

TEEN CHALLENGE ENTERPRISES LTD
(Co. Reg. No. 200306056R)

**FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2022**

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TEEN CHALLENGE ENTERPRISES LTD
(A company limited by guarantee and not having share capital)

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited financial statements of the Company for the financial year ended 31 December 2022.

In the opinion of the directors:

- (i) the financial statements set out on pages 5 to 15 are drawn up so as to give a true and fair view of the financial position of the Company at 31 December 2022 and of the financial performance, changes in fund and cash flows of the Company for the financial year then ended in accordance with the provisions of the Companies Act 1967, the Charities Act 1994 and other relevant regulations and Financial Reporting Standards in Singapore; 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.

Directors

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

Glenn Lim Kern Nien
Bernadette Fan Siew Fong
Teo Teng Hong Philip (Appointed on 10 August 2022)
Chia Beng Hock (Appointed on 10 August 2022)

Arrangement to enable directors to acquire benefits

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

Other matters

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

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors



Chia Beng Hock
Director



Teo Teng Hong Philip
Director

09 JUN 2023

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
TEEN CHALLENGE ENTERPRISES LTD**
(A company limited by guarantee and not having share capital)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Teen Challenge Enterprises Ltd (the "Company") as set out on pages 5 to 15, which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act"), the Charities Act 1994 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 2022 and of the financial performance, changes in fund and cash flows of the Company for the financial year ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information obtained at the date of the auditor's report is the directors' statement 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 ENTERPRISES LTD (cont'd)**

(A company limited by guarantee and not having share capital)

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, 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.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

(A company limited by guarantee and not having share capital)

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 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 the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

During the course of our audit, nothing has come to our attention that causes us to believe that during the financial year, the Company has not complied with the requirements of Regulation 7 of the Charities (Fund-Raising Appeals for Local and Foreign Charitable Purposes) Regulations 2012.



Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

9 June 2023

TEEN CHALLENGE ENTERPRISES LTD
(A company limited by guarantee and not having share capital)

STATEMENT OF FINANCIAL ACTITIVIES
For the financial year ended 31 December 2022

	Note	2022 \$	2021 \$
Income			
Income from services		181,632	142,455
Other income	3	13,638	12,309
		<hr/>	<hr/>
		195,270	154,764
Less operating expenditure			
Cost of services - consumables and manpower		26,000	16,794
Depreciation of plant and equipment	5	206	320
Staff costs	4	163,827	98,508
Other operating expenses		35,377	20,397
		<hr/>	<hr/>
		225,410	136,019
Net (deficit)/surplus for the financial year		(30,140)	18,745
Accumulated fund at beginning of financial year		391,682	372,937
		<hr/>	<hr/>
Accumulated fund at end of financial year		361,542	391,682
		<hr/>	<hr/>

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

TEEN CHALLENGE ENTERPRISES LTD
(A company limited by guarantee and not having share capital)

STATEMENT OF FINANCIAL POSITION
At 31 December 2022

	Note	2022 \$	2021 \$
Non-current asset			
Plant and equipment	5	275	481
		<hr/>	
Current assets			
Trade receivables		3,300	5,160
Other receivables	6	6,952	3,517
Cash and cash equivalents	7	360,243	390,340
		<hr/>	
		370,495	399,017
		<hr/>	
Total assets		370,770	399,498
		<hr/>	
Current liabilities			
Other payables		1,100	–
Accruals		8,128	7,816
		<hr/>	
		9,228	7,816
		<hr/>	
Net assets		361,542	391,682
		<hr/>	
Accumulated Fund		361,542	391,682
		<hr/>	

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

TEEN CHALLENGE ENTERPRISES LTD
(A company limited by guarantee and not having share capital)

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Net (deficit)/surplus for the financial year		(30,140)	18,745
Adjustments for:			
Depreciation of plant and equipment		206	320
Interest income		(1,053)	(1,265)
Operating (deficit)/surplus before working capital changes		(30,987)	17,800
Receivables		(1,360)	(3,516)
Payables		1,412	2,067
Cash (used in)/generated from operations		(30,935)	16,351
Interest received		838	2,243
Net cash (used in)/generated from operating activities represents net increase in cash and cash equivalents		(30,097)	18,594
Cash and cash equivalents at beginning of financial year		390,340	371,746
Cash and cash equivalents at end of financial year	7	360,243	390,340

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

TEEN CHALLENGE ENTERPRISES LTD
(A company limited by guarantee and not having share capital)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2022

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

1 Corporate information

The Company (Co. Reg. No. 200306056R) is incorporated and domiciled in Singapore. The Company is also a charity register under the Charities Act 1994. The address of its registered office is at 735 Old Choa Chu Kang Road, Singapore 699798.

The principal activities of the Company are those relating to the provision of movers, woodwork and printing services for both home and offices.

The Company is deemed to be a subsidiary of Teen Challenge (Singapore) (“the Society”) as the Society is exposed to and has rights to variable returns from its involvement with the Company and has the ability to affect those returns through its power over the Company. The Company carry out its activities as an extension of the objectives of the Society in providing employment to reformed delinquents and drug addicts.

Each member of the Company has undertaken to contribute such amounts not exceeding \$10 to the assets of the Company in the event the Company is wound up and the monies are required for payment of the liabilities of the Company. The Company has 4 members (2021: 3 members) at the end of the reporting year.

The memorandum and articles of the Company restricts the use of fund monies to the furtherance of the objects of the Company. They prohibit the payment of dividend to members.

2 Significant accounting policies

a) Basis of preparation

The financial statements, expressed in Singapore dollar (“\$”), which is the functional currency of the Company, have been prepared in accordance with the provisions of the Companies Act 1967, the Charities Act 1994 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.

Use of estimates and judgements

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.

2 Significant accounting policies (cont'd)

a) Basis of preparation (cont'd)

Use of estimates and judgements (cont'd)

There were no significant judgements made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

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

New and revised standards

In the current financial year, the Company 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 Company.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2022 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 Company.

b) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any impairment loss. Depreciation is charged to profit or loss so as to allocate the depreciable amount of plant and equipment over their estimated useful lives, using the straight-line method as follows:

	Years
Office equipment	5
Motor vehicles	5
Machinery and appliances	5

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

On disposal of a 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.

c) Impairment of non-financial assets

Non-financial assets are reviewed for impairment at each reporting period 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.

2 Significant accounting policies (cont'd)

d) Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The Company classifies its financial assets based on the Company's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets. The Company's only financial assets are classified at amortised cost which comprise trade and other receivables (excluding prepayments) and cash and cash equivalents.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Subsequent measurement

Debt instruments include cash and cash equivalents, trade and other receivables (excluding prepayments). These are subsequently measured at amortised cost based on the Company's business model for managing the asset and cash flow characteristics of the asset.

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Impairment

The Company recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. 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.

2 Significant accounting policies (cont'd)

d) Financial assets (cont'd)

Impairment (cont'd)

The impairment methodology applied depends on whether there has been a significant increase in credit risk. 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-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

e) Financial liabilities

Financial liabilities, which comprise other payables and accruals are initially measured at fair value, and are 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 profit or loss when the liabilities are derecognised and through the amortisation process.

f) Cash and cash equivalents

For the purposes of the 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.

g) Revenue recognition

Revenue from services

Revenue from services is recognised at point in time. The services rendered are short term in nature.

Interest income

Interest income is recognised using the effective interest method.

h) 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 statement of financial position 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.

2 Significant accounting policies (cont'd)

i) Defined contribution plans

The Company 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.

j) Income taxes

As a charity, the Company is exempt from tax on income and gains falling within Section 13(1)(zm) of the Income Tax Act 1947 to the extent that these are applied to its charitable objects. No tax charges have arisen for the Company during the financial year.

k) Provisions

Provisions are recognised when the Company 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 Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

l) Funds

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

3 Other income

	2022 \$	2021 \$
Interest income	1,053	1,265
Other grants	11,085	5,615
Government grant income ^(a)	–	5,329
Donations	–	100
Sundry income	1,500	–
	13,638	12,309

^(a) In 2021, Government grant income of \$5,329 was recognised under the Jobs Support Scheme (the "JSS"). Under the JSS, the Singapore Government will co-fund gross monthly wages paid to each local employee through cash subsidies with the objective of helping employers retain local employees.

4 Staff costs

	2022 \$	2021 \$
Salaries and bonuses	142,787	85,542
CPF contributions	21,040	12,966
	163,827	98,508

5 Plant and equipment

	Motor vehicles \$	Machinery and appliances \$	Total \$
2022			
Cost			
At 1 January 2022 and 31 December 2022	78,578	4,453	83,031
Accumulated depreciation			
At 1 January 2022	78,578	3,972	82,550
Depreciation charge	–	206	206
At 31 December 2022	–	4,178	82,756
Net carrying value			
At 31 December 2022	–	275	275
2021			
Cost			
At 1 January 2021 and 31 December 2021	78,578	4,453	83,031
Accumulated depreciation			
At 1 January 2021	78,578	3,652	82,230
Depreciation charge	–	320	320
At 31 December 2021	78,578	3,972	82,550
Net carrying value			
At 31 December 2021	–	481	481

6 Other receivables

	2022 \$	2021 \$
Prepayments	2,838	2,968
Interest receivables	764	549
Deposit	3,000	–
Sundry debtors	350	–
	6,952	3,517

7 Cash and cash equivalents

	2022 \$	2021 \$
Bank and cash balances	60,243	193,561
Fixed deposits	300,000	196,779
	<u>360,243</u>	<u>390,340</u>

Fixed deposits are placed with financial institutions and mature within 1 year (2021: 3 to 5 months) after the end of the reporting period. The interest rate of the fixed deposits is 3.9% to 4.3% (2021: 0.35% to 0.46%) per annum.

8 Related party transactions

During the year, in addition to the information disclosed elsewhere in these financial statements, the Company entered into the following transactions with Teen Challenge (Singapore) at rates and terms agreed between the parties:

	2022 \$	2021 \$
Revenue	1,225	–
Payment on behalf by	112,582	–
	<u>112,582</u>	<u>–</u>

Key management personnel compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

The directors, who are also the only members of the key management, did not receive any remuneration from the Company during the financial year.

9 Financial instruments**a) Categories of financial instruments**

Financial instruments at their carrying amounts at the end of the financial year are as follows:

	2022 \$	2021 \$
<i>Financial assets</i>		
Financial assets at amortised cost	367,657	396,049
	<u>367,657</u>	<u>396,049</u>
<i>Financial liabilities</i>		
Financial liabilities at amortised cost	9,228	7,816
	<u>9,228</u>	<u>7,816</u>

9 Financial instruments (cont'd)

b) Financial risk management (cont'd)

The Company's activities expose it to minimal credit risk and liquidity risk. The Company does not have any significant exposure to foreign exchange risk, interest rate risk and price risk. Risk management is carried out under policies approved by the directors. The directors approve guidelines for overall risk management, as well as policies covering these specific areas on an informal basis.

Credit risk

The Company has no significant concentrations of credit risk. The carrying amounts of trade and other receivables and cash and cash equivalents as presented on the statement of financial position represent the Company's maximum exposure to credit risk.

The credit loss for cash and cash equivalents and trade and other receivables are immaterial as at 31 December 2022 and 31 December 2021.

Liquidity risk

The directors manage the Company's liquidity risk by maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. All financial liabilities are due in the next twelve months.

Foreign currency risk

The Company has no exposure to any foreign currency risk as its transactions, assets and liabilities are denominated in its functional currency.

Interest rate risk

The Company'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.

c) Fair values of financial assets and liabilities

The carrying amounts of the financial assets and financial liabilities recorded in the financial statements of the Company approximate their fair values due to their short-term nature.

10 Fund management

The Company'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.

11 Authorisation of financial statements

The financial statements of the Company for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors dated 9 June 2023.