

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)
(Incorporated in the Republic of Singapore)

**AUDITED FINANCIAL STATEMENTS AND
OTHER INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2023**

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of Morning Star Community Services Ltd. (the "Company") for the year ended 31 December 2023.

1. OPINION OF THE DIRECTORS

In our opinion:-

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

2. DIRECTORS

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

LIM CHRISTINA
POON KIN MUN KELVIN (PAN JIANWEN KELVIN)
TAN WEE HAN GERALD
TAN SAW WEI
MARIA ELIZABETH SULISTIO
YEE WENG WAI BERNARD
GOH AI LIN, SHARON

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

4. DIRECTORS' INTERESTS IN SHARES OF DEBENTURES

The Company is a company limited by guarantee.

There were no shares or debentures issued.

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

DIRECTORS' STATEMENT

5. OPTIONS GRANTED, EXERCISED AND OUTSTANDING

There are no options granted, exercised and outstanding to take up unissued shares as the Company is limited by guarantee.

6. AUDITOR

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

On behalf of the Board,

A blue ink signature, appearing to be 'K', with a horizontal line extending to the right.

POON KIN MUN KELVIN
(PAN JIANWEN KELVIN)
Director

Singapore, 3 April 2024

A black ink signature, appearing to be 'Elizabeth', with a horizontal line extending to the right.

MARIA ELIZABETH SULISTIO
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORNING STAR COMMUNITY SERVICES LTD. (UEN: 201617675H)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Morning Star Community Services Ltd. (the "Company"), which comprise the statement of financial position of the Company as at 31 December 2023, and the statement of financial activities, statement of changes in general and specific funds and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Companies Act"), the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and 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 2023 and of the financial performance, changes in funds and cash flows of the Company for the year ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement [set out on pages 1 and 2] and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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 MORNING STAR COMMUNITY SERVICES LTD. (UEN: 201617675H)

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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
MORNING STAR COMMUNITY SERVICES LTD. (UEN: 201617675H)**

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

- a) the Company has not used the donation monies in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- b) the Company has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

KRESTON DAVID YEUNG PAC
Public Accountants and
Chartered Accountants

Singapore, 3 April 2024

KRESTON DAVID YEUNG PAC (UEN: 200717891W)

A public accounting corporation incorporated with limited liability and an independent member of the **Kreston Global** network
128A Tanjong Pagar Road, Singapore 088535
Tel: 6223 7979 Fax: 6222 7979

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Note	2023 S\$	2022 S\$
ASSETS			
Non-current assets			
Plant and equipment	4	346,754	79,141
Right-of-use assets	5	377,279	484,864
Total non-current assets		724,033	564,005
Current assets			
Account receivables	6	621	(357)
Other receivables	7	57,098	23,866
Deposits and prepayments	8	240,220	169,451
Fixed deposits	9	3,357,685	4,320,017
Cash and bank balances		398,727	479,625
Total current assets		4,054,351	4,992,602
Total assets		4,778,384	5,556,607
FUNDS AND LIABILITIES			
Funds			
Restricted funds			
ComChest Charity Support Fund	10	-	-
CareNights fund	11	263,398	249,192
NCSS - Innovation and Productivity Grant (NCSS IPG)	12	4,498	8,120
Family Support Programme	13	(106,089)	112,695
NOVA Project Fund	14	-	-
President's Challenge	15	(45,208)	83,319
Deferred Capital Grant	16	228,725	41,999
Caritas Fund	17	-	49,500
NCSS clinical supervision consultation	18	19,819	21,444
NCSS CCT	19	-	-
Total restricted funds		365,143	566,269
Unrestricted funds			
Accumulated Fund		3,631,510	4,144,076
Total funds		3,996,653	4,710,345
Non-current liabilities			
Lease liabilities	20	323,614	383,323
Current liabilities			
Account payables		129,568	56,045
Contract liabilities	21	9,978	25,272
Lease liabilities	20	59,709	106,140
Other payables and accruals	22	258,862	275,482
Total current liabilities		458,117	462,939
Total liabilities		781,731	846,262
Total funds and liabilities		4,778,384	5,556,607

The notes set out on pages 10 to 33 form an integral part of and should be read in conjunction with this set of financial statements.

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

STATEMENT OF FINANCIAL ACTIVITIES
For the financial year ended 31 December 2023

		2023			Restated 2022		
	Note	Unrestricted Fund Accumulated Fund S\$	Restricted Funds S\$	Total S\$	Unrestricted Fund Accumulated Fund S\$	Restricted Funds S\$	Total S\$
INCOME							
<u>Income from generated funds:</u>							
Voluntary income							
Donations	23	242,739	67,814	310,553	163,720	96,189	259,909
Other income	24	113,503	-	113,503	153,437	-	153,437
Grant received	25	-	18,110	18,110	-	11,520	11,520
Subtotal voluntary income		356,242	85,924	442,166	317,157	107,709	424,866
Investment Income							
Fixed deposit Interest		92,831	-	92,831	39,585	-	39,585
Subtotal income from generated funds		449,073	85,924	534,997	356,742	107,709	464,451
<u>Income from charitable activities:</u>							
Student care services		977,358	102,775	1,080,133	1,392,528	-	1,392,528
Family wellness programme		104,709	901,124	1,005,833	87,367	567,178	654,545
CareNights programme		-	264,000	264,000	-	401,250	401,250
NOVA learning support		-	254,767	254,767	3,320	468,827	472,147
EXSEL		6,185	-	6,185	-	-	-
Subtotal income from charitable activities		1,088,252	1,522,666	2,610,918	1,483,215	1,437,255	2,920,470
TOTAL INCOME		1,537,325	1,608,590	3,145,915	1,839,957	1,544,964	3,384,921
EXPENDITURES							
<u>Cost of charitable activities</u>							
Student care services		1,316,917	71,140	1,388,057	1,669,261	19,014	1,688,275
Family wellness programme		347,244	1,054,399	1,401,643	501,821	635,499	1,137,320
CareNights programme		-	406,004	406,004	(7,767)	419,852	412,085
NOVA learning support		-	254,766	254,766	74,678	570,438	645,116
EXSEL		140,209	-	140,209	-	-	-
Subtotal cost of charitable activities		1,804,370	1,786,309	3,590,679	2,237,993	1,644,803	3,882,796
<u>Governance and support cost</u>		247,196	21,732	268,928	206,968	47,167	254,135
TOTAL EXPENDITURES		2,051,566	1,808,041	3,859,607	2,444,961	1,691,970	4,136,931
NET DEFICIT FOR THE YEAR		(514,241)	(199,451)	(713,692)	(605,004)	(147,006)	(752,010)
		Note 3	Note 3		Note 34	Note 34	

The notes set out on pages 10 to 33 form an integral part of and should be read in conjunction with this set of financial statements.

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

STATEMENT OF CHANGES IN GENERAL AND SPECIFIC FUNDS
For the financial year ended 31 December 2023

Unrestricted fund	Restricted funds									
	(Note 10)	(Note 11)	(Note 12)	(Note 13)	(Note 14)	(Note 15)	(Note 16)	(Note 17)	(Note 18)	(Note 19)
	ComChest Charity Support Fund	CareNights Fund	NCSS IPG	Family Support Programme	NOVA Project Fund	President's Challenge	Deferred Capital Grant	Caritas Fund	NCSS Clinical Supervision Consultation	NCSS CCT
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Balance as at 01.01.2022	4,749,080	198,713	-	178,961	83,401	70,000	29,180	53,921	23,499	-
Net surplus/(deficit) for the year	(605,004)	50,479	8,120	(66,266)	(83,401)	13,319	(62,781)	(4,421)	(2,055)	-
Transfer of funds	-	(75,600)	-	-	-	-	75,600	-	-	-
Balance as at 31.12.2022/01.01.2023	4,144,076	249,192	8,120	112,695	-	83,319	41,999	49,500	21,444	-
Net surplus/(deficit) for the year	(514,241)	14,206	(3,622)	(218,784)	1,675	(128,527)	186,726	(49,500)	(1,625)	-
Transfer of funds	1,675	-	-	-	(1,675)	-	-	-	-	-
Balance as at 31.12.2023	3,631,510	263,398	4,498	(106,089)	-	(45,208)	228,725	-	19,819	-
										3,996,653

The notes set out on pages 10 to 33 form an integral part of and should be read in conjunction with this set of financial statements.

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2023

	2023 S\$	2022 S\$
Cash flows from operating activities		
Net loss for the year	(713,692)	(752,010)
Adjustments for:-		
Depreciation of plant and equipment	130,480	214,079
Depreciation of right-of-use assets	107,585	121,381
Interest income	(92,831)	(39,585)
Interest expense	9,252	7,125
Operating deficit before working capital changes	(559,206)	(449,010)
Changes in working capital:-		
Increase in account and other receivables	(73,328)	(67,953)
Increase/(Decrease) in trade and other payables	56,903	(54,731)
Decrease in contract liabilities a	(15,294)	(8,350)
Net cash used in operating activities	(590,925)	(580,044)
Cash flows from investing activities		
Purchase of plant and equipment	(398,093)	(87,544)
Interest received	61,180	23,650
Decrease in fixed deposits	765,494	1,627,132
Net cash generated from investing activities	428,581	1,563,238
Cash flows from financing activities		
Repayment of principal portion of lease liabilities	(106,140)	(121,920)
Interest paid	(9,252)	(7,125)
Net cash used in financing activities	(115,392)	(129,045)
Net (decrease)/increase in cash and cash equivalents	(277,736)	854,149
Cash and cash equivalents at the beginning of year	1,587,610	733,461
Cash and cash equivalents at the end of year	1,309,874	1,587,610
Cash and cash equivalents comprise:-		
Cash at bank	398,727	479,625
Short-term deposits within 3 months (Note 9)	911,147	1,107,985
	1,309,874	1,587,610

The notes set out on pages 10 to 33 form an integral part of and should be read in conjunction with this set of financial statements.

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

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

1. GENERAL

The Company is incorporated as a private company limited by guarantee under the Companies Act 1967 and domiciled in the Republic of Singapore.

The Company has been registered as a charity under the Charities Act, Chapter 37 with effect from 31 August 2016.

The principal activities of the Company are to provide student care services as well as activities to improve and strengthen family life in Singapore. It had been granted IPC status since 1 October 2016 and renewed for the period from 1 July 2022 to 30 June 2025.

The registered office of the Company is located at 508 Bedok North Avenue 3, #01-369 Kaki Bukit Ville, Singapore 460508.

Under the Company, there are 7 locations (2022: 12), namely:-

- a. Primavera Centre located at Blk 95 Bedok North Ave 4, #01-1415, Singapore 460095;
- b. Bedok North Centre located at Blk 508 Bedok North Ave 3, #01-369, Singapore 460508;
- c. Sengkang Centre located at Blk 261B Sengkang East Way, #01-400, Singapore 542261;
- d. Training Centre located at Blk 323B Sengkang East Way, #01-553, Singapore 542323;
- e. Family Wellness Centre located at Blk 323A Sengkang East Way, #01-545, Singapore 541323;
- f. Carenight Agape Village located at 7A Lorong Toa Payoh, #03-06, Singapore 319264; and
- g. Blk 112 Whampoa Road, #01-83, Singapore 321112. (effective from 1 July 2022)

Each member of the Company has undertaken to contribute such amounts not exceeding S\$1 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 5 members (2022: 6 members) at the end of the reporting period.

The financial statements of the Company for the year ended 31 December 2023 are authorised for issue in accordance with a resolution of the directors on 3 April 2024.

The financial statements of the Company are expressed in Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES

a) **Basis of Preparation**

The financial statements of Company have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the Singapore Financial Reporting Standards (“FRS”).

In the current financial year, Company has adopted all the new and revised FRS and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual period beginning on or after 1 January 2023. The adoptions of these new/revised FRSs and INT FRSs have no material effect on the financial statements.

The financial statements of the Company have been prepared on the basis that it will continue to operate as a going concern.

b) **Significant Accounting Estimates and Judgements**

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

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

Critical assumptions used and accounting estimates in applying accounting policies

Depreciation of plant and equipment

Plant and equipment are depreciated on straight-line basis over their estimated useful lives. Management estimated the useful lives of these plant and equipment to be within 1 to 5 years. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values, if any, of these assets, therefore future depreciation charges could be revised.

Critical judgements made in applying accounting policies

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

Impairment of plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Significant Accounting Estimates and Judgements (Continued)

Useful lives of plant and equipment

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

The carrying amount of plant and equipment at the end of reporting period are disclosed in Note 3 to the financial statements.

Allowance for expected credit losses

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

c) Plant and Equipment

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

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

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

Furniture and fittings	1 to 2 years
Office equipment	1 to 5 years
Renovation	1 to 5 years

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

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Plant and Equipment (Continued)

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

Plant and equipment costing less than S\$1,000 are charged to the statement of comprehensive income in the year of purchase.

d) Financial Instruments

i) Financial Assets

Initial recognition and measurement

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

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

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods and services to a customer, excluding amount collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

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

Amortised cost

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Financial Instruments (Continued)

i) Financial Assets (Continued)

Derecognition

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

ii) Financial Liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value, plus, net of directly attributable transaction costs.

Subsequent measurement

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

Derecognition

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

e) Impairment of Financial Assets

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Impairment of Financial Assets (Continued)

Financial assets carried at amortised cost

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

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

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

f) Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, cash at bank and short-term (mature within 3 months) fixed deposits which form part of the Company's cash management that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

g) Impairment of Non-Financial Assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Impairment of Non-Financial Assets (Continued)

Impairment losses are recognised in the statement of financial activities in those expense categories consistent with the function of the impaired asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the statement of financial activities.

h) Income Recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

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

Donations are recognised when monies are received or pledged and collection is reasonably certain.

Student care services income is recognised over the period in which the services are rendered.

Interest income is recognised using the effective interest method.

i) Government Grants

Grants for the purchase of depreciable assets are taken to the deferred grant account at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. The deferred grant is recognised in the statement of financial activities over the period necessary to match the depreciation of the assets purchased with the related grant. Grants for operating expenses are recognised in the statement of financial activities over the period necessary to match them on a systematic basis to the costs that it was intended to compensate.

j) Employee Benefits

Defined Contribution Plans

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Employee Benefits (Continued)

Employee Leave Entitlement

Employee entitlement to annual leave is recognised when it accrues to employees. An accrual is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

k) Provisions

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

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

l) Leases

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

As lessee

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

Right-of-use asset

The Company recognises right-of-use asset at the initial application of FRS116 or at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use asset are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of right-of-use asset includes the amount of lease liability recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the asset.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Leases (Continued)

As lessee (Continued)

Right-of-use asset (Continued)

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use asset is also subject to impairment. The accounting policy for impairment is disclosed in Note 2(g) to the financial statements.

The Company's right-of-use assets is disclosed Note 5 to the financial statements.

Lease liabilities

At the commencement date of the lease, the Company 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 receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

The Company's lease liability is disclosed in Note 22 to the financial statements.

m) Contingencies

A contingent liability is:-

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Contingencies (Continued)

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

- i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

n) Foreign Currencies

Functional and Presentation Currencies

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (“the functional currency”). The financial statements of the Company are presented in Singapore dollar, which is the functional currency of the Company.

Transaction and balances

Monetary assets and liabilities in foreign currencies are translated into Singapore dollar at rates of exchange closely approximating those ruling at end of reporting period. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Exchange differences arising from such transactions are taken to the statement of financial activities.

o) Funds

Unrestricted funds are available for use at the discretion of the management in furtherance of the general objectives of the Company.

Restricted funds are subject to restrictions on their expenditure imposed by the donor or through the terms of the fund raised.

Income and expenditure relating to specific or designated funds are accounted for directly in the fund accounts to which they related.

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

3. DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR UNRESTRICTED AND RESTRICTED FUNDS

The detailed statement of financial activities for unrestricted and restricted funds are as follows:-

	Unrestricted												Restricted funds											
	Accumulated fund	CareNights Fund	NCSS IPG	Family Support Programme	NCSS- NOVA Project Fund	NOVA Project Fund	President's Challenge Capital Grant	Deferred Capital Grant	Caritas Fund	NCSS Supervision Consultation	NCSS CCT	Total Restricted												
INCOME																								
Income from generated funds:																								
Voluntary income																								
Donations- Tax Exempt	147,120	11,132	-	-	-	1,564	-	-	-	-	-	12,696												
Donations- Non Tax Exempt	95,619	55,007	-	-	-	111	-	-	-	-	-	55,118												
	242,739	66,139	-	-	-	1,675	-	-	-	-	-	67,814												
Other income	113,503											-												
Grants received												-												
Subtotal voluntary income	356,242	66,139	-	-	-	1,675	-	-	-	-	18,110	18,110												
Investment income																								
Fixed deposit Interest	92,831																							
Subtotal income from generated funds	449,073	66,139	-	-	-	1,675	-	-	-	-	18,110	85,924												
Income from charitable activities:																								
Student care services																								
Program fees	942,658	-	-	-	-	-	-	-	-	-	-	-												
Grant received	34,700	-	-	-	-	-	-	102,775	-	-	-	102,775												
	977,358	-	-	-	-	-	-	102,775	-	-	-	102,775												
Family wellness programme																								
Program fees	104,709	-	-	-	-	-	-	-	-	-	-	-												
Grant received	-	-	-	560,579	-	-	140,545	200,000	-	-	-	901,124												
	104,709	-	-	560,579	-	-	140,545	200,000	-	-	-	901,124												
CareNights programme																								
Program fees	-	-	-	-	-	-	-	-	-	-	-	-												
Grant received	-	-	-	-	-	-	-	-	264,000	-	-	264,000												
	-	-	-	-	-	-	-	-	264,000	-	-	264,000												
NOVA learning support																								
Program fees	-	-	-	-	-	-	-	-	-	-	-	-												
Grant received	-	-	-	-	34,726	-	-	-	220,041	-	-	254,767												
	-	-	-	-	34,726	-	-	-	220,041	-	-	254,767												
EXSEL																								
Program fees	6,185	-	-	-	-	-	-	-	-	-	-	-												
Grant received	-	-	-	-	-	-	-	-	-	-	-	-												
	6,185	-	-	-	-	-	-	-	-	-	-	-												
Subtotal income from charitable activities	1,088,252	-	-	560,579	34,726	-	140,545	302,775	484,041	-	-	1,522,666												
TOTAL INCOME	1,537,325	66,139	-	560,579	34,726	1,675	140,545	302,775	484,041	-	18,110	1,608,590												

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

3. DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR UNRESTRICTED AND RESTRICTED FUNDS (Continued)

	Unrestricted	Restricted funds									
	Accumulated fund	CareNights Fund	NCSS IPG	Family Support Programme	NCSS-NOVA	NOVA Project Fund	President's Challenge	Deferred Capital Grant	Caritas Fund	NCSS Clinical Supervision Consultation	NCSS CCT Total Restricted
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
EXPENDITURES											
<u>Cost of charitable activities</u>											
Student care services											
Manpower cost	863,806	-	-	-	-	-	-	-	-	-	-
Other operating cost	453,111	-	-	-	-	-	-	71,140	-	-	71,140
	1,316,917	-	-	-	-	-	-	71,140	-	-	71,140
Family wellness programme											
Manpower cost	238,316	-	-	647,283	-	-	174,223	-	-	-	821,506
Other operating cost	108,928	-	-	132,080	-	-	54,279	44,909	-	1,625	232,893
	347,244	-	-	779,363	-	-	228,502	44,909	-	1,625	1,054,399
CareNights programme											
Manpower cost	-	51,933	-	-	-	-	30,519	-	237,992	-	320,444
Other operating cost	-	-	-	-	-	-	10,051	-	75,509	-	85,560
	-	51,933	-	-	-	-	40,570	-	313,501	-	406,004
NOVA learning support											
Manpower cost	-	-	-	-	34,726	-	-	-	187,741	-	222,467
Other operating cost	-	-	-	-	-	-	-	-	32,299	-	32,299
	-	-	-	-	34,726	-	-	-	220,040	-	254,766
EXSEL											
Manpower cost	133,161	-	-	-	-	-	-	-	-	-	-
Other operating cost	7,048	-	-	-	-	-	-	-	-	-	-
	140,209	-	-	-	-	-	-	-	-	-	-
<u>Subtotal cost of charitable activities</u>	1,804,370	51,933	-	779,363	34,726	-	269,072	116,049	533,541	1,625	1,786,309
<u>Governance and support cost</u>											
Manpower cost	144,544	-	-	-	-	-	-	-	-	-	-
Other operating cost	102,652	-	3,622	-	-	-	-	-	-	-	18,110
	247,196	-	3,622	-	-	-	-	-	-	-	21,732
TOTAL EXPENDITURES	2,051,566	51,933	3,622	779,363	34,726	-	269,072	116,049	533,541	1,625	1,808,041
NET SURPLUS / (DEFICIT) FOR THE YEAR	(514,241)	14,206	(3,622)	(218,784)	-	1,675	(128,527)	186,726	(49,500)	(1,625)	(199,451)

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

4. PLANT AND EQUIPMENT

	Furniture and Fittings S\$	Office Equipment S\$	Renovation S\$	Total S\$
Cost				
As at 01.01.2022	147,603	319,184	906,426	1,373,213
Additions	-	87,544	-	87,544
Written off	(8,297)	(12,833)	-	(21,130)
As at 31.12.2022/01.01.2023	139,306	393,895	906,426	1,439,627
Additions	3,100	6,936	388,057	398,093
Written off	(134,835)	(150,193)	(323,391)	(608,419)
As at 31.12.2023	7,571	250,638	971,092	1,229,301
Accumulated Depreciation				
As at 01.01.2022	146,019	296,456	725,062	1,167,537
Charge for the year	1,584	59,439	153,056	214,079
Written off	(8,297)	(12,833)	-	(21,130)
As at 31.12.2022/01.01.2023	139,306	343,062	878,118	1,360,486
Charge for the year	775	55,458	74,247	130,480
Written off	(134,835)	(150,193)	(323,391)	(608,419)
As at 31.12.2023	5,246	248,327	628,974	882,547
Net book value				
As at 31.12.2023	2,325	2,311	342,118	346,754
As at 31.12.2022	-	50,833	28,308	79,141

Net depreciation charged to statement of financial activities is:-

	2023 S\$	2022 S\$
Depreciation for the year	130,480	214,079
Amortisation of deferred capital grants	(52,229)	(45,239)
Net depreciation of plant and equipment	78,251	168,840

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

5. RIGHT-OF-USE ASSETS

	2023 S\$	2022 S\$
Represented by right-of-use of:		
- Office premises	878,934	409,035
Addition during the year	-	469,899
Written off lease expiry	(409,035)	-
	<u>469,899</u>	<u>878,934</u>
Less: Accumulated Depreciation		
At beginning of year	394,070	272,689
Addition during the year	107,585	121,381
Written off lease expiry	(409,035)	-
At end of year	<u>(92,620)</u>	<u>(394,070)</u>
	<u>377,279</u>	<u>484,864</u>

6. ACCOUNT RECEIVABLES

Trade receivables are non-interest bearing and are generally on 7 to 30 days credit terms. Trade receivables (exclude over payments) which are past due at the end of reporting period but not impaired amounted to S\$824 (2022: S\$3,318). The table below is an aging analysis of account receivables at the end of the period:-

	2023 S\$	2022 S\$
Not past due	2,025	2,724
Past due:-		
1 - 30 days	(1,048)	(5,833)
31 - 60 days	(1,180)	854
61 - 90 days	302	(566)
> 90 days	522	2,464
	<u>621</u>	<u>(357)</u>

7. OTHER RECEIVABLES

Subsidies receivable	(567)	(4,528)
Interest receivable	57,089	25,438
Other receivable	576	2,956
	<u>57,098</u>	<u>23,866</u>

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

8. DEPOSITS AND PREPAYMENTS

	2023 S\$	2022 S\$
Deposits	18,578	55,038
Prepayments	221,642	114,413
	<u>240,220</u>	<u>169,451</u>

9. FIXED DEPOSITS

Short-term deposits are made for varying periods of between one month and twelve months, depending on the immediate cash requirements of the management, and earn interests range from 2.75% to 3.9% (2022: 0.62% to 3.75%) per annum.

	2023 S\$	2022 S\$
Short-term deposits within 3 months	911,147	1,107,985
Short-term deposits greater than 3 months	2,446,538	3,212,032
	<u>3,357,685</u>	<u>4,320,017</u>

10. COMCHEST CHARITY SUPPORT FUND

This fund is set up for the project to develop a web application to reach out to parents and provide 12-hours training for volunteers with the CareNights programme and develop an online e-learning course for volunteers who are unable to attend the weekend training sessions.

11. CARENIGHTS FUND

This fund is set up for the purpose of financing CareNights programme, which provides night care for less privileged children aged 7 – 14 to offer their stressed parents an opportunity for caregiving respite or a chance to improve their earning capacity by taking night classes/upgrading courses.

12. NATIONAL COUNCIL OF SOCIAL SERVICE – INNOVATION AND PRODUCTIVITY GRANT (NCSS IPG)

The fund is set up for the purpose of enhancing the salesforce platform.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

13. FAMILY SUPPORT PROGRAMME

A joint funding agreement for family support programmes between National Council of Special Service and the company, MSF, Community Chest Fund (Comchest) and Tote Board Social Service Fund (TBSSF) to fund this programme.

	2023	2022
	S\$	S\$
Grant income from MSF	421,713	425,952
Grant income from Community Chest	23,144	23,539
Grant income from TBSSF	115,722	117,687
	<u>560,579</u>	<u>567,178</u>

The deficit will be offsetted with future receipt from the funders.

14. NOVA PROJECT FUND

The fund is set up for the purpose of financing NOVA Learning Intervention – the learning support programme for children with learning difficulties. The programme ended on July 2023.

15. PRESIDENT’S CHALLENGE

This fund is set up for the purpose of financing the Company’s CareNights @ Morningstar Programme, delivery van, Morning Star Whampoa Centre and Brick Clubs @ Morning Star (2022: CareNights @ Morningstar Programme, delivery van, Morning Star Whampoa Centre and Morning Star Whampoa Centre). This programme aims to develop learning skills of the children in meeting the requirements of schools, studies and curriculum.

The deficit will be offsetted with future receipt from the funders.

16. DEFERRED CAPITAL GRANTS

The grants were given to fund the purchase of property, plant and equipment subject to the terms and conditions as prescribed in the agreements.

17. CARITAS FUND

The Caritas Fund, a grant provided by Caritas Singapore Community Limited, for NOVA Learning Intervention Programme, CareNights Programme and New CareNights Programme. The grant can be used for expenditure on manpower and other operating expenditure for the said purpose.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

18. NCSS CLINICAL SUPERVISION CONSULTATION

The grant received for its intention to undertake a project known as “Clinical Supervision (Counsellor)”.

19. NCSS CAPABILITY TRUST (CCT) OPEN GRANT

The grant received for its intention to review and formulate their strategy for the next three to five years’ to ensure that Morning Star Community Services Ltd is well-positioned to serve the evolving needs of Community.

20. LEASE LIABILITY

The Company as a lessee

The Company has a lease contract for its office premises. The Company’s obligations under this lease are secured by the lessor’s title to the leased asset. The Company is restricted from assigning and subleasing its leased asset.

(a) Lease liability

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

	1 January 2023 S\$	Additions S\$	Cash flows S\$	Non-cash changes Accretion of Interest S\$	Others S\$	31 December 2023 S\$
Lease liability:-						
- Current	106,140	-	(115,392)	9,252	59,709	59,709
- Non-current	383,323	-	-	-	(59,709)	323,614
	489,463	-	(115,392)	9,252	-	383,323

	1 January 2022 S\$	Additions S\$	Cash flows S\$	Non-cash changes Accretion of Interest S\$	Others S\$	31 December 2022 S\$
Lease liability:-						
- Current	93,732	86,577	(129,046)	7,125	47,752	106,140
- Non-current	47,752	383,323	-	-	(47,752)	383,323
	141,484	469,900	(129,046)	7,125	-	489,463

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

20. LEASE LIABILITY (Continued)

The Company as a lessee (Continued)

(b) Amount recognised in statement of financial activities

	2023 S\$	2022 S\$
Depreciation of right-of-use assets	107,585	121,381
Interest expense on lease liability	9,252	7,125
Lease expense not capitalised in lease liability: - Expense relating to leases of short-term lease (included in expenses)	69,155	80,964
Total amount recognised in profit or loss	185,992	209,470

(c) Total cash outflows

The Company had total cash outflows for leases of S\$184,547 (2022: S\$210,010).

21. CONTRACT LIABILITIES

	2023 S\$	2022 S\$
Contract liabilities	9,978	25,272

Contract liabilities represent unearned student fees of future period.

The aggregate amount of price allocated to the unsatisfied (or partially unsatisfied) performances obligations as at 31 December 2023 is S\$9,978. The company expects to recognise S\$9,978 as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligation as at 31 December 2023 in the financial year 2024.

22. OTHER PAYABLES AND ACCRUALS

	2023 S\$	2022 S\$
Other payables	249,362	267,482
Accruals	9,500	8,000
	258,862	275,482
Other payables consist of:- Refundable deposits	50,035	88,337

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

23. DONATIONS

	2023	2022
	S\$	S\$
Donations- Tax exempt		
- Tax-deductible donations (Unrestricted Fund)	147,120	115,519
- Tax-deductible donations (CareNights)	11,132	28,741
- Tax-deductible donations (Nova Project)	1,564	4,795
Subtotal of tax deductible donations	159,816	149,055
Donations- Non Tax exempt		
- Non-tax deductible donations (Unrestricted Fund)	95,619	48,201
- Non-tax deductible donations (CareNights)	55,007	21,738
- Non-tax deductible donations (Nova Project)	111	40,915
Subtotal of non tax deductible donations	150,737	110,854
Total Donations	310,553	259,909

24. OTHER INCOME

Other income generated from:-

Voluntary income

- Jobs growth incentive	9,251	67,125
- Wage credit scheme	65,275	41,718
- Senior employment credit	8,425	4,365
- Special employment credit	-	4,163
- Training grant	14,404	10,761
- NCSS grant	-	9,528
- MSF - Government paid leave	13,795	3,534
- NS make up claim	92	840
- IRAS CPF transition offset government payment	2,261	1,403
- Workforce Singapore Agency - P-Max for older workers @ SMF programme	-	10,000
	113,503	153,437

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

25. GRANT RECEIVED

	2023 Unrestricted S\$	2023 Restricted S\$	2022 Unrestricted S\$	2022 Restricted S\$
<u>Voluntary income</u>				
NCSS - VCF Innovation and Productivity Grant	-	-	-	11,520
NCSS - Community Capability Trust (CCT) Open Grant	-	18,110	-	-
	-	18,110	-	11,520
<u>Income from charitable activities</u>				
Student Care services				
CDC WeCare Art Fund	34,700	-	43,137	-
Cyclical Maintenance Grant	-	102,775	-	-
	34,700	102,775	43,137	-
Family Wellness programme				
Family Support Programme - MSF	-	421,713	-	425,952
Family Support Programme - Community Chest	-	23,144	-	23,539
Family Support Programme - TBSSF	-	115,722	-	117,687
	-	560,579	-	567,178
President Challenge 2022	-	99,750	-	-
President Challenge 2023	-	40,795	-	-
Crocodile Whampoa Grant	-	200,000	-	-
	-	901,124	-	567,178
CareNights programme				
Caritas	-	264,000	-	264,000
President Challenge 2021	-	-	-	84,750
Oscar @ Sg Fund	-	-	-	52,500
	-	264,000	-	401,250
NOVA learning support				
Caritas	-	220,041	-	330,000
NCSS - TBSSF	-	34,726	-	138,827
	-	254,767	-	468,827
Total grant received	34,700	1,522,666	43,137	1,437,255

26. TAXATION

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

27. ANNUAL REMUNERATION AND STAFF COSTS

- i) The below disclosure represents remuneration bands for staff with annual remuneration above S\$100,000 in the following band in the year were as follow:-

	2023	2022
Number of employees in bands S\$100,000 to S\$200,000	<u>5</u>	<u>2</u>

None of the directors received any emoluments in respect of their services for both of the financial years.

- ii) Staff costs are charged and included in:-

	2023 S\$	2022 S\$
Salaries and related costs	2,368,799	2,617,102
Employer's contribution to CPF	330,084	384,261
Other short-term benefits	<u>45,362</u>	<u>43,908</u>
	<u>2,744,245</u>	<u>3,045,271</u>

28. RESERVE POLICY

Reserves are defined as unrestricted funds that are available for the operating needs of the Company and not subject to commitments and other planned expenditure. The Company has a policy to maintain reserves of up to two times its annual operating expenditure. The reserve policy is reviewed annually.

29. LOANS

No loans were given to any parties during both financial years.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company does not use derivative and other instrument in its risk management activities. The main risks arising from the Company's financial instrument are credit risk, foreign currency risk, liquidity risk and interest risk. The management reviews and agrees with the policies and control procedures to manage its exposure to financial risks.

Credit Risk

The Company's has no significant concentrations of credit risk. Cash is placed with established financial institutions. The maximum exposure risk is represented by the carrying amount of each financial asset in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit Risk (Continued)

Financial assets that are neither past due nor impaired

Account and other receivables that are neither past due nor impaired are creditworthy debtors. Cash and cash equivalents that are neither past due nor impaired are placed with financial institution with high credit ratings.

Financial assets that are either past due and/or impaired

Information regarding financial assets that are past due but not impaired is disclosed in Note 6 to the financial statements.

Interest Rate Risk

The Company is exposed to market risk for changes in interest rates relates primarily to its holding of fixed deposits as disclosed in Note 9 to the financial statements. The Company's policy is to obtain the most favourable interest rates available.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD fixed deposit interest rates had been 60 (2022: 60) basis points higher/lower with all other variables held constant, the Company's net surplus would have been S\$20,100 (2022: S\$28,000) higher/lower.

Liquidity Risk

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

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

	Carrying amount S\$	Total contractual undiscounted cash flow S\$	2023		
			Within 12 months or on demand S\$	Between 2 to 5 years S\$	More than 5 years S\$
Account payables	129,568	129,568	129,568	-	-
Other payables and accruals	258,862	258,862	258,862	-	-
Lease liabilities	383,323	410,150	67,392	254,228	88,530
	771,753	798,580	455,822	254,228	88,530

MORNING STAR COMMUNITY SERVICES LTD.
(UEN: 201617675H)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity Risk (Continued)

	2022				
	Carrying amount S\$	Total contractual undiscounted cash flow S\$	Within 12 months or on demand S\$	Between 2 to 5 years S\$	More than 5 years S\$
Account payables	56,045	56,045	56,045	-	-
Other payables and accruals	275,482	275,482	275,482	-	-
Lease liabilities	489,463	525,542	115,392	269,568	140,582
	<u>820,990</u>	<u>857,069</u>	<u>446,919</u>	<u>269,568</u>	<u>140,582</u>

Foreign Currency Risk

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

31. CATEGORIES OF FINANCIAL INSTRUMENTS

The following table sets out the financial instruments as at the end of the reporting period:-

	2023 S\$	2022 S\$
Assets		
<u>Financial assets</u>		
Amortised cost:-		
Account receivables	621	(357)
Other receivables	57,098	23,866
Deposits	18,578	55,038
Fixed deposits	2,446,538	3,212,032
Cash and bank balances	1,309,874	1,587,610
Total financial assets	<u>3,832,709</u>	<u>4,878,189</u>
Liabilities		
<u>Financial liabilities</u>		
At amortised cost:-		
Account payables	129,568	40,197
Other payables and accruals	258,862	275,482
Lease liabilities	383,323	489,463
Total financial liabilities	<u>771,753</u>	<u>805,142</u>

32. FAIR VALUES

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023

33. NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2024. The Company does not expect that adoption of these accounting standards or interpretations will have a material impact on the Company's financial statements.

34. COMPARATIVE FIGURES

To provide greater clarity on its income for the year 2022, the Company has done the following:-

- a. Reclassified the donations received for NOVA learning support and CareNights programme from "Income, Grants and Donations from Charitable Activities" into "Voluntary Income". This did not affect the total income and the net results for the year.
- b. Renamed "Income, Grants and Donations from Charitable Activities" as "Income from Charitable Activities".

The changes are summarised as follows:-

2022 Statement of Financial Activities

	As previously reported S\$	Restated S\$
2022		
<u>Income from generated funds:</u>		
Voluntary income		
Donations	163,720	259,909
Other income	153,437	153,437
Grant received	11,520	11,520
Subtotal voluntary income	328,677	424,866
Investment Income	39,585	39,585
<u>Income from charitable activities</u>		
Student care services	1,392,528	1,392,528
Family Wellness programme	654,545	654,545
CareNights programme		
Donations - CareNights programme	50,479	-
Grant received	401,250	401,250
NOVA learning support		
Donations - NOVA learning support	45,710	-
Income and grant received	472,147	472,147
Subtotal income from charitable activities	3,016,659	2,920,470
TOTAL INCOME	3,384,921	3,384,921