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FOOD FROM THE HEART
(Limited by Guarantee)
(UEN: 200721064R)
(Incorporated in the Republic of Singapore)

AUDITED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2019

LCK/VP/OCH/TZC

FOOD FROM THE HEART
(Limited by Guarantee)
(UEN: 200721064R)

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited financial statements of Food From The Heart (the "company") for the year ended 31 December 2019.

1. OPINION OF THE DIRECTORS

In our opinion:-

i) the accompanying financial statements together with the notes thereto are drawn up so as to give a true and fair view of the financial position of the company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the company for the year ended on that date; and

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

2. DIRECTORS

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

RONALD PAUL STRIDE
KNUT UNGER
CHIN S CHELLIAH BOTTINELLI
SOO YOOK LIN
EUGENE YANG YUNG-CHUAN
KHUSHROO DASTUR
MAHESH UDHAV BUXANI
CHUA BUAN PONG (CAI MANBANG)
KUEK KIEN JOO

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

The company is a company limited by guarantee and has no share capital.

4. DIRECTORS' INTEREST IN SHARES OR DEBENTURES

The company is a company limited by guarantee.

There were no shares or debentures issued.

5. OPTIONS GRANTED, EXERCISED AND OUTSTANDING

There are no share options or unissued shares under option as the company is limited by guarantee.

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DIRECTORS' STATEMENT

6. AUDITOR

The auditor, Kreston David Yeung PAC, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors,

RONALD PAUL STRIDE
Director

KNUT UNGER
Director

CHIN S CHELLIAH BOTTINELLI
Director

KHUSHROO DASTUR
Director

Singapore, - 5 AUG 2020

KRESTON
DAVID YEUNG PAC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOOD FROM THE HEART (UEN: 200721064R) (Limited by Guarantee)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Food From The Heart (the "company"), which comprise the statement of financial position as at 31 December 2019, the income and expenditure statement, statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Companies Act), the Charities Act, Chapter 37 and other relevant regulations (the Charities Act and Regulations) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the company as at 31 December 2019 and of the financial performance, changes in funds and cash flows of the company for the year ended on that date.

Basis for Opinion

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

Other Information

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOOD FROM THE HEART (UEN: 200721064R) (Continued)
(Limited by Guarantee)

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 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 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.

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

KRESTON
DAVID YEUNG PAC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOOD FROM THE HEART (UEN: 200721064R) (Continued)
(Limited by Guarantee)

Auditor's Responsibilities for the Audit of the Financial Statements (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 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.

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

a) the company has not used the donation monies in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and

b) the company has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

KRESTON DAVID YEUNG PAC
Public Accountants and
Chartered Accountants

Singapore, 5 August 2020

FOOD FROM THE HEART
(Limited by Guarantee)
(UEN: 200721064R)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Note	2019 S$	2018 S$
ASSETS			
Non-current asset			
Property, plant and equipment	3	750,469	363,427
Current assets			
Inventory	4	36,515	56,680
Other receivables	5	146,696	291,477
Deposits		66,659	67,275
Prepayments		71,218	28,534
Cash and bank balances	6	6,345,052	6,198,005
Total current assets		6,666,140	6,641,971
Total assets		7,416,609	7,005,398
FUND AND LIABILITIES			
Funds			
Accumulated fund		5,181,360	4,648,089
Designated fund	7	352,861	672,326
Deferred fund	8	346,659	368,852
Total funds		5,880,880	5,689,267
Non-current liability			
Lease liabilities	9	298,401	-
Current liabilities			
Other payables		147,154	120,796
Accruals		156,311	6,420
Lease liabilities	9	118,903	-
Deferred income	10	814,960	1,188,915
Total current liabilities		1,237,328	1,316,131
Total liabilities		1,535,729	1,316,131
Total fund and liabilities		7,416,609	7,005,398

The notes set out on pages 11 to 34 form an integral part of and should be read in conjunction with this set of financial statements.

FOOD FROM THE HEART
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INCOME AND EXPENDITURE STATEMENT
For the year ended 31 December 2019

	Note	2019 S$	2018 S$
Income	11	3,868,439	2,500,646
Other income	12	740,295	841,070
		4,608,734	3,341,716
Costs and expenses			
Direct costs	13	2,012,548	1,345,562
Staff costs	14	1,319,986	1,093,950
Depreciation of plant and equipment	3	262,357	135,975
Other operating expenses	15	480,572	444,456
		(4,075,463)	(3,019,943)
Surplus before taxation		533,271	321,773
Taxation	16	-	-
Net surplus for the year		533,271	321,773

The notes set out on pages 11 to 34 form an integral part of and should be read in conjunction with this set of financial statements.

FOOD FROM THE HEART
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STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Note	2019 S$	2018 S$
Net surplus for the year		533,271	321,773
Income for restricted funds			
Designated fund - Care and Share Matching Grant	7	-	1,185,001
Total comprehensive income for the year		533,271	1,506,774

The notes set out on pages 11 to 34 form an integral part of and should be read in conjunction with this set of financial statements.

FOOD FROM THE HEART
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STATEMENT OF CHANGES IN FUNDS
For the year ended 31 December 2019

	Accumulated Fund S$	Designated Fund S$	Deferred Fund S$	Total S$
Balance as at 01.01.2018	4,326,316	(87,843)	364,075	4,602,548
Total comprehensive income for the year	321,773	1,185,001	-	1,506,774
Transfer during the year	-	(424,832)	424,832	-
Amortisation of deferred fund	-	-	(233,957)	(233,957)
Utilisation of deferred fund	-	-	(186,098)	(186,098)
Balance as at 31.12.2018/01.01.2019	4,648,089	672,326	368,852	5,689,267
Total comprehensive income for the year	533,271	-	-	533,271
Transfer during the year	-	(319,465)	319,465	-
Amortisation of deferred fund	-	-	(220,237)	(220,237)
Utilisation of deferred fund	-	-	(121,421)	(121,421)
Balance as at 31.12.2019	5,181,360	352,861	346,659	5,880,880

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FOOD FROM THE HEART
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STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

	2019 S$	2018 S$
Cash flows from operating activities		
Surplus before taxation	533,271	321,773
Adjustments for:-		
Depreciation of plant and equipment	262,357	135,975
Gain on disposal of plant and equipment	(166)	-
Plant and equipment written off	-	80
Interest income	(35,952)	(14,633)
Interest expense	2,888	-
Utilisation of deferred fund	(121,421)	(186,098)
Amortisation of deferred fund	(220,237)	(233,957)
Operating surplus before working capital changes	420,740	23,140
Decrease/(Increase) in inventories	20,165	(56,680)
Decrease/(Increase) in other receivables	144,781	(281,998)
Increase in deposits and prepayments	(42,068)	(15,528)
Increase in other payables and accruals	176,249	23,103
(Decrease)/Increase in deferred income	(373,955)	190,688
Decrease in restricted use of fund	319,465	512,675
Cash generated from operations	665,377	395,400
Interest received	35,952	14,633
Net cash generated from operating activities	701,329	410,033
Cash flows from investing activities		
Purchase of plant and equipment	(115,397)	(59,882)
Proceed from disposal of plant and equipment	214	-
Net cash used in investing activities	(115,183)	(59,882)
Cash flows from financing activites		
Interest paid	(2,888)	-
Payment of principal portion of lease liability	(116,746)	-
Net cash used in financing activities	(119,634)	-
Net increase in cash and cash equivalents	466,512	350,151
Cash and cash equivalents at beginning of year	5,525,679	5,175,528
Cash and cash equivalents at end of year (Note 6)	5,992,191	5,525,679

The notes set out on pages 11 to 34 form an integral part of and should be read in conjunction with this set of financial statements.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2019

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

1. GENERAL

Food From The Heart (the "company") was incorporated in the Republic of Singapore on 13 November 2007 under the Companies Act, as a company limited by guarantee. Under Article 9 of its Memorandum of Association, each member of the company guarantees to contribute a sum not exceeding S$10 to the assets of the company in the event of the same being wound up.

The company has also been registered as a charity under the Charities Act with effect from 1 August 2008. The company has been granted a special account membership with National Council of Social Service, a gazetted Institution of a Public Character (IPC), to enable the company to obtain tax exempt benefit for its donors. The company has been authorised to issue tax deductible receipts by Ministry of Social and Family Development (MSF). The IPC status of the company has been renewed and valid until 30 April 2021.

The principal activities of the company are involved in providing collection and distribution of food and beverage for homes and institutions of less fortunate, undertaking public education to promote awareness of its causes.

The address of registered office of the company is at 4 Battery Road #25-01, Bank of China Building, Singapore 049908.

The principal place of operation of the company is located at 130 Joo Seng Road, #03-01, Singapore 368357.

The financial statements for the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 5 August 2020.

The financial statements of the company are presented in Singapore dollar, which is also the company's functional currency.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements of the company have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the Singapore Financial Reporting Standards ("FRSs") including its interpretation.

In the current financial year, the company has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual period beginning on or after 1 January 2019. The adoptions of these new/revised FRSs and INT FRSs have no material effect on the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) **Basis of Preparation** (Continued)

FRS 116 *Leases*

FRS 116 supersedes FRS 17 Leases. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

The company adopted FRS 116 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained earnings where applicable. The company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. The company applied the standard only to contracts that were previously identified as leases applying FRS 17 at the date of initial application.

There have been no effects of adopting FRS 116 to the financial statements of the company as at 1 January 2019, as the company is opted to recognise the lease as right-of-use asset and lease liability at the date of initial application.

The company has lease contract for leasehold office building and copier machine. Before the adoption of FRS 116, the company classified each of its leases (as lessee) at the inception of date as an operating lease. The accounting policy prior to 1 January 2019 is disclosed in Note 2(n) to the financial statements.

Upon adoption of FRS 116, the company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 January 2019 is disclosed in Note 2(n) to the financial statements. The standard provides specific transition requirements and practical expedients, which have been applied by the company.

Leases previously accounted for as operating leases

The company recognised right-of-use asset and lease liability for leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use asset for the leases was recognised based on the carrying amount as if the standard has always been applied, using the incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) **Basis of Preparation** (Continued)

FRS 116 *Leases* (Continued)

Leases previously accounted for as operating leases (Continued)

The company also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of intial application as an alternative to performing an impairment review;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 January 2019:

- right-of-use asset of S$534,050 (Note 3, 9) was recognised and presented within property, plant and equipment;
- a lease liability of S$534,050 (Note 9) was recognised; and
- no adjustment had been made to retained earnings as a result of adoption of FRS 116 at initial application as at 1 January 2019. Comparative information is not restated.

The lease liability as at 1 January 2019 can be reconciled to the operating lease commitment as of 31 December 2018, as follows:

	S$
Operating lease commitment disclosed as at 31 December 2018	219,414
Add: Extension of lease contract	333,400
	552,814
Weighted average incremental borrowing rate as at 1 January 2019	3%
Discounted lease liability as at 1 January 2019	534,050

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Significant Accounting Estimates and Judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgements are described below.

Critical assumptions used and accounting estimates in applying accounting policies

Useful lives of property, plant and equipment

As described in Note 2(c), the company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. The estimated useful lives reflect the management's estimation of the periods that the company intends to derive future economic benefits from the use of the company's property, plant and equipment.

The carrying amount of property, plant and equipment at end of the reporting period are disclosed in Note 3.

Critical judgements made in applying accounting policies

In the process of applying the entity's accounting policies, management had made the following judgement that have the most significant effect on the amounts recognised in the financial statements.

Impairment of property, plant and equipment

The company assesses annually whether property, plant and equipment have any indication of impairment in accordance with the accounting policy. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgement and estimates.

Allowance for expected credit losses

The company uses provision matrix to calculate the expected credit losses (ECLs) for financial assets. The amount of ECLs are estimated based on historical credit loss experience with forward-looking information. At the end of each reporting period, historical loss information is updated and changes in the forward-looking estimates are analysed. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is 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.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line method so as to write off the costs of the property, plant and equipment over the estimated useful lives as follows:-

Computers and software	3 years
Furniture and fittings	5 years
Office equipment and leasehold machine	5 years
Motor vehicles	6 years
Renovation	6 years
Software development	10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful lives and depreciation method are reviewed at each financial year-end, to ensure that amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefit embodied in the items of property, plant and equipment.

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 arising on derecognition of the asset, is included in the profit or loss in the year the asset is derecognised.

d) Financial Instruments

i) Financial Assets

Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value, plus, transaction costs that are directly attributable to the acquisition of the financial asset.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Financial Instruments

i) Financial Assets (Continued)

Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the contractual cash flow characteristics of the asset. The company only has debt instruments at amortised cost.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measure at amortised cost using the effective interest method, less impairment. Gains or losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

ii) Financial Liabilities

Initial recognition and measurement

Financial liabilities are recognised on the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) **Financial Instruments** (Continued)

ii) **Financial Liabilities** (Continued)

Derecognition

A financial liability is recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

e) **Impairment of Financial Assets**

The company recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held of other credit enhancement that are integral to the contractual term.

Financial assets carried at amortised cost

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-months ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For other receivables, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each reporting period. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

f) **Inventories**

Cash vouchers are carried at cost which are equivalent to their face values.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand and at banks and fixed deposits which form part of the company's cash management that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

h) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

i) Deferred Income

Income received in advance or subject to donor-imposed conditions that specify a future time period in which the expenditure of corresponding resources can take place is recorded as deferred income.

j) Impairment of Non-Financial Assets

The company assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Impairment of Non-Financial Assets (Continued)

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

k) Revenue Recognition

Revenue is measured based on the consideration to which the company 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 company 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.

Donations are accounted for when monies are received or pledged and collection is certain. Donation income is only deferred when the donor specifies that the donation must only be used in future accounting periods or the donor has imposed conditions which must be met before the company has unconditional entitlement.

Income from fund raising events is recognised in the year in which the event takes place and the monies are received.

Interest income is recognised on an effective interest method.

Government grant is recognised at their fair value where there is reasonable assurance that the grant will be received and attaching condition will be complied with.

l) Contingencies

A contingent liability is:-

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or

A present obligation that arises from past events but is not recognised because:

i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

ii) The amount of the obligation cannot be measured with sufficient reliability.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Contingencies (Continued)

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

Contingent liabilities and assets are not recognised on the statement of financial position of the company.

m) Taxation

The company is granted exemption from income tax as a charitable institution under Section 13U (1) of the Singapore Income Tax Act.

n) Leases

These accounting policies are applied on and after the initial application date of FRS 116, 1 January 2019:

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

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

Right-of-use asset

The company recognises right-of-use asset at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use asset 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 asset 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 asset is depreciated on a straight- line basis over the shorter of the lease term and the estimated useful lives of the asset.

If ownership of the leased asset transfers to the company 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 asset is also subject to impairment. The accounting policy for impairment is disclosed in Note 2(f).

The company's right-of-use asset is presented within property, plant and equipment (Note 3) and is depreciated over the lease terms of 12 to 45 months.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) **Leases** (Continued)

As lessee (Continued)

Lease liabilities

At the commencement date of the lease, the company 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.

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.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The company's lease liabilities are included in lease liabilities (Note 9).

Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases (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 low value assets. 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.

These accounting policies are applied before the initial application date of FRS 116, 1 January 2019:

As lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. Contingent rents are charged to profit or loss when incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Employee Benefits

Defined Contribution Plans

As required by law, the company makes contributions to the state pension scheme, the Central Provident Fund (CPF). CPF contributions are recognised as compensation expenses in the same period as the employment that gives rise to the contribution.

Employee Leave Entitlement

Employee entitlement to annual leave is recognised when it accrues to employees. An accrual 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.

p) Key Management Personnel

Key management personnel of the company are those having authority and responsibility for planning, directing and controlling the activities of the company. The directors of the company, executive director, department director and chief executive officer of the company are considered as key management personnel.

q) Funds

Unless specifically indicated, fund balances are not represented by any specific accounts, but are represented by all assets of the company.

r) Deferred Fund

Grant received for approved supported usage is accounted for in respective fund accounts. Amount utilised for the purchase of plant and equipment is transferred to deferred fund account and amortised over the useful lives of the related assets to match the depreciation of the assets through the amortisation of deferred fund. Amount utilised for other approved supported usage is transferred to deferred fund account and recognised as income through the utilisation of fund.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2019

3. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Office building S$	Computers and Software S$	Furniture and Fittings S$	Office equipment and Leasehold Machine S$	Motor Vehicles S$	Renovation S$	Software Development S$	Total S$
Cost								
At 01.01.2018	-	72,545	17,647	155,257	282,450	225,951	109,625	863,475
Additions	-	-	11,851	48,031	-	-	-	59,882
Written off	-	-	-	(299)	-	-	-	(299)
At 31.12.2018	-	72,545	29,498	202,989	282,450	225,951	109,625	923,058
Effect on adopting FRS 116 (Note 9)	507,702	-	-	26,348	-	-	-	534,050
At 01.01.2019	507,702	72,545	29,498	229,337	282,450	225,951	109,625	1,457,108
Additions	-	31,730	3,672	15,311	-	61,784	2,900	115,397
Disposal	-	-	-	(1,426)	-	-	-	(1,426)
At 31.12.2019	507,702	104,275	33,170	243,222	282,450	287,735	112,525	1,571,079
Accumulated Depreciation								
At 01.01.2018	-	48,753	8,919	58,210	176,294	109,960	21,739	423,875
Written off	-	-	-	(219)	-	-	-	(219)
Charge for the year	-	10,974	4,377	33,647	32,521	43,496	10,960	135,975
At 31.12.2018/01.01.2019	-	59,727	13,296	91,638	208,815	153,456	32,699	559,631
Charge for the year	108,140	18,144	5,808	48,432	24,665	46,039	11,129	262,357
Disposal	-	-	-	(1,378)	-	-	-	(1,378)
At 31.12.2019	108,140	77,871	19,104	138,692	233,480	199,495	43,828	820,610
Net Book Value								
At 31.12.2019	399,562	26,404	14,066	104,530	48,970	88,240	68,697	750,469
At 31.12.2018	-	12,818	16,202	111,351	73,635	72,495	76,926	363,427

Right-of-use asset acquired under leasing arrangement is presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2019

4. INVENTORIES

The amount represents undistributed cash vouchers as at year end.

5. OTHER RECEIVABLES

	2019 S$	2018 S$
Loan to staff	1,247	-
Other receivables	145,449	291,477
	146,696	291,477

Other receivables consist of Tote Board grants S$24,981 (2018: S$160,372) and pledged donations during the year.

6. CASH AND CASH EQUIVALENTS

	2019 S$	2018 S$
Fixed deposits	2,687,812	1,425,957
Cash in hand and at banks	3,657,240	4,772,048
Cash and bank balances	6,345,052	6,198,005
Less: Cash restricted in use		
Care and share matching grant (Note 7)	(352,861)	(672,326)
Cash and cash equivalents	5,992,191	5,525,679

The above fixed deposits earn interest at range of 1.6% - 1.81% (2018: 0.1% - 1.15%) per annum.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2019

7. DESIGNATED FUND

	At beginning of the year	Receipts	Transfer	Net Movement	At end of the year
2019	S$	S$	S$	S$	S$
Capacity Building					
- Physical infrastructure development	(28,189)	-	(68,423)	(68,423)	(96,612) #
- Investment in technology	207,892	-	(23,724)	(23,724)	184,168
- Purchase of equipment	474,057	-	(21,436)	(21,436)	452,621
- Investment in security systems	(6,630)	-	-	-	(6,630) #
New Programs to meet emerging or unmet needs and Enhancements/ Expansion of existing services					
- Expansion of existing services	132,000	-	(99,000)	(99,000)	33,000
Critical Existing needs					
- Recurring operating costs	(58,000)	-	-	-	(58,000) #
- Pop-up fresh market	-	-	(5,804)	(5,804)	(5,804) #
- Food security and food wastage education and awareness	-	-	(1,589)	(1,589)	(1,589) #
Capability Building					
- Consultancy	60,402	-	(12,514)	(12,514)	47,888
- Purchase of equipment	(109,206)	-	-	-	(109,206) #
- Organisational development	-	-	(86,975)	(86,975)	(86,975)
	672,326	-	(319,465)	(319,465)	352,861
			Note 8		
2018					
Capacity Building					
- Physical infrastructure development	(68,189)	40,000	-	40,000	(28,189) #
- Investment in technology	(34,705)	256,001	(13,404)	242,597	207,892
- Purchase of equipment	172,757	355,000	(53,700)	301,300	474,057
- Investment in security systems	-	-	(6,630)	(6,630)	(6,630) #
New Programs to meet emerging or unmet needs and Enhancements/ Expansion of existing services					
- Expansion of existing services	-	297,000	(165,000)	132,000	132,000
Critical Existing needs					
- Recurring operating costs	(165,000)	237,000	(130,000)	107,000	(58,000) #
Capability Building					
- Consultancy	116,500	-	(56,098)	(56,098)	60,402
- Purchase of equipment	(109,206)	-	-	-	(109,206) #
	(87,843)	1,185,001	(424,832)	760,169	672,326
			Note 8		

Deficit balance due to supported usage fund from NCSS not yet received.

7. DESIGNATED FUND (Continued)

The designated fund is the fund received under Care and Share Matching Grant. The fund is designated for specific type of usage. NCSS has extended the fund utilisation period to 31 March 2021, and any remaining funds at the end of the extended date will be returned to NCSS.

Physical Infrastructure Development – The fund is designated for expansion of physical space and renovation of premises.

Investment in Technology – The fund is designated for development of volunteers and donors management system and redesign of website.

Purchase of Equipment – The fund is designated for purchase of 14ft box truck with tailgate, electric reach truck for warehouse and purchase of computers and accessories.

Expansion of existing services – The fund is designated for expansion of existing services to additional schools over 3 years.

Recurring Operating costs – The fund is designated for recurring operating cost to support 5 core programs over 3 years.

Consultancy – The fund is designated for training and development courses for staff and Board members over 4 years.

Purchase of equipment (Capability Building) – The fund is designated for purchase of a van for improves mobility of staffs to carry heavy equipment, computers and accessories.

Pop-up fresh market – The fund is designated for a one day farmer's market styled events.

Food security and food wastage education and awareness – The fund is designated for a school and corporate outreach programme.

Organisational development – The fund is designated for marketing activities came out to increase the awareness level.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2019

8. DEFERRED FUND

	At beginning of the year	Transfer	Utilisation	Amortisation	At end of the year
2019	S$	S$	S$	S$	S$
Capacity Building					
- Physical infrastructure development	114,746	68,423	(400)	(63,776)	118,993
- Investment in technology	60,066	23,724	(2,498)	(24,296)	56,996
- Purchase of equipment	60,306	21,436	(11,641)	(33,165)	36,936
- Investment in security systems	6,630	-	-	-	6,630
New Programs to meet emerging or unmet needs and Enhancements /Expansion of existing services					
- Expansion of existing services to additional schools over 3 years	49,500	99,000	-	(99,000)	49,500
- Pop-up fresh market	-	5,804	(5,804)	-	-
- Food security and food wastage education and awareness	-	1,589	(1,589)	-	-
Capability Building					
- Consultancy	(578)	12,514	(12,514)	-	(578)
- Purchase of equipment	78,182	-	-	-	78,182
- Organisational development	-	86,975	(86,975)	-	-
	368,852	319,465	(121,421)	(220,237)	346,659
		Note 7			
2018					
Capacity Building					
- Physical infrastructure development	175,104	-	-	(60,358)	114,746
- Investment in technology	53,433	13,404	-	(6,771)	60,066
- Purchase of equipment	18,891	53,700	-	(12,285)	60,306
- Investment in security systems	-	6,630	-	-	6,630
New Programs to meet emerging or unmet needs and Enhancements /Expansion of existing services					
- Expansion of existing services to additional schools over 3 years	16,500	165,000	-	(132,000)	49,500
Critical Existing needs					
- Recurring operating costs	-	130,000	(130,000)	-	-
Capability Building					
- Consultancy	(578)	56,098	(56,098)	-	(578)
- Purchase of equipment	100,725	-	-	(22,543)	78,182
	364,075	424,832	(186,098)	(233,957)	368,852
		Note 7			

9. LEASES

The company as a lessee

The company has a lease contract for its leasehold office building. The company's obligations under this lease are secured by the lessor's title to the leased asset. The company is restricted from assigning and subleasing its leased asset. The lease contract does not contain options of termination or extension of the lease term or variable lease payments.

The company also has certain leases of office premises with lease terms of 12 months or less and with low value. The company applies the lease of low-value assets recognition exemption of these leases.

(a) Carrying amounts of right-of-use asset classified within property, plant and equipment

	Leasehold office building S$	Leasehold copier machine S$	Total S$
At 1 January 2019 (Note 3)	507,702	26,348	534,050
Depreciation	(108,140)	(10,540)	(118,680)
At 31 December 2019	399,562	15,808	415,370

(b) Lease liability

The carrying amounts of lease liability and the movements during the year are as below:-

		<---Non-cash changes--->			
	1 January 2019 S$	Cash flows S$	Accretion of Interest S$	Other S$	31 December 2019 S$
Lease liability:-					
- Current	116,746	(119,634)	2,888	118,903	118,903
- Non-current	417,304	-	-	(118,903)	298,401
	534,050	(119,634)	2,888	-	417,304

(c) Amount recognised in profit or loss

	2019 S$
Depreciation of right-of-use assets (Note 3)	118,680
Interest expense on lease liability (Note 15)	2,888
Lease expenses not capitalised in lease liability	
- Expenses relating to short-term lease (included in expenses)	18,391
Total amount recognised in profit or loss	139,959

(d) Total cash outflows

The company had total cash outflows for leases of S$119,634 in 2019.

10. DEFERRED INCOME

	2019 S$	2018 S$
Movement in deferred income		
Balance at beginning of year	1,188,915	998,227
Additions	624,463	972,214
Utilised during the year	(998,418)	(781,526)
Balance at end of year	814,960	1,188,915

Deferred income comprises voluntary donation income received during the year for food aids, programs and events usage in the future.

Revenue recognised in 2019 which was included in the deferred income balance at beginning of the year was S$921,073.

11. INCOME

	2019 S$	2018 S$
Birthday from the Heart	9,994	6,615
Christmas party	-	4,152
CNY celebrations	-	4,000
Food (goodie bags) purchases donations	1,201,090	896,372
Golf tournaments	124,905	150,930
I CAN award	10,926	25,886
Other charitable events	30,000	140,699
Other fundraising events	35,427	52,019
Passion ball event	649,028	604,600
Project Belanja	17,933	-
Public outright donations	1,771,941	574,359
Toy buffet	17,195	41,014
	3,868,439	2,500,646

12. OTHER INCOME

Interest income	35,952	14,633
Grant received	131,466	245,657
Operation charge contribution	126,861	82,053
Utilisation of deferred fund	121,421	186,098
Amortisation of deferred fund	220,237	233,957
Donation in kind	24,450	35,000
Miscellaneous income	79,908	43,672
	740,295	841,070

13. DIRECT COST

	2019 S$	2018 S$
Birthday from the Heart	9,994	6,615
Bread distribution and self collection centre program	3,042	10,443
Christmas party	-	3,907
CNY celebrations	-	3,536
Clean Plate Campaign	19,274	12,894
Food (goodies bags) purchases	1,228,657	911,534
Golf tournaments	42,559	49,690
I CAN award	19,007	19,699
Other charitable events expenses	116,033	87,606
Passion ball event	203,699	200,184
Toy buffet	27,224	39,454
Outright donations	343,059	-
	2,012,548	1,345,562

14. STAFF COSTS

Staff costs comprise:-		
Key management personnel compensation:-		
- Salaries and bonuses [one staff (2018: three staff)]	173,400	186,960
- Employer's contribution to CPF	14,721	22,207
Salaries and other related costs	972,133	779,392
Employer's contribution to CPF	159,732	105,391
	1,319,986	1,093,950

No compensation is made to any of the directors of the company as their appointments are honorary.

15. OTHER OPERATING EXPENSES

	2019 S$	2018 S$
Other operating expenses include:-		
Lease interest	2,888	-
Marketing expenses	41,035	38,667
Media relation expenses	17,726	43,159
Motor van expenses	39,964	36,465
Operation charge expenses	126,861	82,053
Rental of premises	17,978	105,396
Rebranding/public awareness/media events	42,435	-

16. TAXATION

The company has been registered as a charity under the Charities Act and is exempted from income tax for the financial year under the provision of the Income Tax Act, Cap. 134.

17. TAX EXEMPT DONATIONS RECEIVED

	2019 S$	2018 S$
Tax exempt donation received	3,013,555	2,145,686

18. OPERATING LEASE COMMITMENT

The company had leased office premises and equipment under non-cancellable operating lease agreement. Future minimum rentals under non-cancellable lease were as follows:-

	2019 S$	2018 S$
Amount payable:-		
- Within a year	9,007	119,635
- After one year but not more than five years	6,800	99,779
	15,807	219,414

Minimum lease payments that had been recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to S$116,349. As disclosed in Note 2(a), the company has adopted FRS 116 on 1 January 2019. The lease payments have been recognised as right-of-use asset and lease liability on the statement of financial position as at 31 December 2019, except for short-term and low value leases.

19. FINANCIAL RISK MANAGEMENT POLICIES

Financial Risk Management Objectives and Policies

The company does not have written financial risk management policies and guidelines which set out its tolerance for risk and its general risk management philosophy but management may use natural hedges or closely monitor the company's risk exposures in connection with its financial assets and financial liabilities and adopts the appropriate measures including the use of other financial instruments when considered necessary to reduce any potential financial risk exposures or losses.

19. FINANCIAL RISK MANAGEMENT POLICIES (Continued)

Interest Rate Risk

The company has no significant interest-bearing financial assets and financial liabilities except for the fixed deposit placed with financial institution as disclosed in Note 6. As at end of the reporting period, the company is not significantly exposed to interest rate risk. Sensitivity analysis is not performed as the impact is not significant.

Liquidity Risk

The company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the company's operations and mitigate the effects of fluctuation in cash flows.

The following table details the remaining contractual maturities at the end of the reporting period of the company's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date that the company required to pay:-

	2019			
	Carrying amount S$	Total contractual undiscounted cash flow S$	Within 12 months or on demand S$	Between 2 to 5 years S$
Accruals and other payables	303,465	303,465	-	-
Lease liability	417,304	433,180	122,086	311,094
	720,769	736,645	122,086	311,094

	2018			
	Carrying amount S$	Total contractual undiscounted cash flow S$	Within 12 months or on demand S$	Between 2 to 5 years S$
Accruals and other payables	127,216	127,216	-	-

19. FINANCIAL RISK MANAGEMENT POLICIES (Continued)

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The company's exposure to credit risk arises primarily from other receivables. For other financial assets (including cash and cash equivalents), the company minimises credit risk by dealing exclusively with high credit rating counterparties.

The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the company's maximum exposure to credit risk without taking into account of the value of any collateral or other security obtained.

Foreign Currency Risk

The company is not exposed to foreign currency risk as all its transactions are denominated in Singapore Dollar.

20. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The following table sets out the financial assets and liabilities as at the end of the reporting period:-

	2019 S$	2018 S$
Financial assets		
Amortised cost:-		
Other receivables	146,696	291,477
Deposits	66,658	67,275
Cash and bank balances	6,345,052	6,198,005
Total financial assets	6,558,406	6,556,757
Financial liabilities		
Amortised cost:-		
Other payables and accruals	303,465	127,216
Lease liabilities	417,304	-
Total financial liabilities	720,769	127,216

21. FAIR VALUES

The carrying amounts of financial assets and financial liabilities are recorded in the financial statements at their approximate fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

22. RESERVE POLICY

The company's objective in managing fund is to maintain a level of reserve that enables the company to continue operating within at least twelve months period of time. This reserve is used to fund for working capital, any unexpected expenditures or events, and shortfalls in income. The Board of Directors reviews the company's reserve level on regular basis.

23. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2020. The company does not expect that adoption of these accounting standards or interpretations will have a material impact on the company's financial statements.