

PRESBYTERIAN PRESCHOOL SERVICES LTD.

[UEN. 202128741D]

[A company limited by guarantee and not
having a share capital]

[Incorporated in the Republic of Singapore]

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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Fiducia LLP

[UEN. T10LL0955L]

Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
#08-01 Excalibur Centre
Singapore 408571
T: (65) 6846.8376
F: (65) 6491.5218

DIRECTORS' STATEMENT

The directors present their statement to the members of **Presbyterian Preschool Services Ltd.** (the "Company") together with the audited financial statements for the financial year ended 31 March 2023.

In the opinion of the directors,

- a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2023 and the financial performance, changes in funds and cash flows of the Company for the financial year then ended; and
- b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Wee Yoke Thong	
Lim Eng Hian	
Sim Ang Lee	(Appointed on 10 February 2023)
Keith Lai Chee Kheong	
Kok Hei Mun Jonathan	
Tan Chee Koon Samuel	
Liom Heng Pow	
Goh Ching Wah	
Lau Hwa Park Johnny	(Appointed on 24 March 2022)

Arrangements to enable directors to acquire benefits and debentures

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

Other matters

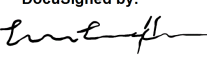
As the Company is limited by guarantee, matters relating to interest in shares, debentures or share options are not applicable.

DIRECTORS' STATEMENT (CONT'D)

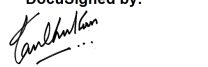
Independent auditor

The independent auditor, Messrs. Fiducia LLP, Public Accountants and Chartered Accountants of Singapore, has expressed its willingness to accept re-appointment.

For and on behalf of the Board of Directors,

DocuSigned by:

C94B916F46244DC...

Lim Eng Hian
Director

DocuSigned by:

DEC970A4374A467...

Tan Chee Koon Samuel
Director

Singapore, 26 September 2023

Fiducia LLP

Public Accountants and
Chartered Accountants of Singapore

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Independent auditor's report to the members of:

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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Presbyterian Preschool Services Ltd.** (the "Company"), which comprise the statement of financial position as at 31 March 2023, and the statement of financial activities, statement of changes in funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Companies Act"), the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and Charities Accounting Standard in Singapore ("CAS") so as to give a true and fair view of the financial position of the Company as at 31 March 2023, and of the financial performance, changes in funds and cash flows of the Company for the financial year ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Directors' Statement (set out on page 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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(CONT'D)

Independent auditor's report to the members of:

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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(CONT'D)

Independent auditor's report to the members of:

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Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

Report on Other Legal and Regulatory Requirements

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

DocuSigned by:

A863FCC12BAB474...

Fiducia LLP
Public Accountants and
Chartered Accountants

Singapore, 26 September 2023

Partner-in-charge: Gan Chek Huat
PAB. No.: 01939

Presbyterian Preschool Services Ltd.

[UEN. 202128741D]

Audited Financial Statements
Financial Year Ended 31 March 2023**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	01.04.2022 to 31.03.2023 S\$	17.08.2021 to 31.03.2022 S\$
Note		
INCOME		
Income from generating funds:		
Voluntary income		
- Donations	1,337,684	0
Income from charitable activities	11,387,207	0
Other income	364,176	3,172
	<u>13,089,067</u>	<u>3,172</u>
LESS: EXPENDITURE		
Cost of charitable activities	12,179,084	0
Governance costs	1,511,766	3,172
	<u>13,690,850</u>	<u>3,172</u>
Net (expenditure) / income before donation	(601,783)	0
Donation from Presbyterian Community Services ("PCS")	12 <u>2,831,334</u>	<u>0</u>
NET INCOME FOR THE FINANCIAL YEAR	<u>2,229,551</u>	<u>0</u>

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

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	Note	General funds			Restricted funds		Total funds S\$
		PPS HQ S\$	PPS Centres S\$	PPS LOT S\$	ICCP S\$	LSDS S\$	
01.04.2022 to 31.03.2023							
INCOME							
Income from generating funds:							
<i>Voluntary income</i>							
Donations							
– Non-tax exempt		1,337,684	0	0	0	0	1,337,684
Income from charitable activities							
Childcare fees		0	5,864,330	94,726	7,671	47,952	6,014,679
Infant care fees		0	644,643	0	0	0	644,643
Early Childhood Development Agency Partner Operator fund (ECDA POP)		0	3,605,683	0	0	0	3,605,683
ECDA other funds		232,422	64,049	0	0	0	296,471
Government grants - other		77,311	24,661	0	0	0	101,972
MSF - ICCP		0	0	0	495,848	0	495,848
MSF - LSDS		0	0	0	0	227,911	227,911
		309,733	10,203,366	94,726	503,519	275,863	11,387,207
Other income							
Conference fees		22,494	0	0	0	0	22,494
Extra-curricular fees (ECA) and enrichment fee		0	159,734	0	0	0	159,734
Graduation concert		0	22,651	0	0	0	22,651
Insurance		0	3,800	95	0	0	3,895
Miscellaneous income		82,265	44,287	1,440	0	0	127,992
Uniform sale		0	27,410	0	0	0	27,410
		104,759	257,882	1,535	0	0	364,176
Total income		1,752,176	10,461,248	96,261	503,519	275,863	13,089,067

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONT'D)**

Note	General funds			Restricted Funds		Total funds S\$
	PPS HQ S\$	PPS Centres S\$	PPS LOT S\$	ICCP S\$	LSDS S\$	
01.04.2022 to 31.03.2023 (CONT'D)						
EXPENDITURE						
Charitable activities						
Books & Teaching materials	10,131	15,021	4,563	0	8,440	38,155
Children gifts	0	1,474	0	0	0	1,474
Cost of children insurance	0	3,148	0	0	0	3,148
Cost of mattress	0	2,953	6,995	0	0	9,948
Cost of uniforms	10,497	24,440	0	0	0	34,937
CPF and SDF	243,680	828,875	28,561	27,252	38,352	1,166,720
ECDA Innovation Grant expenses	0	993	0	0	0	993
Enrichment expenses	0	113,831	0	0	0	113,831
Event expenses	15,457	0	0	0	0	15,457
Extra-curricular (ECA) expenses	0	14,499	0	0	0	14,499
Food expenses	104	200,258	6,315	0	0	206,677
Fundraising expense	787	0	0	0	0	787
FWL	33	257,061	3,768	0	0	260,862
Gifts and offerings to clients	2,016	294	0	0	0	2,310
Graduation expenses	0	19,924	0	0	0	19,924
Medical expenses	76	9,853	368	0	0	10,297
Medical supplies	58	2,125	946	0	0	3,129
OJT-Attachment	0	21,369	0	0	0	21,369
Overtime wages	0	31,890	0	0	0	31,890
Provision for unutilised leaves	0	80,831	0	0	0	80,831
Seminar running expenses	2,815	0	0	0	0	2,815
Salaries and bonuses	1,729,475	7,338,438	237,630	240,831	224,856	9,771,230
Staff insurance	10,056	80,437	0	5,582	2,142	98,217
Staff recruitment expenses	5,636	49,724	3,138	0	0	58,498
Staff training	49,137	43,084	840	925	0	93,986
Staff welfare	25,514	83,356	2,223	0	80	111,173
Toys	0	2,012	3,915	0	0	5,927
	<u>2,105,472</u>	<u>9,225,890</u>	<u>299,262</u>	<u>274,590</u>	<u>273,870</u>	<u>12,179,084</u>

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONT'D)**

Note	General funds			Restricted Funds		Total funds S\$
	PPS HQ S\$	PPS Centres S\$	PPS LOT S\$	ICCP S\$	LSDS S\$	
<u>01.04.2022 to 31.03.2023 (CONT'D)</u>						
EXPENDITURE (CONT'D)						
Governance costs						
Audit fee	55,800	0	0	0	0	55,800
Bank and nets charges	1,287	20,246	80	0	0	21,613
Centre certification cost	0	800	210	0	0	1,010
Conservancy	10,016	29,339	0	0	0	39,355
Curriculum expense	119,861	22,209	12,715	0	0	154,785
Depreciation	10,188	326,610	3,312	0	647	340,757
Fine & Penalty	531	508	100	0	0	1,139
General expenses	16,329	4,966	2,091	0	0	23,386
General insurance	4,516	7,233	0	0	158	11,907
Hardship subsidy	0	4,238	0	0	0	4,238
Membership & subscription fee	569	1,944	543	0	0	3,056
Postages and courier	4,592	730	58	0	0	5,380
Printing and stationery	4,645	25,319	7,577	0	0	37,541
Professional fee	3,051	0	0	0	57,476	60,527
Publicity expenses	19,037	2,910	0	0	0	21,947
Refreshment	1,203	710	32	0	0	1,945
Rental of copier	783	18,542	0	0	0	19,325
Rental of equipment	458	0	0	0	0	458
Rental of premises	66,738	163,181	36,000	0	0	265,919
Repairs and maintenance	8,310	89,179	1,582	0	0	99,071
Small value assets	13,300	45,192	16,399	0	0	74,891
Software license & support	12,233	78,848	1,779	0	0	92,860
Stamp duty	3,022	0	0	0	0	3,022
Telecommunication	3,181	17,522	3,116	0	0	23,819
Toiletries	711	38,360	1,418	0	0	40,489
Travelling and transport	15,672	7,233	30	0	657	23,592
Utilities	5,506	78,428	0	0	0	83,934
	382,326	984,247	87,042	0	58,938	1,512,553
Total expenditure	2,487,011	10,210,137	386,304	274,590	332,808	13,690,850

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONT'D)**

	Note	General funds			Restricted Funds		Total funds S\$
		PPS HQ S\$	PPS Centres S\$	PPS LOT S\$	ICCP S\$	LSDS S\$	
<u>01.04.2022 to 31.03.2023 (CONT'D)</u>							
Net (expenditure) / income before donation		(734,835)	251,111	(290,043)	228,929	(56,945)	(601,783)
Donation from Presbyterian Community Services	12	2,831,334	0	0	0	0	2,831,334
Net income / (expenditure) for the financial year		2,096,499	251,111	(290,043)	228,929	(56,945)	2,229,551

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

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (CONT'D)**

	General funds S\$	Restricted funds S\$	Total funds S\$
<u>17.08.2021 to 31.03.2022</u>			
INCOME			
Other income			
Waiver on professional fee paid by a related party	3,172	0	3,172
EXPENDITURE			
Governance costs			
Professional fee	3,172	0	3,172
Net income for the financial year	<u>0</u>	<u>0</u>	<u>0</u>

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

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Note	2023 S\$	2022 S\$
ASSETS			
Current assets			
Cash and cash equivalents	5	835,653	0
Fees and other receivables	6	1,605,845	0
		<u>2,441,298</u>	<u>0</u>
Non-current assets			
Property, plant and equipment	7	<u>1,622,826</u>	<u>0</u>
Total assets		<u>4,064,324</u>	<u>0</u>
LIABILITIES			
Current liabilities			
Trade and other payables	8	<u>1,834,773</u>	<u>0</u>
Total liabilities		<u>1,834,773</u>	<u>0</u>
NET ASSETS		<u>2,229,551</u>	<u>0</u>
FUNDS			
Unrestricted funds			
General fund			
-PPS HQ		2,096,499	0
-PPS Centres		251,111	0
-PPS LOT		(290,043)	0
		<u>2,057,567</u>	<u>0</u>
Restricted funds			
- ICCP fund		(56,945)	0
- LSDS fund		228,929	0
		<u>171,984</u>	<u>0</u>
TOTAL FUNDS	9	<u>2,229,551</u>	<u>0</u>

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

**STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	Balance at beginning of financial year S\$	Net income/ (expenditure) for the financial year S\$	Balance at the end of financial year S\$
<u>01.04.2022 to 31.03.2023</u>			
Unrestricted fund			
General fund			
- PPS HQ	0	2,096,499	2,096,499
- PPS Centres	0	251,111	251,111
- PPS LOT	0	(290,043)	(290,043)
	<u>0</u>	<u>2,057,567</u>	<u>2,057,567</u>
Restricted funds			
- ICCP fund	0	(56,945)	(56,945)
- LSDS fund	0	228,929	228,929
	<u>0</u>	<u>171,984</u>	<u>171,984</u>
Total funds	<u>0</u>	<u>2,229,551</u>	<u>2,229,551</u>
	Balance at date of incorporation date S\$	Net income for the financial period S\$	Balance at the end of financial period S\$
<u>17.08.2021 to 31.03.2022</u>			
Unrestricted fund			
General fund	<u>0</u>	<u>0</u>	<u>0</u>
Total funds	<u>0</u>	<u>0</u>	<u>0</u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	Note	01.04.2022 to 31.03.2023 S\$	17.08.2021 to 31.03.2022 S\$
Cash flows from operating activities			
Net income for the financial year/period		2,229,551	0
Adjustment for:			
- Depreciation	7	340,757	0
- Donation from Presbyterian Community Services	12	(1,321,388)	0
Operating cash flow before changes in working capital		1,248,920	0
Changes in working capital:			
- Other receivables		(1,605,845)	0
- Other payables		1,834,773	0
Net cash flows generated from operating activities		<u>1,477,848</u>	<u>0</u>
Cash flows from investing activities			
Purchase of property, plant and equipment, representing net cash flows used in investing activities	7	<u>(642,195)</u>	<u>0</u>
Net increase in cash and cash equivalents		835,653	0
Cash and cash equivalents at beginning of financial year/date of incorporation		<u>0</u>	<u>0</u>
Cash and cash equivalents at end of financial year/period	5	<u><u>835,653</u></u>	<u><u>0</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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

1. General information

Presbyterian Preschool Services Ltd. (the "Company") was incorporated on 17 August 2021 and domiciled in Singapore. The Company is a charity registered under the Charities Act 1994 since 1 March 2022. Subsequent to the financial year end, the Company has been accorded an Institution of a Public Character ("IPC") status for the period from 7 June 2023 to 6 June 2024.

It is a company limited by guarantee whereby the liabilities of the members is limited. Every member of the Company undertakes to contribute to the assets of the Company, in the event of it being wound up while he is a member, or within one year after he ceases to be a member, for payment of debts and liabilities of the Company contracted before he ceases to be a member, and the costs, charges and expenses of winding-up, and for the adjustment of the rights of the contributories among as may be required not exceeding S\$1. As at 31 March 2023, the Company has 9 members (2022: 9 members).

The Company's registered office and principal place of business is at 312 Balestier Road, #02-01, Singapore 329743.

The principal activities of the Company are to:

- provision of quality and affordable early childhood development services; and
- provide training and consultancy work in early childhood development services.

On 31 March 2022, the Board of Directors of the Company, and Presbyterian Community Services (the "Society") executed a Memorandum of Understanding (MOU) and Preschool Transfer Agreement (PTA) to transfer the assets, liabilities, operations, activities, and employees of Presbyterian Community Services (the "Society") relating to school operations were transferred to the Company. The net amounts were presented in the statement of comprehensive income as "Donation from Presbyterian Community Services" totalling to S\$2,831,334. The breakdown of the amount is disclosed in Note 12.

At the reporting date, there are 13 Centres (2022: NIL) in operations, and are as follows:

- | | |
|--|--|
| 1. Blk 442, Ang Mo Kio Ave 10,
#01-1205, Singapore 560442 | 2. Blk 116, Bukit Batok West Ave 6,
#01-232, Singapore 650116 |
| 3. Blk 5, Ghim Moh Road,
#01-238, Singapore 270005 | 4. Blk 11, Holland Drive,
#01-20, Singapore 271011 |
| 5. Blk 127, Hougang Ave 1,
#01-1494, Singapore 530127 | 6. Blk 452, Jurong West St. 42
#01-170, Singapore |
| 7. Blk 229, Pasir Ris St. 21,
#01-28, Singapore 510229 | 8. Blk 561, Pasir Ris St. 51
#01-265, Singapore 510561 |
| 9. Blk 432, Tampines St. 41,
#01-555, Singapore 520432 | 10. Blk 23, Marsiling Drive,
#01-159, Singapore 730023 |
| 11. Blk 411, Yishun Ring Road,
#01-1807, Singapore 760411 | 12. 1 Woodlands Street 83
Singapore 738488 |
| 13. Blk 114 Serangoon Avenue 3
Singapore 556110 | |

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Charities Accounting Standard ("CAS") issued by the Singapore Accounting Standard Council and the disclosure requirements of the Societies Act 1966, the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

These financial statements are presented in Singapore Dollar ("S\$"), which is the Company's functional and presentation currency.

The preparation of the financial statements in conformity with CAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2.2 Income recognition

Income is included in the statement of financial activities when the following three factors are met:

- The Company becomes entitled to the income;
- Management is virtually certain that they will receive the income; and
- The monetary value can be measured with sufficient reliability.

2.2.1 Donations

The recognition of a promised donation is evidence of entitlement which normally exists when the donation is formally expressed in writing. Where the entitlement is demonstrable, and no conditions are attached, such promises are recognised as income once the criteria of certainty and measurability are met.

For donations-in-kind, where the value can be estimated with sufficient reliability, they will be recorded as income. Otherwise, the fact that the value cannot be estimated with sufficient reliability will be disclosed in the relevant note.

2.2.2 School fees and programme fees

Revenue from school fees and programme fee are recognised over the period of the instruction/ programme conducteds.

2.2.3 Interest income

Interest income on bank current accounts and fixed deposits placed with banks are recognised on a time-proportion basis using the effective interest method.

2.2.4 Other income

Other income is recognised when received.

2. Significant accounting policies (Cont'd)**2.3 Grants and subsidies**

Grants including those for the acquisition of plant and equipment are recognised as income when there is evidence of entitlement, which will normally exist when the grant is formally expressed in writing. Where entitlement is demonstrable and no conditions are attached, such promises are recognised as income once the criteria of certainty and measurement are met.

Grants from Ministry of Social and Family Development ("MSF"), Early Childhood Development Agency ("ECDA") and National Council of Social Service ("NCSS") relating to school fees and other fees are calculated based on formula set by the respective government bodies. Based on the funding principles, any over or under funding will be adjusted against the current year's income.

2.4 Expenditure recognition

All expenditure are accounted for on accrual basis, aggregated under the respective areas. Direct costs are attributed to the activity where possible. Where costs are not wholly attributable to an activity, they are apportioned on a basis consistent with the use of resources.

2.4.1 Cost of charitable activities

Expenditure on charitable activities comprises all costs incurred in the pursuit of the charitable objects of the Company. Those costs, where not wholly attributable, are apportioned between the categories of charitable expenditure.

The total costs of each category of charitable expenditure therefore include an apportionment of support cost, where possible.

2.4.2 Governance and administrative costs

Governance costs include the costs of governance arrangements, which relate to the general running of the Company as opposed to the direct management functions inherent in generating funds, service delivery and programme or project work. Expenditure on the governance of the Company will normally include both direct and related support costs which include internal and external audit, apportioned manpower costs and general costs in supporting the governance activities, legal advice for governing board members and cost associated with constitutional and statutory requirements.

2.5 Property, plant and equipment**2.5.1 Measurement**

All property, plant and equipment are stated at cost less accumulated depreciation. All items of property, plant and equipment are initially recorded at cost. Fully depreciated assets still in use are retained in the financial statements.

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

- It is probable that future economic benefits associated with the item will flow to the Company; and
- The cost of the item can be measured reliably.

2. Significant accounting policies (Cont'd)**2.5 Property, plant and equipment (Cont'd)**

2.5.1 Measurement (Cont'd)

The cost of an item of property, plant and equipment comprises all of the following:

- a) Its purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- b) Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These can include the costs of site preparation, initial delivery and handling, installation and assembly, and testing of functionality; and
- c) The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during the period.

Property, plant and equipment are not revalued and are not required to be assessed for impairment under CAS.

2.5.2 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
Computer	3 to 5 years
Equipment	3 to 5 years
Furniture & fittings	5 years
Renovations	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed and adjusted as appropriate, at each reporting date and, where necessary, revised to reflect changes in expectation. Fully depreciated assets are retained in the financial statements until they are no longer in use.

2.5.3 Disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is recognised in the statement of financial activities in the year the asset is derecognised.

2. Significant accounting policies (Cont'd)**2.6 Financial assets****2.6.1 Recognition and measurement**

Receivables, excluding prepayments, are initially recognised at their transaction price, excluding transaction costs, if any. Transaction costs are recognised as expenditure in the statement of financial activities as incurred. Prepayments are initially recognised at the amount paid in advance for the economic resources expected to be received in the future.

Receivables in financial assets are subsequently measured at cost less accumulated impairment losses.

2.6.2 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.6.3 Impairment

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

An allowance for impairment of other receivables is recognised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognised in the statement of financial activities within "Governance and administrative costs".

Subsequently, if the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss will be reversed. The reversal will not result in any carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of reversal is recognised in the statement of financial activities.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash on hand, and deposits with a financial institution which are stated at cost.

Fixed deposits that have short maturities of three months or less from the date of acquisition are reported as cash and cash equivalent. All other fixed deposits are reported separately in the statement of financial position.

2. Significant accounting policies (Cont'd)**2.8 Financial liabilities**

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument and are classified according to the substance of the contractual arrangements entered into. All interest related charges are recognised in the statement of financial activities. Financial liabilities includes "Other payables".

Financial liabilities which are due to be settled within 12 months after the reporting date are presented as current liabilities in the statement of financial position even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue. Other financial liabilities due to be settled more than 12 months after the reporting date are presented as non-current liabilities in the statement of financial position.

Financial liabilities is derecognised when the obligations under the liability is discharged or cancelled or expires. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of financial activities.

2.9 Other payables

Other payables excluding accruals are normally settled on 30 to 60 days term. These are recognised at their transaction price, excluding transactions costs, if any, both at initial recognition and at subsequent measurement. Transaction costs are recognised as expenditure in the statement of financial activities as incurred. Accruals are recognised at the best estimate of the amount payable.

2.10 Employee compensationDefined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund ("CPF"), on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

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 reporting date.

2. Significant accounting policies (Cont'd)**2.11 Operating leases**

The lease payments under an operating lease shall be recognised on a straight-line basis over the lease term even if the payments are not on such a basis, unless another systematic and rational basis is more representative of the time pattern of the lessee's benefit.

Incentives to sign an operating lease, in whatever form they may take, shall be spread by the lessee on a straight-line basis over the lease term.

2.12 Fund accounting

Monies received for specific purposes, including transfers from the general fund, are credited directly to the respective fund in the financial statement. These include restricted funds and unrestricted funds. Restricted funds are funds held by the Company that can only be applied for specific purposes. These funds are subject to specific trusts which may be declared by the donors with their authority or created through legal process but are still within the wider objects of the Company. Unrestricted funds are expendable at the discretion of the Board in furtherance of the Company's objects. Designated fund is part of the unrestricted funds earmarked for a particular project. The designation is for administrative purpose only and does not restrict Board's discretion to apply the fund.

Income and expenditure relating to specific funds are accounted for directly in the funds to which they relate. Common expenses, if any, are allocated on a reasonable basis to the funds based on the method suitable to this common expense. Assets and liabilities of the specific funds are pooled in the statement of financial position.

Funds received for specific purposes such as purchase of depreciable assets are taken to the relevant restricted fund account. This relevant fund will be reduced over the useful life of the asset in line with its depreciation. Depreciation is charged to the relevant designated funds where the asset is held.

2.13 Contingencies

Contingent liabilities are not recognised in the financial statement. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Where the possibility of an outflow of resources is not remote, the Company shall disclose for each class of contingent liability at the reporting date, a brief description of the nature of the contingent liability and, where practicable:

- a) an estimate of its financial effect;
- b) an indication of the uncertainties relating to the amount or timing of any outflow; and
- c) the possibility of any reimbursement.

A contingent asset is not recognised in the financial statement but disclosed when an inflow of economic benefit is probable.

2.14 Events occurring after the reporting period

Post year-end events that provide additional information about the Society's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as discussed below.

Provision for expected credit losses (ECL) of fee receivables

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Company has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgements. In determining the ECLs of fee receivables, the Company has used one year of historical losses data to determine the loss rate and applied an adjustment against the historical loss rate based on the change in Gross Domestic Product and unemployment rate to reflect the current and forward-looking information.

Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever there is any indication that the assets are impaired. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the impairment loss. The key assumptions for the value in use calculation are those regarding the growth rates, and expected change to selling price and direct costs during the year and a suitable discount rate.

Critical judgements in applying the entity's accounting policies

The critical judgements in applying the entity's accounting policies at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Government grants

Government grants to meet operating expenses are recognised as income in the statement of financial activities on the accrual basis in the period these operating expenses were incurred and there is reasonable assurance that the Company will comply with the conditions attached to it. For certain grants, the government agencies reserve the right to withdraw, withhold or reduce the amount of any funds approved but not yet disbursed or to call for the refund of all funds which have been disbursed to the Company if the conditions are not met. At the reporting date, the Management assessed the Company has met the conditions attached to the grants.

4. Income tax

The major components of income tax expense recognised in the statement of comprehensive income for the financial period ended 31 March 2023 was:

	2023 S\$	2022 S\$
Income tax expenses		
Tax expense attributable to profit is made up of:		
- Current tax expense	<u>0</u>	<u>0</u>

Relationship between tax expense and accounting loss

The income tax expense on profit/ (loss) differs from the amount that would arise using the Singapore standard rate of income tax as explained below:

	2023 S\$	2022 S\$
Profit before income tax	<u>0</u>	<u>0</u>
Tax calculated at a tax rate of 17%	0	0
Effects of:		
- Expenses not deductible for tax purpose	<u>0</u>	<u>0</u>
Tax expenses	<u>0</u>	<u>0</u>

The Company is registered as a charity under Charities Act since 1 March 2022. Consequently, the income of the Company is exempted from tax under the provisions of Section 13 of the Income Tax Act 1947.

5. Cash and cash equivalents

	2023 S\$	2022 S\$
Cash on hand	5,500	0
Cash at bank	<u>830,153</u>	<u>0</u>
	<u>835,653</u>	<u>0</u>

Presbyterian Preschool Services Ltd.

[UEN. 202128741D]

Audited Financial Statements
Financial Year Ended 31 March 2023**6. Fee and other receivables**

	2023 S\$	2022 S\$
Childcare subsidy receivable	86,095	0
Deposits	687,143	0
Fee receivables	34,248	0
Grant receivables - ECDA	685,292	0
Prepayments	99,470	0
Others	13,597	0
	<u>1,605,845</u>	<u>0</u>

At the reporting date, the carrying amounts is non-trade, unsecured, interest-free and repayable on demand.

7. Property, plant and equipment

	Computer hardware	Equipment S\$	Furniture and fittings S\$	Renovation S\$	Total S\$
Cost					
At incorporation date	0	0	0	0	0
Additions	0	0	0	0	0
At 31 March 2022	0	0	0	0	0
Transfer from PCS (Note 12)	110,405	23,368	32,578	1,155,037	1,321,388
Additions	25,382	21,464	34,580	560,769	642,195
At 31 March 2023	<u>135,787</u>	<u>44,832</u>	<u>67,158</u>	<u>1,715,806</u>	<u>1,963,583</u>
Accumulated depreciation					
At incorporation date	0	0	0	0	0
Depreciation	0	0	0	0	0
At 31 March 2022	0	0	0	0	0
Depreciation	26,142	9,347	10,595	294,673	340,757
At 31 March 2023	<u>26,142</u>	<u>9,347</u>	<u>10,595</u>	<u>294,673</u>	<u>340,757</u>
Carrying amount					
31 March 2022	0	0	0	0	0
31 March 2023	<u>109,645</u>	<u>35,485</u>	<u>56,563</u>	<u>1,421,133</u>	<u>1,622,826</u>

At the beginning of current financial year, the carrying amount of the property, plant and equipment transferred from PCS amounts to S\$1,321,388 as disclosed in Note 12.

8. Other payables

	2023 S\$	2022 S\$
Accounts payable	133,146	0
Accruals	275,431	0
Amount due to a related party	269,424	0
Deposits received in advance	589,008	0
GST payable	116,975	0
Provision for unutilised leaves	267,134	0
Other payables	<u>183,655</u>	<u>0</u>
	<u>1,834,773</u>	<u>0</u>

Amount due to a related party is non-trade, unsecured, interest-free and repayable on demand.

At the reporting date, the carrying amounts of other receivables approximate their fair values.

9. Funds

Funds comprise unrestricted and restricted funds.

a) Unrestricted general funds

This fund is to be used for non-specific purposes at the discretion of the Executive Board in furtherance of the objectives of the Company.

Unrestricted general funds comprises:

PPS Headquarter (HQ) fund

This fund represents the accumulated income of the Headquarter. It is unrestricted and is for the purpose of meeting the expenditure in accordance with the objectives of the Headquarter.

PPS Centres fund

This fund comprises the total accumulated income of the eleven (11) Centres. It is unrestricted and is for the purpose of meeting the expenditure in accordance with the objectives of those 11 Centres.

PPS LOT fund

This fund represents the accumulated surplus of the remaining two (2) Centres located in LOT Bukit Arang and LOT Woodlands. It is unrestricted and is for the purpose of meeting the expenditure in accordance with the objectives of the remaining 2 Centres.

9. Funds (Cont'd)b) Restricted funds

Fund balances restricted by outside sources are indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the management. Externally restricted funds may only be utilised in accordance with the purpose established by the source of such funds or through the terms of an appeal and are in contrast with unrestricted funds over which management retains full control to use in achieving any of its company purposes.

Restricted funds comprises:

Development Support Programme ("LSDS")

This is an early intervention programme for existing pre-school children with mild developmental needs. It provides targeted short-term interventions and is run by trained Learning Support Educators, clinical professionals and therapists.

MSF Funding (ICCP programmes)

The Integrated Childcare Programme ("ICCP") is an inclusive programme provided in existing Child Care Centres which allows children, age 2-6 years, with special needs to learn alongside their regular peers. The ICCP aims to provide a natural environment for the child to learn, play, socialise and grow up in. It helps to prepare the child for entry into primary school later.

10. Staff costs

	01.04.2022 to 31.03.2023 S\$	17.08.2021 to 31.03.2022 S\$
Salaries, allowance and bonuses	9,803,120	0
CPF and SDL contributions	1,427,582	0
	<u>11,230,702</u>	<u>0</u>

The staff costs were allocated as follows:

	01.04.2022 to 31.03.2023 S\$	17.08.2021 to 31.03.2022 S\$
Unrestricted funds		
- Cost of charitable activities	10,699,411	0
Restricted funds		
- Cost of charitable activities	531,291	0
	<u>11,230,702</u>	<u>0</u>

11. Operating lease commitments

The Company leases premises and equipment from non-related parties under non-cancellable operating lease agreements.

As at the reporting date, the Company has commitments for future minimum lease payments under non-cancellable operating leases in respect of leasing of premises and equipment as follows:

	2023 S\$	2022 S\$
Not later than one year	84,000	0
Later than one year but not later than five years	70,000	0
	<u>154,000</u>	<u>0</u>

The operating lease commitments included above are based on known rates as at the date of this report and do not include any revision in rates which may be determined by the lessor.

12. Related party transactions

12.1 Related party transactions

Other than the related party information disclosed elsewhere in the financial statements, the following are significant transactions entered into by the Company with related parties at negotiated rates:

	01.04.2022 to 31.03.2023 S\$	17.08.2021 to 31.03.2022 S\$
With Presbyterian Community Services		
Donation from Presbyterian Community Services	<u>2,831,334</u>	<u>0</u>

The donations received during the financial year pertain to the net transfer of the assets and liabilities of the Childcare Division under the Presbyterian Community Services (the "Society") to the Company as disclosed in Note 1. The breakdown of the net transfer is as follows:

	Note	2023 S\$
Cash and cash equivalents		1,144,400
Other receivables		998,557
Property, plant and equipment	7	1,321,388
Other payables		<u>(633,011)</u>
		<u>2,831,334</u>

12. Related party transactions (Cont'd)

12.1 Related party transactions (Cont'd)

The effects of the transfer from Presbyterian Community Services (the "Society") during the financial year on the cash flows of the Company were as follows:

	2023 S\$
Net transfer from PCS	<u>2,831,334</u>
Less: Non cash transfers	
- Property, plant and equipment	<u>(1,321,388)</u>
Less: Working capital changes	
- Other receivables	(998,557)
- Other payables	<u>633,011</u>
	<u>(365,546)</u>
Net increase in cash and cash equivalents	<u><u>1,144,400</u></u>

12.2 Key management personnel

A related party includes the Board of Directors and key management personnel of the Company. It includes an entity or person that directly or indirectly controls, is controlled by, or is under common control or joint control with these persons. It also includes close members of the family of any individuals referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides or indirectly any such individual.

The remuneration of key management personnel during the financial year is as follows:

	01.04.2022 to 31.03.2023 S\$	17.08.2021 to 31.03.2022 S\$
<u>Key Executives</u>		
Salaries, allowance and bonuses	461,852	0
CPF and SDL contributions	49,470	0
	<u>511,322</u>	<u>0</u>
	2023 No. of key management personnel	2022 No. of key management personnel
Remuneration band S\$100,001 – S\$200,000	<u>4</u>	<u>0</u>

No member of the Executive Board received remuneration during the financial year.

The remuneration of key management personnel is determined by the Executive Board.

13. Management of conflict of interest

Whenever the directors is in any way, directly or indirectly, have an interest in a transaction or project or other matter to be discussed at a meeting, the directors shall disclose the nature of his interests before the discussion on the matters begins.

The member concerned should not participate in the discussion or vote on the matter, and should also offer to withdraw from the meeting and the directors shall decide if this should be accepted.

14. Reserve position and policy

The Company's reserve measurement is calculated as follows:

	2023 S\$'000	2022 S\$'000
(a) Unrestricted funds	2,058	0
(b) Restricted funds	172	0
Total funds	<u>2,230</u>	<u>0</u>
(a2) Annual expenditure under unrestricted funds	13,083	0
(b2) Annual expenditure under restricted funds	607	0
	<u>13,690</u>	<u>0</u>
Ratio of unrestricted funds to annual expenditure (a/a2)	<u>0.16</u>	<u>0</u>
Ratio of restricted funds to annual expenditure (b/b2)	<u>0.28</u>	<u>0</u>

The Company's reserve policy is to maintain the reserves at a level equivalent to annual operating expenditures based on current year's actual operating expenses.

15. Impact of Coronavirus Disease 2019 (COVID-19)

As the COVID-19 situation has improved and moved from pandemic to endemic, restrictions have been gradually released. Unless there is any new COVID-19 variant causing the government to restart the safe management measures, the Company can reasonably ascertain the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 March 2024 would be marginal.

The Company has assessed that the going concern basis of preparation for this set of financial statements remains appropriate. The Company is continuously monitoring the COVID-19 situation and will take further action as necessary in response to the economic and service disruption.

16. Comparative figures

The financial statements for 2023 cover the financial period from 1 April 2022 to 31 March 2023. The financial statements for 2022 cover the financial period since 17 August 2021 (date of incorporation) to 31 March 2022. As such, statement of comprehensive income, statement of changes in funds, statement of cash flows and related notes for 2023 and 2022 are not comparable.

17. Event after the reporting period

- Subsequent to the financial year end, the Company has been accorded an Institution of a Public Character ("IPC") status for the period from 7 June 2023 to 6 June 2024.
- Subsequent to the financial year end, the Company have acquired one new childcare centre from Anglican Preschool Services Ltd. With effective from 1 July 2023, the Company operate the new childcare centre – Little Olive Tree (Fajar) located at 439 Fajar Road, #01-422, Singapore 670439.

18. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2023 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 26 September 2023.