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# THE HIDING PLACE (CHRISTIAN HOME MISSION) LTD AND ITS SUBSIDIARY

Company Registration 198301684W

## DIRECTORS' STATEMENT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

*NLA DFK ASSURANCE PAC*

***Chartered Accountants***

***Singapore***

**THE HIDING PLACE (CHRISTIAN HOME MISSION) LTD**
**AND ITS SUBSIDIARY**
Company Registration 198301684W

# DIRECTORS' STATEMENT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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**AND ITS SUBSIDIARY**
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## Directors' statement
for the financial year ended 31 December 2020

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of The Hiding Place (Christian Home Mission) Ltd (the "Company") and its subsidiary (collectively, the "Group") and the statements of financial position and statements of changes in equity of the Company for the financial year ended 31 December 2020.

### 1. Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company set out on pages 6 to 36 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and

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

### 2. Directors

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

Chua Kok Hiang Edmund
Toh Kim Hong
Toh Lai Hee Bob
Tan Han Hoe
Thomas Liao Tianshun (Appointed on 11 August 2020)
Stephen Patrick Soloman (Appointed on 11 February 2020)
Samuel Chua Wee Kiang (Cai Weiqiang)

### 3. Arrangements to enable directors to acquire shares or debentures

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

**THE HIDING PLACE (CHRISTIAN HOME MISSION) LTD**
**AND ITS SUBSIDIARY**
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**Directors' statement (continued)**
for the financial year ended 31 December 2020

## 4. Auditor

NLA DFK Assurance PAC has expressed its willingness to accept re-appointment as auditor.

**On behalf of the board of directors**

..................................................
**Samuel Chua Wee Kiang (Cai Weiqiang)**
Director

..................................................
**Tan Han Hoe**
Director

23 June 2021

**Independent auditor's report to the members of**
**THE HIDING PLACE (CHRISTIAN HOME MISSION) LTD**
Company Registration No. 198301684W

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of The Hiding Place (Christian Home Mission) Ltd (the "Company") and its subsidiary (the "Group"), as set out on pages 6 to 36, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2020 and of the financial performance, changes in equity and cash flows of the Group and changes in equity 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 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*

Management is responsible for the other information. The other information comprises the Directors' Statement as set out on pages 1 to 2.

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

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

**Independent auditor's report to the members of**
**THE HIDING PLACE (CHRISTIAN HOME MISSION) LTD (continued)**
Company Registration No. 198301684W

*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 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 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include 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:

(a) 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.

(b) 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.

(c) 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**
**THE HIDING PLACE (CHRISTIAN HOME MISSION) LTD (continued)**
Company Registration No. 198301684W

*Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

(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 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.

(e) 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.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activity within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 and by the subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

NLA DFK Assurance PAC

Public Accountants and
Chartered Accountants
Singapore

23 June 2021

Name of engagement director: Low Xiachao

**THE HIDING PLACE (CHRISTIAN HOME MISSION) LTD**
**AND ITS SUBSIDIARY**
Company Registration 198301684W

## Statements of financial position
as at 31 December 2020

| | Note | Group | Company | |
|---|---|---|---|---|
| | | 2020 | 2020 | 2019 |
| | | S$ | S$ | S$ |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | 4 | 1,519,010 | 1,434,625 | 2,303,895 |
| Other receivable | 5 | 13,271 | 13,271 | - |
| Other assets | 6 | 47,880 | 9,035 | 42,313 |
| | | 1,580,161 | 1,456,931 | 2,346,208 |
| **Non-current assets** | | | | |
| Property, plant and equipment | 7 | 8,925,553 | 8,873,902 | 8,316,181 |
| Right-of-use assets | 8 | 172,031 | - | - |
| Investment in subsidiary | 9 | - | 200,000 | - |
| | | 9,097,584 | 9,073,902 | 8,316,181 |
| **Total assets** | | 10,677,745 | 10,530,833 | 10,662,389 |
| **LIABILITIES AND EQUITY** | | | | |
| **Current liabilities** | | | | |
| Other payables | 10 | 151,143 | 139,697 | 61,435 |
| Bank borrowing | 11 | 34,293 | 34,293 | 45,396 |
| Loan from a non-related party | 12 | 400,000 | 400,000 | 500,000 |
| Lease liability | 13 | 43,089 | - | - |
| | | 628,525 | 573,990 | 606,831 |
| **Non-current liabilities** | | | | |
| Bank borrowing | 11 | 891,435 | 891,435 | 1,424,540 |
| Lease liability | 13 | 129,887 | - | - |
| Provision for reinstatement cost | 14 | 2,957 | - | - |
| | | 1,021,322 | 891,435 | 1,424,540 |
| **Funds** | | | | |
| Accumulated fund | | 4,553,751 | 4,591,261 | 4,361,169 |
| Building fund | 15 | 4,474,147 | 4,474,147 | 4,269,849 |
| | | 9,027,898 | 9,065,408 | 8,631,018 |
| **Total liabilities and funds** | | 10,677,745 | 10,530,833 | 10,662,389 |

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

**THE HIDING PLACE (CHRISTIAN HOME MISSION) LTD**
**AND ITS SUBSIDIARY**
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## Consolidated statement of comprehensive income
for the financial year ended 31 December 2020

| | | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | | 2020 | | | 2019 | | |
| | Note | Accumulated Fund S$ | Building Fund S$ | Total S$ | Accumulated Fund S$ | Building Fund S$ | Total S$ |
| Revenue | 16 | 1,283,024 | 283,583 | 1,566,607 | 1,548,214 | 357,220 | 1,905,434 |
| Gain on disposal of property, plant and equipment | | 746 | - | 746 | 1,016 | - | 1,016 |
| Other income | 17 | 133,372 | - | 133,372 | 20,109 | - | 20,109 |
| Depreciation of property, plant and equipment | 7 | (173,625) | (34,000) | (207,625) | (88,977) | (34,000) | (122,977) |
| Depreciation of right-of-use assets | 8 | (3,660) | - | (3,660) | - | - | - |
| Finance cost | 18 | (242) | (45,285) | (45,527) | - | (40,455) | (40,455) |
| Employee benefits expense | 19 | (531,066) | - | (531,066) | (577,196) | - | (577,196) |
| Short term lease expenses | | (82,371) | - | (82,371) | (117,600) | - | (117,600) |
| Other operating expenses | 20 | (433,596) | - | (433,596) | (543,191) | (31,120) | (574,311) |
| **Surplus for the financial year, representing total comprehensive income for the financial year** | | 192,582 | 204,298 | 396,880 | 242,375 | 251,645 | 494,020 |

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

## Statements of changes in funds
for the financial year ended 31 December 2020

| | Accumulated Fund | Building Fund | Total |
|---|---|---|---|
| | S$ | S$ | S$ |
| Group | | | |
| At 1 January 2020 | 4,361,169 | 4,269,849 | 8,631,018 |
| Total comprehensive income for the financial year | 192,582 | 204,298 | 396,880 |
| At 31 December 2020 | 4,553,751 | 4,474,147 | 9,027,898 |

| | Accumulated Fund | Building Fund | Total |
|---|---|---|---|
| | S$ | S$ | S$ |
| Company | | | |
| At 1 January 2020 | 4,361,169 | 4,269,849 | 8,631,018 |
| Total comprehensive income for the financial year | 230,092 | 204,298 | 434,390 |
| At 31 December 2020 | 4,591,261 | 4,474,147 | 9,065,408 |
| | | | |
| At 1 January 2019 | 4,118,794 | 4,018,204 | 8,136,998 |
| Total comprehensive income for the financial year | 242,375 | 251,645 | 494,020 |
| At 31 December 2019 | 4,361,169 | 4,269,849 | 8,631,018 |

**THE HIDING PLACE (CHRISTIAN HOME MISSION) LTD AND ITS SUBSIDIARY**
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## Consolidated statement of cash flows
for the financial year ended 31 December 2020

| | Note | Group 2020 S$ | Company 2019 S$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Surplus for the financial year | | 396,880 | 494,020 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 7 | 207,625 | 122,977 |
| Depreciation of right-of-use assets | 8 | 3,660 | - |
| Gain on disposal of property, plant and equipment | | (746) | (1,016) |
| Interest expense | 18 | 45,527 | 40,455 |
| Interest income | 17 | (18,159) | (16,812) |
| Operating cash flows before movements in working capital | | 634,787 | 639,624 |
| **Change in working capital:** | | | |
| Other receivable | | (13,271) | 18,266 |
| Other assets | | (5,567) | (38,821) |
| Other payables | | 86,751 | 3,848 |
| **Cash generated from operations** | | 702,700 | 622,917 |
| Interest paid | | (45,285) | (40,455) |
| Interest received | | 18,159 | 16,812 |
| **Net cash generated from operating activities** | | 675,574 | 599,274 |
| | | | |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of property, plant and equipment | | 2,750 | 4,168 |
| Purchase of property, plant and equipment | 7 | (819,001) | (490,631) |
| **Net cash used in investing activities** | | (816,251) | (486,463) |
| | | | |
| **Cash flows from financing activities** | | | |
| Repayment of loan from a non-related party | | (100,000) | - |
| Repayment of bank borrowing | 11 | (544,208) | (43,468) |
| **Net cash used in financing activities** | | (644,208) | (43,468) |
| | | | |
| Net (decrease)/increase in cash and cash equivalents | | (784,885) | 69,343 |
| Cash and cash equivalents at beginning of financial year | | 2,303,895 | 2,234,552 |
| Cash and cash equivalents at end of financial year | 4 | 1,519,010 | 2,303,895 |

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

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

## 1. General

The Hiding Place (Christian Home Mission) Ltd (the "Company") is incorporated and domiciled in Singapore with its principal place of business and registered office at 5A Jalan Haji Salam Singapore 468746.

The Company is limited by its members' guarantee to contribute to the assets of the Company up to S$100 per member in the event of it being wound up.

The Company has been registered as a charity under the Singapore Charities Act, Chapter 37. The registration number is 0465. The income of the Company is exempted from income tax subject to compliance with certain provisions of the Singapore Income Tax Act, Chapter 134.

The principal activities of the Company is the provision of counselling, after-care and other social rehabilitation facilities in a Christian environment for former drug addicts, discharged prisoners and juvenile delinquents. The principal activities of the subsidiary is disclosed in Note 9.

## 2. Significant accounting policies

### 2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Financial Reporting Standards in Singapore ("FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The consolidated financial statements are presented in Singapore dollar ("S$") which is also the Company's functional currency.

### 2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

## 2. Summary of significant accounting policies (continued)

### 2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

| Description | Effective for annual periods beginning on or after |
|---|---|
| Amendment to FRS 116 *Covid-19-Related Rent Concessions* | 1 June 2020 |
| Amendments to FRS 109, FRS 39, FRS 107, FRS 104, and FRS 116 *Interest Rate Benchmark Reform – Phase 2* | 1 January 2021 |
| Amendment to FRS 116 *Covid-19-Related Rent Concessions beyond 30 June 2021* | 1 April 2021 |
| Amendments to FRS 103 *Reference to the Conceptual Framework* | 1 January 2022 |
| Amendments to FRS 16 *Property, Plant and Equipment — Proceeds before Intended Use* | 1 January 2022 |
| Amendments to FRS 37 *Onerous Contracts — Cost of Fulfilling a Contract* | 1 January 2022 |
| Annual Improvements to FRSs 2018-2020 | 1 January 2022 |
| - Amendments to FRS 101 *First-Time Adoption of Financial Reporting Standards* | |
| - Amendments to FRS 109 *Financial Instruments* | |
| - Amendments to Illustrative Examples Accompanying FRS 116 *Leases* | |
| - Amendments to FRS 41 *Agriculture* | |
| Amendments to FRS 117 *Insurance Contracts* | 1 January 2023 |
| Amendments to FRS 1 *Classification of Liabilities as Current or Non-current – Deferral of Effective Date* | 1 January 2023 |
| Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies* | 1 January 2023 |
| Amendments to FRS 8: *Definition of Accounting Estimates* | 1 January 2023 |
| Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* | Date to be determined |

The directors expect that the adoption of the standards above will have no material impact on the consolidated financial statements in the period of initial application.

## 2. Significant accounting policies (continued)

### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared as of the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The subsidiary is consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

(i) Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
(ii) Derecognises the carrying amount of any non-controlling interests;
(iii) Derecognises the cumulative translation differences recorded in equity;
(iv) Recognises the fair value of the consideration received;
(v) Recognises the fair value of any investment retained;
(vi) Recognises any surplus or deficit in profit or loss;
(vii) Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

*Subsidiary*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

*Accounting for subsidiary by the Company*

In the Company's separate financial statements, investments in subsidiary is accounted for at cost less any impairment losses.

### 2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and fixed deposits and are subject to an insignificant risk of changes in value.

## 2. Significant accounting policies (continued)

### 2.6 Financial instruments

(a) Financial assets

*Initial recognition and measurement*

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

*Subsequent measurement*

Investments in debt instruments

Debt instruments mainly comprise of cash and cash equivalents, other receivable and deposits.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL. The Group only has debt instruments at 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 measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

*Derecognition*

A financial asset is derecognised when 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 and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

## 2. Significant accounting policies (continued)

### 2.6 Financial instruments (continued)

(b) Financial liabilities

*Initial recognition and measurement*

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

*Subsequent measurement*

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. These financial liabilities mainly comprise other payables and bank borrowings. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

As at reporting date, all of the Group's financial liabilities are at amortised cost, which mainly comprise of other payables, bank borrowing, loan from a non-related party and lease liabilities.

*Derecognition*

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

(c) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.7 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group 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 or other credit enhancements that are integral to the contractual terms.

## 2. Significant accounting policies (continued)

### 2.7 Impairment of financial assets (continued)

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-month 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).

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

No depreciation is provided on freehold land as it has an unlimited useful life.

Depreciation of other assets is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

| | Useful lives |
|---|---|
| Building | 50 years |
| Leasehold improvements | 6 years |
| Renovation | 10 years |
| Furniture and fittings | 10 years |
| Motor vehicles | 10 years |
| Office and other equipment | 10 years |
| Kitchen equipment | 3 years |
| Computers | 3 years |

The useful lives and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

## 2. Significant accounting policies (continued)

### 2.8 Property, plant and equipment (continued)

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

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 de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

### 2.9 Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group 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 of disposal 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. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The impairment loss is recognised in profit or loss.

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 the 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 profit or loss.

### 2.10 Provisions

Provisions are recognised when the Group 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 the amount of the obligation can be estimated reliably.

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.

## 2. Significant accounting policies (continued)

### 2.11 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date. When an entity breaches an undertaking under a long-term loan agreement on or before the reporting date with the effect that the liability becomes payable on demand, the liability is classified as current, even if the lender has agreed, after the reporting date and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. The liability is classified as current because, at the reporting date, the entity does not have an unconditional right to defer its settlement for at least twelve months after that date.

Where the entity expects, and has the discretion, to re-finance or roll over an obligation for at least 12 months after the reporting period under an existing loan facility with the same lender, the liability is classified as non-current.

### 2.12 Revenue

Revenue is measured based on the consideration to which the Group 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 Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Donations

Donations are recognised at point in time when the donations are received.

(b) Service fee

Service fee is recognised at over time when the services have been rendered.

(c) Sales of cookies

Revenue from sales of cookies is recognised at point in time when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

## 2. Significant accounting policies (continued)

### 2.14 Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as contract liabilities on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

### 2.15 Borrowing costs

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

### 2.16 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(b) Defined contribution plans

The Group makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

### 2.17 Leases

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

**2. Significant accounting policies (continued)**

2.17 Leases (continued)

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of right-of-use assets includes the amount of lease liability recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.9.

The Group's right-of-use assets are presented as a separate line item on the statement of financial position.

(b) Lease liability

At the commencement date of the lease, the Group recognises lease liability 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 receivables, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the 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 liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payment) or a change in the assessment to purchase the underlying asset.

The Group's lease liability are presented as a separate line item on the statement of financial position.

## 2. Significant accounting policies (continued)

### 2.17 Leases (continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

### 2.18 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of reporting period.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## 2. Significant accounting policies (continued)

### 2.19 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

## 3. Critical accounting estimates, assumptions and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### 3.1 Judgements made in applying accounting policies

The management is of the opinion that there are no significant judgements made in applying the accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## 3. Critical accounting estimates, assumptions and judgements (continued)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

*Useful lives of property, plant and equipment*

The useful life of an item of property, plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly.

The carrying amount of property, plant and equipment as at the reporting date is disclosed on Note 7.

## 4. Cash and cash equivalents

| | Group | Company | |
|---|---|---|---|
| | 2020 | 2020 | 2019 |
| | S$ | S$ | S$ |
| Cash at banks and on hand | 1,519,010 | 1,434,625 | 1,003,895 |
| Fixed deposits | - | - | 1,300,000 |
| | 1,519,010 | 1,434,625 | 2,303,895 |

As at 31 December 2019, the Company's fixed deposits yield interest income at an average effective interest rates of 1.830% per annum and has a maturity period of 3 months from the financial year ended 31 December 2019.

## 5. Other receivable

| | Group | Company | |
|---|---|---|---|
| | 2020 | 2020 | 2019 |
| | S$ | S$ | S$ |
| Government grant receivable in respect of Jobs Support Scheme ("JSS") | 13,271 | 13,271 | - |

## 6. Other assets

| | Group | Company | |
|---|---|---|---|
| | 2020 | 2020 | 2019 |
| | S$ | S$ | S$ |
| Deposits | 33,162 | - | 32,260 |
| Prepayments | 14,718 | 9,035 | 10,053 |
| | 47,880 | 9,035 | 42,313 |

**Notes to the financial statements**
for the financial year ended 31 December 2020

## 7. Property, plant and equipment

| | Freehold land S$ | Building S$ | Leasehold Improvements S$ | Renovation S$ | Furniture and fittings S$ | Motor vehicles S$ | Office and other equipment S$ | Kitchen Equipment S$ | Computers S$ | Total S$ |
|---|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | | |
| Cost | | | | | | | | | | |
| At 31 March 2020 | 6,001,528 | 1,700,000 | - | 316,662 | 26,842 | 517,060 | 86,549 | - | 14,478 | 8,663,119 |
| Additions | - | - | 49,386 | 754,230 | - | - | 1,025 | 14,360 | - | 819,001 |
| Disposals | - | - | - | - | - | - | (16,600) | - | - | (16,600) |
| Written-off | - | - | - | - | (4,366) | - | (24,450) | - | - | (28,816) |
| At 31 December 2020 | 6,001,528 | 1,700,000 | 49,386 | 1,070,892 | 22,476 | 517,060 | 46,524 | 14,360 | 14,478 | 9,436,704 |
| Accumulated depreciation | | | | | | | | | | |
| At 31 March 2020 | - | 68,000 | - | 31,666 | 20,994 | 146,568 | 69,231 | - | 10,479 | 346,938 |
| Depreciation charge | - | 34,000 | 8,231 | 107,089 | 793 | 46,286 | 3,579 | 4,787 | 2,860 | 207,625 |
| Disposals | - | - | - | - | - | - | (16,600) | - | - | (16,600) |
| Written-off | - | - | - | - | (4,366) | - | (22,446) | - | - | (26,812) |
| At 31 December 2020 | - | 102,000 | 8,231 | 138,755 | 17,421 | 192,854 | 33,764 | 4,787 | 13,339 | 511,151 |
| Net carrying amount | | | | | | | | | | |
| At 31 December 2020 | 6,001,528 | 1,598,000 | 41,155 | 932,137 | 5,055 | 324,206 | 12,760 | 9,573 | 1,139 | 8,925,553 |

## 7. Property, plant and equipment (continued)

| | Freehold land S$ | Building S$ | Renovation S$ | Furniture and fittings S$ | Motor vehicles S$ | Office and other equipment S$ | Computers S$ | Total S$ |
|---|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | | |
| Cost | | | | | | | | |
| At 1 January 2019 | 6,001,528 | 1,700,000 | - | 28,620 | 481,758 | 84,998 | 13,218 | 8,310,122 |
| Additions | - | - | 316,662 | 1,498 | 161,600 | 7,454 | 3,417 | 490,631 |
| Disposals | - | - | - | - | (126,298) | - | - | (126,298) |
| Written-off | - | - | - | (3,276) | - | (5,903) | (2,157) | (11,336) |
| At 31 December 2019 | 6,001,528 | 1,700,000 | 316,662 | 26,842 | 517,060 | 86,549 | 14,478 | 8,663,119 |
| At 1 January 2020 | 6,001,528 | 1,700,000 | 316,662 | 26,842 | 517,060 | 86,549 | 14,478 | 8,663,119 |
| Additions | - | - | 754,230 | - | - | - | - | 754,230 |
| Disposals | - | - | - | - | - | (16,600) | - | (16,600) |
| Written-off | - | - | - | (4,366) | - | (24,451) | - | (28,817) |
| At 31 December 2020 | 6,001,528 | 1,700,000 | 1,070,892 | 22,476 | 517,060 | 45,498 | 14,478 | 9,371,932 |
| Accumulated depreciation | | | | | | | | |
| At 1 January 2019 | - | 34,000 | - | 23,477 | 220,276 | 70,915 | 9,775 | 358,443 |
| Depreciation charge | - | 34,000 | 31,666 | 793 | 49,438 | 4,219 | 2,861 | 122,977 |
| Disposals | - | - | - | - | (123,146) | - | - | (123,146) |
| Written-off | - | - | - | (3,276) | - | (5,903) | (2,157) | (11,336) |
| At 31 December 2019 | - | 68,000 | 31,666 | 20,994 | 146,568 | 69,231 | 10,479 | 346,938 |
| At 1 January 2020 | - | 68,000 | 31,666 | 20,994 | 146,568 | 69,231 | 10,479 | 346,938 |
| Depreciation charge | - | 34,000 | 107,089 | 793 | 46,286 | 3,477 | 2,860 | 194,505 |
| Disposals | - | - | - | - | - | (16,600) | - | (16,600) |
| Written-off | - | - | - | (4,366) | - | (22,447) | - | (26,813) |
| At 31 December 2020 | - | 102,000 | 138,755 | 17,421 | 192,854 | 33,661 | 13,339 | 498,030 |
| Net carrying amount | | | | | | | | |
| At 31 December 2019 | 6,001,528 | 1,632,000 | 284,996 | 5,848 | 370,492 | 17,318 | 3,999 | 8,316,181 |
| At 31 December 2020 | 6,001,528 | 1,598,000 | 932,137 | 5,055 | 324,206 | 11,837 | 1,139 | 8,873,902 |

## 7. Property, plant and equipment (continued)

| | Group | Company |
|---|---|---|
| | 2020 | 2019 |
| | S$ | S$ |
| Depreciation is charged in Accumulated Fund as follows: | | |
| - The Hiding Place (Christian Home Mission) Ltd | 160,505 | 88,977 |
| - Hiding Place Kitchen Pte. Ltd. | 13,120 | - |
| Depreciation charged in Building Fund as follows: | | |
| - The Hiding Place (Christian Home Mission) Ltd | 34,000 | 34,000 |
| | 207,625 | 122,977 |

Assets pledged as securities

The Group has pledged the freehold land and building with carrying amount of S$7,599,528 (2019: S$7,633,528) to secure the bank borrowings granted to the Company as disclosed in Note 11.

## 8. Right-of-use assets

| | Premises |
|---|---|
| | S$ |
| **Group** | |
| Cost | |
| At 31 March 2020, date of incorporation | - |
| Addition | 175,691 |
| At 31 December 2020 | 175,691 |
| Accumulated depreciation | |
| At 31 March 2020, date of incorporation | - |
| Depreciation charge | 3,660 |
| At 31 December 2020 | 3,660 |
| Net carrying amount | |
| At 31 December 2020 | 172,031 |

The Group has lease a premises comprise of the kitchen area, food preparation area and serving counter for a lease term of 2 years. There are no restriction or covenants imposed by the contract.

The corresponding lease liability is disclosed in Note 13.

## 9. Investment in subsidiary

| | Group | Company | |
|---|---|---|---|
| | 2020 | 2020 | 2019 |
| | S$ | S$ | S$ |
| Unquoted equity investments, at cost | - | 200,000 | - |

Details of the subsidiary is as follows:

| Name of subsidiary | Country of incorporation and operation | Principal activity | Proportion of ownership interest | |
|---|---|---|---|---|
| | | | 2020 | 2019 |
| | | | % | % |
| Hiding Place Kitchen Pte. Ltd. | Singapore | Food caterer | 100 | - |

Hiding Place Kitchen Pte. Ltd. was incorporated on 31 March 2020.

## 10. Other payables

| | Group | Company | |
|---|---|---|---|
| | 2020 | 2020 | 2019 |
| | S$ | S$ | S$ |
| Other payables | 3,505 | - | 8,529 |
| Accrued operating expenses | 112,093 | 104,152 | 52,906 |
| Deferred government grant income | 35,545 | 35,545 | - |
| | 151,143 | 139,697 | 61,435 |

## 11. Bank borrowing

| | Group | Company | |
|---|---|---|---|
| | 2020 | 2020 | 2019 |
| | S$ | S$ | S$ |
| Bank loan | 925,728 | 925,728 | 1,469,936 |
| Presented as: | | | |
| Current | 34,293 | 34,293 | 45,396 |
| Non-current | 891,435 | 891,435 | 1,424,540 |
| | 925,728 | 925,728 | 1,469,936 |

## 11. Bank borrowing (continued)

The bank loan is secured by:

(a) first legal mortgage over the Group's freehold land and building (Note 7);
(b) guarantee given by a non-related party.

The bank loan is repayable over 300 monthly instalments of S$4,132 each commencing from November 2020 to May 2043 and bears effective interest of 1.68% (2019: 2.75%) per annum.

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

| | Group | Company | |
|---|---|---|---|
| | 2020 | 2020 | 2019 |
| | S$ | S$ | S$ |
| At the beginning of the financial year | 1,469,936 | 1,469,936 | 1,513,404 |
| Cash flows | | | |
| - Repayment of bank loan | (544,208) | (544,208) | (43,468) |
| At the end of the financial year | 925,728 | 925,728 | 1,469,936 |

## 12. Loan from a non-related party

The loan from a non-related party is non-trade in nature, unsecured, non-interest bearing and is repayable on demand.

## 13. Lease liability

The carrying amount of the lease liability and the movement during the financial year is as below:

| | Premises |
|---|---|
| | S$ |
| **Group** | |
| At 31 March 2020, date of incorporation | - |
| Additions | 172,734 |
| Accretion of interest (Note 18) | 242 |
| At 31 December 2020 | 172,976 |
| | |
| Presented as: | |
| Current | 43,089 |
| Non-current | 129,887 |
| | 172,976 |

## 14. Provision for reinstatement costs

A provision for reinstatement costs is recognised when the Group have a legal and constructive obligation to rectify wear and tear to leased premises under a lease agreement with an external party. The provision is based on the supplier's quotation obtained. These amounts have not been discounted for the purpose of measuring the provision for the reinstatement costs, because the effect is not material.

## 15. Building Fund

The Building Fund was set up to finance the construction of the Group's building.

## 16. Revenue

The Group derives revenue from the transfer of good and services at point-in-time and overtime in the following major type of good and services.

| | At a point in time S$ | Over time S$ | Total S$ |
|---|---|---|---|
| By type of goods and services and timing of revenue recognition | | | |
| **Group** | | | |
| 2020 | | | |
| Donations | 1,209,652 | - | 1,209,652 |
| Service fee | - | 106,050 | 106,050 |
| Sales of cookies | 250,905 | - | 250,905 |
| | 1,460,557 | 106,050 | 1,566,607 |
| **Company** | | | |
| 2019 | | | |
| Donations | 1,504,126 | - | 1,504,126 |
| Service fee | - | 130,352 | 130,352 |
| Sales of cookies | 270,956 | - | 270,956 |
| | 1,775,082 | 130,352 | 1,905,434 |

## 17. Other income

| | Group 2020 S$ | Company 2019 S$ |
|---|---|---|
| Interest income | 18,159 | 16,812 |
| Government grants | 87,817 | - |
| Sundry income | 27,396 | 3,297 |
| | 133,372 | 20,109 |

Government grants mainly pertains to Job Support Scheme ("JSS") of S$75,256 (2019: Nil) announced by the Singapore Government to provide wage support to employers to help them retain their local employees during the period of economic uncertainty.

**Notes to the financial statements**
for the financial year ended 31 December 2020

## 18. Finance cost

| | Group 2020 S$ | Company 2019 S$ |
|---|---|---|
| Interest expense on: | | |
| - Lease liability (Note 13) | 242 | - |
| - Bank loan | 45,285 | 40,455 |
| | 45,527 | 40,455 |

## 19. Employee benefits expense

| | Group 2020 S$ | Company 2019 S$ |
|---|---|---|
| Salaries and bonuses | 474,117 | 521,521 |
| Employer's contributions to Central Provident Fund | 56,949 | 55,675 |
| | 531,066 | 577,196 |

## 20. Other operating expenses

This is determined after charging the following:

| | Group 2020 S$ | Company 2019 S$ |
|---|---|---|
| Gifts | 29,943 | 29,782 |
| Honorarium | 29,700 | 26,700 |
| Hospitality and refreshment | 22,628 | 39,992 |
| Maintenance service rendered | 49,150 | 82,482 |
| Residents boarding expenses | 63,160 | 63,927 |
| Transport | 26,462 | 39,450 |
| Utilities | 24,061 | 33,511 |
| Workshop expenses | 38,930 | 92,163 |

## 21. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year.

*Compensation of key management personnel*

The remuneration of directors and other key management personnel of the Group during the financial year was as follow:

| | Group | Company |
|---|---|---|
| | 2020 | 2019 |
| | S$ | S$ |
| Short-term employee benefits | 67,857 | 213,060 |
| Post-employment benefits | 6,082 | 16,982 |
| | 73,939 | 230,042 |

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

## 22. Fair values of assets and liabilities

Assets and liabilities not measured at fair value

*Cash and cash equivalents, other receivable, deposits, and other payables, and loan from a non-related party*

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

*Bank borrowings and lease liability*

The carrying amount of these balances approximate its fair value as it is subject to interest rates close to market rates of interest for similar arrangements with financial institutions.

## 23. Financial risk management

The Group's and the Company's activities expose them to a variety of financial risks from their operations. The key financial risks include credit risk and liquidity risk.

The board of directors review and agree policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial years, the Group's and the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

## 23. Financial risk management (continued)

The following sections provide details regarding the Group and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group's and the Company's exposure to credit risk arises primarily from other receivable, deposits and cash and cash equivalents in relation to financial assets.

No other financial assets carry a significant exposure to credit risk.

The Group manages credit loss based on Expected Credit Loss ("ECL") model.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

Cash and bank balances are placed with reputable financial institutions. The management assess that there are no material ECL on cash and cash equivalents, other receivable and deposits.

(b) Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group's and the Company's operations are financed mainly through bank loans and equity. The directors are satisfied that funds are available to finance the operations of the Group and the Company.

## 23. Financial risk management (continued)

(b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

| | Carrying amount S$ | Contractual cash flows S$ | One year or less S$ | Two to five years S$ | Over five years S$ |
|---|---|---|---|---|---|
| **Group** | | | | | |
| 2020 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 1,519,010 | 1,519,010 | 1,519,010 | - | - |
| Other receivable | 13,271 | 13,271 | 13,271 | - | - |
| Deposits | 33,162 | 33,162 | 33,162 | - | - |
| | 1,565,443 | 1,565,443 | 1,565,443 | - | - |
| Financial liabilities | | | | | |
| Other payables | 148,186 | 148,186 | 148,186 | - | - |
| Loan from a non-related party | 400,000 | 400,000 | 400,000 | - | - |
| Bank borrowing | 925,728 | 1,111,630 | 49,582 | 198,326 | 863,722 |
| Lease liability | 172,976 | 178,600 | 45,600 | 133,000 | - |
| | 1,646,890 | 1,838,416 | 643,368 | 331,326 | 863,722 |
| Total net undiscounted financial assets/(liabilities) | (81,447) | (272,973) | 922,075 | (331,326) | (863,722) |

| | Carrying amount S$ | Contractual cash flows S$ | One year or less S$ | Two to five years S$ | Over five years S$ |
|---|---|---|---|---|---|
| **Company** | | | | | |
| 2020 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 1,434,625 | 1,434,625 | 1,434,625 | - | - |
| Other receivable | 13,271 | 13,271 | 13,271 | - | - |
| | 1,447,896 | 1,447,896 | 1,447,896 | - | - |
| Financial liabilities | | | | | |
| Other payables | 139,697 | 139,697 | 139,697 | - | - |
| Loan from a non-related party | 400,000 | 400,000 | 400,000 | - | - |
| Bank borrowings | 925,728 | 1,111,630 | 49,581 | 198,326 | 863,722 |
| | 1,465,425 | 1,651,327 | 589,278 | 198,326 | 863,722 |
| Total net undiscounted financial assets/(liabilities) | (17,529) | (203,431) | 858,618 | (198,326) | (863,722) |

## 23. Financial risk management (continued)

(b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

| | Carrying amount S$ | Contractual cash flows S$ | One year or less S$ | Two to five years S$ | Over five years S$ |
|---|---|---|---|---|---|
| **Company** | | | | | |
| 2019 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 2,303,895 | 2,321,754 | 2,321,754 | - | - |
| Investment securities | 32,260 | 32,260 | 32,260 | - | - |
| | 2,336,155 | 2,354,014 | 2,354,014 | - | - |
| Financial liabilities | | | | | |
| Other payables | 61,435 | 61,435 | 61,435 | - | - |
| Loan from a non-related party | 500,000 | 500,000 | 500,000 | - | - |
| Bank borrowings | 1,469,936 | 1,994,909 | 85,250 | 255,751 | 1,653,909 |
| | 2,031,371 | 2,556,344 | 646,685 | 255,751 | 1,653,909 |
| Total net undiscounted financial assets/(liabilities) | 304,784 | (202,330) | 1,707,329 | (255,751) | (1,653,909) |

## 24. Financial instruments by category

At the end of the reporting period, the aggregate carrying amounts of financial assets and financial liabilities were as follows:

| | Group 2020 S$ | Company 2020 S$ | Company 2019 S$ |
|---|---|---|---|
| **Financial assets** | | | |
| *Financial assets measured at amortised cost* | | | |
| Cash and cash equivalents | 1,519,010 | 1,434,625 | 2,303,895 |
| Other receivable | 13,271 | 13,271 | - |
| Deposits | 33,162 | - | 32,260 |
| | 1,565,443 | 1,447,896 | 2,336,155 |

## 24. Financial instruments by category (continued)

| | Group | Company | |
|---|---|---|---|
| | 2020 | 2020 | 2019 |
| | S$ | S$ | S$ |
| **Financial liabilities** | | | |
| *Financial liabilities measured at amortised cost* | | | |
| Other payables | 148,186 | 139,697 | 61,435 |
| Loan from a non-related party | 400,000 | 400,000 | 500,000 |
| Bank borrowings | 925,728 | 925,728 | 1,469,936 |
| Lease liability | 172,976 | - | - |
| | 1,646,890 | 1,465,425 | 2,031,371 |

## 25. Future capital expenditure

Capital expenditure contracted for as at reporting date but not recognised in the financial statements are as follows:

| | Group | Company |
|---|---|---|
| | 2020 | 2019 |
| | S$ | S$ |
| Renovation | 87,653 | 253,451 |
| Purchase of kitchen equipment | 14,862 | - |
| | 102,515 | 253,451 |

1) The Company entered into several renovation agreements amounting to S$899,003 (2019: S$538,557). As at reporting date, an aggregate amount of S$811,350 (2019: S$285,106) has been incurred and paid to the contractors, which is included as part of the property, plant and equipment.

2) On 2 December 2020, the Group entered into an agreement to purchase kitchen equipment amounting to S$29,724. A deposit of S$14,862 has been paid for the kitchen equipment, which is included and taken up as deposits.

## 26. Capital management

The primary objective of the Group's and Company's capital management is to ensure that it maintains a net current asset position in order to support its business. The capital structure of the Group and Company comprises Accumulated Fund and Building Fund.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2020 and 31 December 2019.

The Group and Company are not subject to any externally imposed capital requirements. The Group's and Company's overall strategy remains consistent with last financial year.

## 27. Comparative figures

As disclosed on Note 9, the Company incorporated its first subsidiary on 31 March 2020. Hence, there are no comparative figures for the Group as it was only the first time that the assets and liabilities and financial performance of its subsidiary was consolidated into the Company's consolidated financial statements for financial year ended 31 December 2020.

## 28. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution by the Board of Directors on 23 June 2021.

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