933	4,292,184
Prior year reclassification	18	-	(966,804)	(966,804)	966,804	-
Balance as at 01 January 2021, re-presented		272,647	468,800	741,447	3,550,737	4,292,184
Total comprehensive (loss)/income for the year		(6,452)	(469,909)	(476,361)	677,620	201,259
Balance as at 31 December 2021		266,195	(1,109)	265,086	4,228,357	4,493,443
Balance as at 01 January 2022		266,195	(1,109)	265,086	4,228,357	4,493,443
Total comprehensive (loss)/income for the year		(224,168)	1,109	(223,059)	180,934	(42,125)
Balance as at 31 December 2022		42,027	-	42,027	4,409,291	4,451,318

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	2022	2021
	$	$
Cash flows from operating activities		
(Deficit)/Surplus before tax	(256,878)	201,259
Adjustments for:		
- Depreciation of plant and equipment	16,949	16,119
- Amortisation of intangible assets	19,481	13,312
- Depreciation of right-of-use assets	104,229	103,998
- Loss on lease modification	456	-
- Interest expense	7,578	12,319
- Interest income	(13,603)	(2,583)
Operating cash flows before working capital changes	(121,788)	344,424
Change in operating assets and liabilities:		
- Trade and other receivables	20,565	7,462
- Prepayments	1,851	7,985
- Trade and other payables	55,203	(125,740)
- Deferred revenue	8,014	(98,536)
Net cash (used in)/generated from operations	(36,155)	135,595
Interest income received	13,603	22,437
Net cash (used in)/generated from operating activities	(22,552)	158,032
Cash flows from investing activities		
Purchase of plant and equipment	(17,393)	(19,379)
Purchase of intangible assets	(9,000)	(44,792)
Net cash used in investing activities	(26,393)	(64,171)
Cash flows from financing activities		
Repayment of principal portion of lease liabilities	(105,490)	(100,853)
Repayment of interest portion on lease liabilities	(7,578)	(12,319)
Net cash used in financing activities	(113,068)	(113,172)
Net decrease in cash and cash equivalents	(162,013)	(19,311)
Cash and cash equivalents at beginning of the year	4,507,985	4,527,296
Cash and cash equivalents at end of the year	4,345,972	4,507,985

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 on 16 November 2007. The IPC status has since been renewed and will be expiring on 30 September 2024.

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 2022. 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 1 *Presentation of Financial Statements*: *Disclosure of Accounting Policies*	01 January 2023
Amendments to FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*: *Definition of Accounting Estimates*	01 January 2023
Amendments to FRS 12 *Income Taxes*: *Deferred Tax Related to Assets and Liabilities arising from a Single Transaction*	01 January 2023
Amendments to FRS 116 *Leases: Lease Liability in a Sale and Leaseback*	01 January 2024

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 *Presentation of Financial Statements*: *Non-current Liabilities with Covenants*	01 January 2024
Amendments to FRS 1 *Presentation of Financial Statements*: *Classification of Liabilities as Current or Non-current*	01 January 2024
Amendments to FRS 110 *Consolidated Financial Statements and* FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	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 when available for use. The estimated useful lives are as follows:

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

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.

<u>Intangible assets</u>

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.

<u>Impairment of non-financial assets</u>

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.

<u>Expenditures</u>

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.

<u>Leases</u>

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.

<u>Financial risk management</u>

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
	%	$	$
2022			
Current (not past due)	-	238,874	-
1 - 30 days past due	-	2,800	-
31 - 60 days past due	-	950	-
More than 90 days past due	-	34,150	-
		276,774	-
2021			
Current (not past due)	-	39,781	-
1 - 30 days past due	-	5,205	-
31 - 60 days past due	-	5,000	-
		49,986	-

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
	$	$	$
2022			
Trade and other payables	165,880	-	165,880
Lease liabilities	82,032	28,285	110,317
	247,912	28,285	276,197
2021			
Trade and other payables	110,677	-	110,677
Lease liabilities	112,698	75,598	188,296
	223,375	75,598	298,973

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.

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 values 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 values 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. The IPC status has since been renewed and will be expiring on 30 September 2024.

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 receipts for donations collected during the year are as follows:

	2022	2021
	$	$
Tax-exempt receipts issued	257,311	189,066
Non tax-exempt receipts	221,135	167,226
	478,446	356,292

4. Grants

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

5. Other income

	2022	2021
	$	$
Interest income	13,603	2,583
Wages credit scheme	23,520	-
Grants and rebates	26,688	27,130
Flexi work arrangement grant	-	25,000
Rental income	-	550
Others	9,596	7,487
	73,407	62,750

6. Staff costs

	2022	2021
	$	$
Salaries, wages and bonuses	1,443,400	1,201,910
Employer's contribution to defined contribution plans	200,874	130,383
	1,644,274	1,332,293
Key management personnel remuneration (Included under staff costs)	309,204	294,302

1 employee (2021: No employee) received more than $100,000 in annual remuneration for the financial year ended 2022. There is no compensation paid to directors for the financial years ended 2022 and 2021.

7. (Deficit)/Surplus before tax

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

	2022	2021
	$	$
Interest expense on lease liabilities	7,578	12,319

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 2021	69,677	22,052	35,384	126,805	253,918
Additions	16,370	-	3,009	-	19,379
Balance as at 31 December 2021	86,047	22,052	38,393	126,805	273,297
Balance as at 01 January 2022	86,047	22,052	38,393	126,805	273,297
Additions	12,892	-	4,501	-	17,393
Balance as at 31 December 2022	98,939	22,052	42,894	126,805	290,690
Accumulated depreciation					
Balance as at 01 January 2021	52,491	21,850	35,295	119,043	228,679
Depreciation charge	9,222	202	1,593	5,102	16,119
Balance as at 31 December 2021	61,713	22,052	36,888	124,145	244,798
Balance as at 01 January 2022	61,713	22,052	36,888	124,145	244,798
Depreciation charge	12,555	-	3,006	1,388	16,949
Balance as at 31 December 2022	74,268	22,052	39,894	125,533	261,747
Net carrying value as at 31 December 2021	24,334	-	1,505	2,660	28,499
Net carrying value as at 31 December 2022	24,671	-	3,000	1,272	28,943

10. Intangible assets

	Software	Trademark	Total
	$	$	$
Cost			
Balance as at 01 January 2021	87,648	10,534	98,182
Additions	44,792	-	44,792
Balance as at 31 December 2021	132,440	10,534	142,974
Balance as at 01 January 2022	132,440	10,534	142,974
Additions	9,000	-	9,000
Balance as at 31 December 2022	141,440	10,534	151,974
Accumulated amortisation			
Balance as at 01 January 2021	81,648	3,599	85,247
Amortisation charge	12,259	1,053	13,312
Balance as at 31 December 2021	93,907	4,652	98,559
Balance as at 01 January 2022	93,907	4,652	98,559
Amortisation charge	18,427	1,054	19,481
Balance as at 31 December 2022	112,334	5,706	118,040
Net carrying value as at 31 December 2021	38,533	5,882	44,415
Net carrying value as at 31 December 2022	29,106	4,828	33,934

11. Right-of-use assets

	Office space	Office equipment	Total
	$	$	$
Cost			
Balance as at 01 January 2021, representing balance as at 31 December 2021	462,542	24,826	487,368
Balance as at 01 January 2022	462,542	24,826	487,368
Additions	-	33,185	33,185
Disposals	(172,870)	(24,826)	(197,696)
Balance as at 31 December 2022	289,672	33,185	322,857

11. Right-of-use assets ("Continued")

	Office space	Office equipment	Total
	$	$	$
Accumulated depreciation			
Balance as at 01 January 2021	197,348	12,160	209,508
Additions	97,918	6,080	103,998
Balance as at 31 December 2021	295,266	18,240	313,506
Balance as at 01 January 2022	295,266	18,240	313,506
Additions	97,917	6,312	104,229
Disposals	(172,870)	(21,786)	(194,656)
Balance as at 31 December 2022	220,313	2,766	223,079
Net carrying value as at 31 December 2021	167,276	6,586	173,862
Net carrying value as at 31 December 2022	69,359	30,419	99,778

12. Trade and other receivables

	2022	2021
	$	$
Trade receivables	276,774	49,986
Deposits	13,154	13,154
Other receivables	10,178	42,778
	300,106	105,918

13. Cash and cash equivalents

	2022	2021
	$	$
Cash and bank balances	2,344,208	4,507,985
Fixed deposits	2,001,764	-
	4,345,972	4,507,985

The fixed deposits have tenors ranging from 6 to 12 months and bear interest ranging from 0.95% to 3.80% per annum.

14. Lease liabilities

(a) Lease liabilities

	2022	2021
	$	$
Current	79,005	105,304
Non-current	25,474	74,064
	104,479	179,368

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

	01/01/2022	Cash flows	Non-cash changes			31/12/2022
			Acquisition	Accretion of interests	Others	
	$	$	$	$	$	$
2022						
Lease liabilities:						
- Current	105,304	(113,068)	2,770	7,578	76,421	79,005
- Non-current	74,064	-	30,415	-	(79,005)	25,474
	179,368	(113,068)	33,185	7,578	(2,584)	104,479

	01/01/2021	Cash flows	Non-cash changes			31/12/2021
			Acquisition	Accretion of interests	Others	
	$	$	$	$	$	$
2021						
Lease liabilities:						
- Current	100,379	(113,172)	-	12,319	105,778	105,304
- Non-current	179,842	-	-	-	(105,778)	74,064
	280,221	(113,172)	-	12,319	-	179,368

(b) Total cash outflow

During the financial year, the Foundation had total cash outflows for leases of approximately $113,000 (2021: $113,000).

15. Trade and other payables

	2022	2021
	$	$
Trade payables	18,758	16,486
Accrued operating expenses	147,122	94,191
	165,880	110,677

16. Deferred income

Deferred income represents grants and sponsorships which will be utilised in the following year.

17. Restricted and Unrestricted funds

Restricted funds

(i) Halogen SPARK! (NFTE)

Halogen SPARK! – Network for Teaching Entrepreneurship (NFTE) 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.

(ii) Care and Share

Care and Share is administrated by National Council of Singapore (NCSS) and is a funded programme used for capability building, capacity building, and for new programmes or expansion/enhancement of existing services.

Unrestricted funds

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

18. Prior year reclassification

During the previous financial years, the Foundation has wrongly classified certain expenses relating to restricted funds into unrestricted funds. As a result, the Foundation has rectified the error and reclassified the expenses under the statement of changes in funds during the current financial year.

19. 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 12 May 2023.