

**TEEN CHALLENGE (SINGAPORE)
AND ITS SUBSIDIARY
(ROS Ref No. 196/85REL)**

**FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2016**

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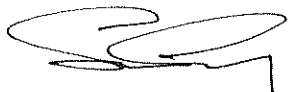
Baker Tilly TFW LLP
Chartered Accountants of Singapore

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TEEN CHALLENGE (SINGAPORE) AND ITS SUBSIDIARY


STATEMENT BY BOARD OF DIRECTORS

On behalf of the Board of Directors of Teen Challenge (Singapore) (the "Society"), we, Ang Chuan Leong Simon and Ting Kiong Ping, being the President and Honorary Treasurer respectively, do hereby state that in our opinion, the consolidated financial statements of the Group and financial statements of the Society as set out on pages 5 to 22 are properly drawn up in accordance with Societies Act, Chapter 311, Charities Act, Chapter 37 and other relevant regulations and Financial Reporting Standards in Singapore so as to give a true and fair view of the financial position of the Group and the Society as at 31 December 2016 and financial performance and changes in accumulated fund and other fund of the Group and the Society and the cash flows of the Group for the financial year ended on that date.



Ang Chuan Leong Simon
President

8 May 2017



Ting Kiong Ping
Honorary Treasurer



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TEEN CHALLENGE (SINGAPORE)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Teen Challenge (Singapore) (the "Society") and its subsidiary (the "Group") as set out on pages 5 to 22, which comprise the balance sheet of the Group and the Society as at 31 December 2016, and the statements of comprehensive income, statements of changes in accumulated fund and other fund of the Group and the Society and the consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the financial statements of the Society are properly drawn up in accordance with the Societies Act, Chapter 311 (the "Societies 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 present fairly, in all material respects, the financial position of the Group and the Society as at 31 December 2016 and of the financial performance, changes in accumulated fund and other fund of the Group and the Society and cash flows of the Group 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 Group 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

The Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is the Statement by Board of Directors as set out on page 1, 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 on the other information obtained prior to the date of this auditor's report, 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
TEEN CHALLENGE (SINGAPORE) (cont'd)**

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of the Board of Directors and Those Charged with Governance for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with the Societies Act, Charities Act and Regulations and FRSs, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Group'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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
TEEN CHALLENGE (SINGAPORE) (cont'd)**

Report on the Audit of the Financial Statements (cont'd)

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

- Conclude on the appropriateness of the Board of Director'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 Group'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 Group 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,

- (i) the accounting and other records required by the Societies Regulations enacted under the Societies Act to be kept by the Society have been properly kept in accordance with those regulations; and
- (ii) the fund raising appeal held during the financial year ended 31 December 2016 has been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeal.

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

- (i) the Society has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (ii) the Society has not complied with the requirements of Regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.



Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

8 May 2017

TEEN CHALLENGE (SINGAPORE) AND ITS SUBSIDIARY

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2016

	Note	Group		Society	
		2016	(Restated) 2015	2016	(Restated) 2015
		\$	\$	\$	\$
Revenue					
Donations	3	687,118	740,404	687,118	734,604
Income from services		181,312	181,826	–	–
Other income	4	866,730	668,233	841,211	663,044
		1,735,160	1,590,463	1,528,329	1,397,648
Less expenditures					
Cost of services					
- consumables and manpower		(25,809)	(38,159)	–	–
Depreciation of property, plant and equipment	7	(100,574)	(43,742)	(84,174)	(37,042)
Staff costs	5	(1,041,788)	(975,806)	(919,226)	(893,527)
Other operating expenses	6	(445,127)	(396,654)	(435,231)	(380,415)
Finance lease interest		–	(397)	–	(397)
Total expenditure		(1,613,298)	(1,454,758)	(1,438,631)	(1,311,381)
Net surplus and total comprehensive income for the year		121,862	135,705	89,698	86,267

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

TEEN CHALLENGE (SINGAPORE) AND ITS SUBSIDIARY

BALANCE SHEETS
At 31 December 2016

	Note	Group (Restated)		Society (Restated)	
		2016 \$	2015 \$	2016 \$	2015 \$
Non-current asset					
Property, plant and equipment	7	714,208	328,567	655,042	256,423
Current assets					
Trade and other receivables	9	71,718	85,617	63,658	82,170
Cash and cash equivalents	10	1,875,643	1,826,192	1,531,922	1,523,628
		1,947,361	1,911,809	1,595,580	1,605,798
Total assets		2,661,569	2,240,376	2,250,622	1,862,221
Non-current liability					
Deferred capital grant	11	414,925	179,584	414,925	179,584
Current liabilities					
Trade and other payables	12	453,689	465,447	446,498	458,884
Deferred capital grant	11	126,640	50,892	126,640	50,892
		580,329	516,339	573,138	509,776
Total liabilities		995,254	695,923	988,063	689,360
Net assets		1,666,315	1,544,453	1,262,559	1,172,861
Represented by					
Accumulated Fund		1,657,227	1,535,365	1,253,471	1,163,773
Other Fund	13	9,088	9,088	9,088	9,088
		1,666,315	1,544,453	1,262,559	1,172,861

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

TEEN CHALLENGE (SINGAPORE) AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN ACCUMULATED FUND AND OTHER FUND
For the financial year ended 31 December 2016

	Accumulated Fund \$	Other Fund \$	Total \$
Group			
Balance at 1 January 2015	1,399,660	9,088	1,408,748
Net surplus and total comprehensive income for the financial year	135,705	–	135,705
Balance at 31 December 2015, as restated	1,535,365	9,088	1,544,453
Balance at 1 January 2016, as previously reported	1,765,841	9,088	1,774,929
Prior year adjustments (Note 15)	(230,476)	–	(230,476)
Balance at 1 January 2016, as restated	1,535,365	9,088	1,544,453
Net surplus and total comprehensive income for the financial year	121,862	–	121,862
Balance at 31 December 2016	1,657,227	9,088	1,666,315
Society			
Balance at 1 January 2015	1,077,506	9,088	1,086,594
Net surplus and total comprehensive income for the financial year	86,267	–	86,267
Balance at 31 December 2015, as restated	1,163,773	9,088	1,172,861
Balance at 1 January 2016 (as previously reported)	1,394,249	9,088	1,403,337
Prior year adjustments (Note 15)	(230,476)	–	(230,476)
Balance at 1 January 2016, as restated	1,163,773	9,088	1,172,861
Net surplus and total comprehensive income for the financial year	89,698	–	89,698
Balance at 31 December 2016	1,253,471	9,088	1,262,559

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

TEEN CHALLENGE (SINGAPORE) AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Net surplus before tax		121,862	135,705
Adjustments for:			
Depreciation for property, plant and equipment		100,574	43,742
Interest on finance leases		–	397
Written off of property, plant and equipment		1,837	–
Gain on disposal of property, plant and equipment		–	(300)
Interest income		(12,710)	(9,951)
Amortisation of deferred capital grant		(67,648)	(23,985)
		<hr/>	
Operating surplus before working capital changes		143,915	145,608
Receivables		13,899	(28,880)
Payables		(11,758)	316,058
Net receipts from deferred capital grants		378,737	254,461
		<hr/>	
Cash flows generated from operation		524,793	687,247
Interest income		12,710	9,951
		<hr/>	
Net cash from operating activities		537,503	697,198
		<hr/>	
Cash flows used in investing activity			
Purchases of property, plant and equipment, representing net cash used in investing activity		(488,052)	(334,992)
		<hr/>	
Cash flows from financing activities			
Interest paid on finance leases		–	(397)
Repayment of finance lease liabilities		–	(2,247)
Proceeds from disposal of property, plant and equipment		–	300
		<hr/>	
Net cash used in financing activities		–	(2,344)
		<hr/>	
Net increase in cash and cash equivalents		49,451	359,862
Cash and cash equivalents at beginning of financial year		1,826,192	1,466,330
		<hr/>	
Cash and cash equivalents at end of financial year	10	1,875,643	1,826,192
		<hr/>	

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

TEEN CHALLENGE (SINGAPORE) AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS For the financial year ended 31 December 2016

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

1 Corporate information

Teen Challenge (Singapore) (“the Society”) is registered as a Society on 14 April 1987.

The objectives of the Society are to provide help, counsel and assistance to delinquent youth and former drug addicts. There have been no significant changes in the nature of these objectives during the financial year.

These financial statements incorporate the financial results and financial position of its subsidiary, Teen Challenge Enterprises Ltd (“TCE”), a company which is incorporated and domiciled in the Republic of Singapore, and limited by guarantee. The principal activities of TCE are set out in Note 8.

The Society’s registered office is at 735 Old Choa Chu Kang Road, Singapore 699798.

2 Significant accounting policies

a) Basis of preparation

The financial statements, expressed in Singapore dollar (\$), which is the Society’s functional currency, have been prepared in accordance with the provisions of the Societies Act, Chapter 311, Charities Act, Chapter 37 and other relevant regulations and Financial Reporting Standards in Singapore (“FRSs”). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRSs requires the use of 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 and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There were no significant judgments and estimates made during the financial year.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

In the current financial year, the Group and the Society have adopted all the new and revised FRSs and Interpretations of FRSs (“INT FRSs”) that are relevant to their operations and effective for the current financial year. The adoption of these new/revised FRSs and INT FRSs did not have any material effect on the financial results or position of the Group and the Society.

2 Significant accounting policies (cont'd)

a) Basis of preparation (cont'd)

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 December 2016 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Society except as disclosed below:

FRS 115 Revenue from Contracts with Customers

FRS 115 replaces FRS 18 'Revenue', FRS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. FRS 115 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in FRS 115 by applying a 5-step approach.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 includes disclosure requirements that will result in disclosure of comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group and Society plans to adopt the standard when it becomes effective in financial year ending 31 December 2018. The Group and Society is currently performing a detailed assessment of the impact and quantifying the transition adjustments on its financial statements.

FRS 109 Financial Instruments

FRS 109 which replaces FRS 39, includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace FRS 39 incurred loss model.

The Group and Society has not undertaken a detailed assessment of the impact of the impairment provisions under FRS 109 but the Group and Society expects that the new expected loss model may result in an earlier recognition of credit losses.

The Group and Society plans to adopt the standard when it becomes effective in financial year ending 31 December 2018.

b) Consolidation

Subsidiary

Subsidiary is an entity controlled by the Society. The Society controls an entity when the Society is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Society's balance sheet, investments in a subsidiary is accounted for at cost less accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investment is recognised in profit or loss.

2 Significant accounting policies (cont'd)

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Society and its subsidiary as at the balance sheet date. Subsidiary is consolidated from the date on which the Society obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiary is prepared for the same reporting date as the Society. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income and expenses are eliminated in full. Income and expenditure resulting from intragroup transactions are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

When a change in the Society's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss and transferred directly to specific funds if required by a specific FRS.

d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment loss. Depreciation is charged so as to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method as follows:

	Years
Motor vehicles	5
Equipment, furniture and fittings	5
Machinery and appliances	5

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

2 Significant accounting policies (cont'd)

e) Impairment of non-financial assets

Non-financial assets are reviewed for impairment at each balance sheet date or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in profit or loss. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years.

f) Financial assets

Classification

The Group classifies its financial assets according to the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at each balance sheet date. The Group's only financial assets are loans and receivables which comprise trade and other receivables (excluding prepayments) and cash and cash equivalents on the balance sheets.

Loans and receivables

Loans and receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. When such evidence exists, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in profit or loss.

g) Financial liabilities

Financial liabilities which comprise trade and other payables are recognised on the balance sheets when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in the profit or loss when the liabilities are derecognised and through the amortisation process.

h) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2 Significant accounting policies (cont'd)

i) Finance leases

Leases of assets in which the Group assumes substantially the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired through finance leases are capitalised at the inception of the lease at the lower of its fair value and the present value of the minimum lease payments. Subsequent to the initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity, and the amount of revenue and related cost can be reliably measured.

Revenue from the various sources are recognised on the following bases:

- i) Income from services is recognised when the services are rendered.
- ii) Donations are recognised when received or upon firm commitments received from the donors before financial year end and are directly attributable to specific events.
- iii) Other donations are recognised upon receipt.
- iv) Interest income is recognised based on effective interest method.

k) Tax expenses

The Society and its subsidiary are registered charities under the Charities Act and are exempted from income tax under the provision of the Income Tax Act.

l) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

m) Employee benefits

Defined contribution plans

The Group makes contributions to the Central Provident Fund scheme in Singapore ("CPF"), a defined contribution plan. Contributions to CPF are charged to profit or loss in the period in which the related service is performed.

n) Funds

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

2 Significant accounting policies (cont'd)

o) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and bank balances and deposits with financial institutions which are subject to an insignificant risk of change in value.

3 Donations

Included in donations received during the financial year for the Group and Society are donations with tax-deductible receipts issued during the financial year totaling \$555,385 (2015: \$568,937).

4 Other income

	Group		Society	
	2016	2015	2016	2015
	\$	\$	\$	\$
Gain on disposal of property, plant and equipment	–	300	–	300
Interest income	12,710	9,951	10,139	8,245
Care and share	180,471	112,939	180,471	112,939
Halfway house scheme	404,324	438,053	404,324	438,053
President's challenge	124,200	17,101	124,200	17,101
Programme income	–	6,744	–	6,744
Government grants	52,652	54,046	52,652	54,046
Amortisation of deferred capital grant	67,648	23,985	67,648	23,985
Others	24,725	5,114	1,777	1,631
	866,730	668,233	841,211	663,044

5 Staff costs

	Group		Society	
	2016	2015	2016	2015
	\$	\$	\$	\$
Salaries and bonuses	809,713	740,392	702,004	669,123
CPF contributions	114,991	99,185	100,138	88,175
Others	117,084	136,229	117,084	136,229
	1,041,788	975,806	919,226	893,527

Included in staff costs were key management personnel compensation as follows:

	Group		Society	
	2016	2015	2016	2015
	\$	\$	\$	\$
Salaries and bonuses	286,838	275,098	286,838	275,098
CPF contributions	35,993	28,859	35,993	28,859
	322,831	303,957	322,831	303,957

5 Staff costs (cont'd)

Transport allowances of \$19,556 (2015: \$18,556) and handphone allowance of \$3,700 (2015: \$3,500) was paid to key management personnel during the financial year for the Group and the Society.

6 Other operating expenses

	Group		Society	
	2016 \$	2015 \$	2016 \$	2015 \$
Other expenses include the following items:				
Charity golf expenses	78,121	88,919	78,121	88,919
Flag day expenses and other fund-raising expenses	–	38,728	–	38,728
Celebrations dinner expenses	87,515	–	87,515	–
Meals and provisions	41,568	40,283	41,568	40,283
Residents' expenses	31,527	17,310	31,527	17,310
Utilities	61,553	61,281	61,553	61,281
Vehicle expenses	29,056	36,633	27,943	28,389

7 Property, plant and equipment

	Motor vehicles \$	Equipment, furniture and fittings \$	Machinery and appliances \$	Total \$
Group				
2016				
Cost				
Balance at beginning of financial year	318,777	658,260	34,894	1,011,931
Additions	209,260	265,655	13,137	488,052
Disposals/written off	(45,639)	(40,391)	(13,708)	(99,738)
Balance at end of financial year	482,398	883,524	34,323	1,400,245
Accumulated depreciation				
Balance at beginning of financial year	146,041	513,876	23,447	683,364
Charge for the financial year	49,316	46,587	4,671	100,574
Disposals/written off	(45,639)	(38,554)	(13,708)	(97,901)
Balance at end of financial year	149,718	521,909	14,410	686,037
Net carry value				
As at 31 December 2016	332,680	361,615	19,913	714,208

7 Property, plant and equipment (cont'd)

	Motor vehicles \$	Equipment, furniture and fittings \$	Machinery and appliances \$	Total \$
Group				
2015				
Cost				
Balance at beginning of financial year	218,100	523,517	31,022	772,639
Additions	186,477	144,260	4,255	334,992
Disposals/written off	(85,800)	(9,517)	(383)	(95,700)
Balance at end of financial year	318,777	658,260	34,894	1,011,931
Accumulated depreciation				
Balance at beginning of financial year	215,567	498,638	21,117	735,322
Charge for the financial year	16,274	24,755	2,713	43,742
Disposals/written off	(85,800)	(9,517)	(383)	(95,700)
Balance at end of financial year	146,041	513,876	23,447	683,364
Net carry value				
As at 31 December 2016	172,736	144,384	11,447	328,567
Society				
2016				
Cost				
Balance at beginning of financial year	196,499	657,500	34,894	888,893
Additions	209,260	265,655	9,715	484,630
Written off	(12,600)	(40,391)	(13,708)	(66,699)
Balance at end of financial year	393,159	882,764	30,901	1,306,824
Accumulated depreciation				
Balance at beginning of financial year	95,793	513,230	23,447	632,470
Charge for the financial year	33,600	46,473	4,101	84,174
Written off	(12,600)	(38,554)	(13,708)	(64,862)
Balance at end of financial year	116,793	521,149	13,840	651,782
Net carry value				
As at 31 December 2016	276,366	361,615	17,061	655,042

7 Property, plant and equipment (cont'd)

	Motor vehicles \$	Equipment, furniture and fittings \$	Machinery and appliances \$	Total \$
Society				
2015				
Cost				
Balance at beginning of financial year	119,600	522,757	31,022	673,379
Additions	107,899	144,260	4,255	256,414
Written off	(31,000)	(9,517)	(383)	(40,900)
Balance at end of financial year	196,499	657,500	34,894	888,893
Accumulated depreciation				
Balance at beginning of financial year	117,067	498,144	21,117	636,328
Charge for the financial year	9,726	24,603	2,713	37,042
Disposals/written off	(31,000)	(9,517)	(383)	(40,900)
Balance at end of financial year	95,793	513,230	23,447	632,470
Net carry value				
As at 31 December 2015	100,706	144,270	11,447	256,423

8 Subsidiary company

Details of the subsidiary company as at the financial year end are as follows:

Name	Country of incorporation and principal place of activities	Effective interest held by the Group	
		2016 %	2015 %
Teen Challenge Enterprises Ltd	Singapore	100	100

The subsidiary company, Teen Challenge Enterprises Ltd (“TCE”), is a company limited by guarantee. The principal activities of TCE are those relating to the provision of movers and woodwork services for both home and offices.

The Society is exposed to and has rights to variable returns from its involvement with TCE and has the ability to affect those returns through its power over TCE. TCE carry out its activities as an extension of the objectives of the Society in providing employment to reformed delinquents and drug addicts.

9 Trade and other receivables

	Group		Society	
	2016 \$	2015 \$	2016 \$	2015 \$
Trade receivables	3,230	120	–	–
Other receivables	39,126	62,065	36,890	59,792
Prepayments	14,216	8,286	11,622	7,232
Deposits	15,146	15,146	15,146	15,146
	71,718	85,617	63,658	82,170

10 Cash and cash equivalents

	Group		Society	
	2016 \$	2015 \$	2016 \$	2015 \$
Cash and bank balances	1,100,018	1,062,990	910,013	912,389
Fixed deposits	775,625	763,202	621,909	611,239
	1,875,643	1,826,192	1,531,922	1,523,628

Fixed deposits placed with financial institutions mature within 11 months (2015: 11 months) from the balance sheet date and bear interest at rate ranging from 1.22% to 1.8% (2015: 1.7% to 1.8%) per annum.

11 Deferred capital grant

	Group and Society	
	2016 \$	2015 \$
Cost		
At 1 January	254,461	–
Additions	378,737	254,461
At 31 December	633,198	254,461
Accumulated amortisation		
At 1 January	23,985	–
Amortisation during the financial year	67,648	23,985
At 31 December	91,633	23,985
Net carry value		
At 31 December	541,565	230,476
Non-current	414,925	179,584
Current	126,640	50,892
	541,565	230,476

Deferred capital grant relates to grant received for the acquisition of capital assets. The grant received is amortised over the useful life of the property, plant and equipment of 5 years.

12 Trade and other payables

	Group		Society	
	2016 \$	2015 \$	2016 \$	2015 \$
Other payables	41,456	30,784	36,365	30,784
Deferred income				
- Care and share grant	405,933	390,485	405,933	390,485
- Halfway house scheme	–	33,415	–	33,415
Accruals	6,300	10,763	4,200	4,200
Present value of lease payments	453,689	465,447	446,498	458,884

Care and Share Grant represents a dollar and twenty-five cents for every eligible donation dollar for the first \$1,000,000 and a dollar for every eligible donation dollar for the subsequent \$1,000,000 that the Company raises between 1 December 2013 and 31 March 2016. The Grant shall be used to develop social service related Volunteer Welfare Organisations and their programmes to better serve the beneficiaries. The grant shall be used for both capability and capacity building.

The Group and Society participates in the Care and Share Matching Grant scheme funded by Ministry of Social and Family Development and administered by National Council of Social Service (“NCSS”). The Group and Society received approval of grant up to \$2,250,000 subject to fulfilling certain conditions set by NCSS. During the financial year ended 31 December 2016, the Group and Society received a further grant amounting to \$458,856. Out of the approved grant received \$180,471 was recognised in profit or loss, \$262,937 recognised in deferred capital grant and the remaining balance of \$405,933 is shown as deferred income.

13 Other Fund

Other fund is to be utilised solely for the purpose of providing electrical training as designated by the donor.

14 Financial instruments

a) Categories of financial instruments

	Group		Society	
	2016 \$	2015 \$	2016 \$	2015 \$
Financial assets				
Loans and receivables (including cash and cash equivalents)	1,933,145	1,903,523	1,583,958	1,598,566
Financial liabilities				
At amortised cost	453,689	465,447	446,498	458,884

14 Financial instruments (cont'd)

b) Financial risk management

The Group and Society's overall risk management is determined and carried out by the board of directors on an informal basis. The Group and Society is exposed to the following financial risks:

Credit risk

The Group and Society have no significant concentrations of credit risk. The carrying amounts of trade and other receivables, cash and cash equivalents as presented on the balance sheets represent the Group and Society's maximum exposure to credit risk.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group and Society. Bank balances and fixed deposits are placed with reputable banks.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired.

Foreign exchange risk

The Group and Society have no significant exposure to foreign exchange risk as its financial assets and financial liabilities are denominated in Singapore dollar.

Interest rate risk

The Group and Society's exposure to interest rate risk is minimal.

Sensitivity analysis for changes in interest rate is not disclosed as the effect on profit or loss is considered not significant.

Liquidity and cash flow risk

The board of directors exercises prudent liquidity and cash flow risk management policies and aims at maintaining an adequate level of liquidity and cash flow at all times.

The table below analyses the maturity profile of the Group and Society's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year \$
Group	
At 31 December 2016	
Trade and other payables	453,689
	<hr/>
At 31 December 2015	
Trade and other payables	465,447
	<hr/>

14 Financial instruments (cont'd)

b) Financial risk management (cont'd)

Liquidity and cash flow risk (cont'd)

	Less than 1 year \$
Society	
At 31 December 2016	
Trade and other payables	<u>446,498</u>
At 31 December 2015	
Trade and other payables	<u>458,884</u>

c) Fair values

The carrying amounts of the financial assets and liabilities recorded in the financial statements of the Group and Society approximate their fair values.

15 Prior year adjustment

In the previous financial year ended 31 December 2015, grant income from Care and Share Matching Grant and President's Challenge Grant ("Grants") were recognised as deferred income in trade and other payables when received. When the Grants are utilised for expenditure (including property, plant and equipment), the Grants are recognised in profit or loss during the financial period whereby the Grants are utilised for the expenditure or purchase of property, plant and equipment.

During the financial year, the Group and Society changed its accounting policy on the recognition of grant income for Grants. Grant received are currently recognised as a deferred income in trade and other payables (Note 12). Upon utilisation of the grant relating to an expense item, it will be recognised as income in profit or loss of the respective programmes over the period necessary to match the related expenses for which the grants are intended to compensate. For utilisation of grants for purchases of property, plant and equipment, it will be recognised as deferred capital grant on the balance sheet and amortised to profit or loss over the expected useful life of the relevant asset.

Accordingly, the above mentioned reclassifications have been accounted for retrospectively and comparative figures restated.

15 Prior year adjustment (cont'd)

31 December 2015	As previously stated	Amount reclassified	As restated
	\$	\$	\$
Group and Society			
<i>Statement of comprehensive income</i>			
Other income			
- Care and Share	259,501	(146,562)	112,939
- President's challenge	125,000	(107,899)	17,101
- Amortisation of deferred capital grant	–	23,985	23,985
Net surplus of the Group	366,181	(230,476)	135,705
Net surplus of the Society	316,743	(230,476)	86,267
<hr/>			
<i>Balance sheet</i>			
Deferred capital grant (Non-current)	–	179,584	179,584
Deferred capital grant (Current)	–	50,892	50,892
Accumulated Fund of the Group	1,765,841	(230,476)	1,535,365
Accumulated Fund of the Society	1,394,249	(230,476)	1,163,773
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The Group and Society did not present three balance sheets in the financial statements as the prior year adjustments had no impact on balances as at 1 January 2015.

16 Fund management

The Group and Society's objectives when managing its funds are to safeguard and maintain adequate working capital to continue as a going concern. These objectives remain unchanged from previous financial year.

17 Authorisation of financial statements

The financial statements of the Group and Society for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of the board of directors dated 8 May 2017.