



# Audited Financial Statements

For The Year Ended 31 March 2011

Registration No. 1431  
Registered with Ministry of Education



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## Statement by The Management Committee

In the opinion of the Management Committee, the accompanying financial statements set out on pages 118 to 138 are drawn up so as to give a true and fair view of the state of affairs of the School as at 31 March 2011 and of its results of financial activities, the changes in funds and cash flows of the School for the year then ended.

At the date of this statement, there are reasonable grounds to believe that the School will be able to pay its debts as and when they fall due.

The Management Committee, comprising the following, authorised the issue of these financial statements on 4 August 2011.

Chairman	Ven Shi Fa Zhao
School supervisor	Ven Shi Pu En
Secretary	Yong Soo Cheng
Treasurer	Tan Ming Yong
Member	Ee Tiang Hwee
Member	Lau Swee Eng
Member	Lim Yew Si
Member	Tan Yen Kee
Member	Poh Yong Meng, Stephen
Ministry of Education representative	Jean Sia

For and on behalf of the Management Committee,



Yong Soo Cheng  
Secretary / Principal



Tan Ming Yong  
Honorary Treasurer

Singapore,  
4 August 2011

## Independent Auditors' Report to the Members of Metta School

We have audited the financial statements of **Metta School** (the "School") set out on pages 118 to 138, which comprise the statement of financial position as at 31 March 2011, the statement of financial activities, statement of changes in funds, statement of cash flows, statement of monthly pupil eligible for funding and statement of monthly enrolment for international students for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Financial Reporting Standards. This responsibility includes:

- (a) 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 profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion,

- (a) the financial statements of the School are properly drawn up in accordance with the provisions of the Singapore Financial Reporting Standards so as to present fairly the state of affairs of **Metta School** as at 31 March 2011, and the results of the financial activities, the changes in funds and cash flows of the School for the financial year ended on that date; and
- (b) the accounting and other records required by the regulations enacted by Ministry of Education and the National Council of Social Services, as well as of any agreement signed with the Ministry of Education, to be kept by the School have been properly kept in accordance with those regulations.

## Independent Auditors' Report to the Members of Metta School (Cont'd)

### *Report on other Legal and Regulatory Requirements*

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

- (i) the receipts, expenditure and investment of monies; and
- (ii) the acquisition and disposal of assets by the School;

have not been carried out in accordance to the Rules and Regulations issued by the Ministry of Education and the National Council of Social Services, as well as of any agreement signed with the Ministry of education; nor that

- (iii) the donations and other receipts of the School were not used for approved projects and the purposes intended.



**Fiducia LLP**  
Certified Public Accountants

Singapore,  
4 August 2011

## Statement of Financial Position

As at 31 March 2011

	Note	2011 \$	2010 \$
<b>ASSETS</b>			
<i>Current assets</i>			
Cash and cash equivalents	4	9,929,992	8,540,277
Trade and other receivables	5	49,704	116,268
Inventories	6	139	157
		<u>9,979,835</u>	<u>8,656,702</u>
<i>Non-current assets</i>			
Property, plant and equipment	7	7,537,715	7,543,258
		<u>17,517,550</u>	<u>16,199,960</u>
<b>LIABILITIES</b>			
<i>Current liabilities</i>			
Trade and other payables	8	291,719	167,698
Deferred capital grants	9	57,159	57,059
		<u>348,878</u>	<u>224,757</u>
<i>Non-current liabilities</i>			
Deferred capital grants	9	0	57,173
		<u>348,878</u>	<u>281,930</u>
		<u>17,168,672</u>	<u>15,918,030</u>
<b>FUNDS</b>			
<i>Unrestricted funds</i>			
Accumulated general fund	10	5,846,220	5,621,013
<i>Restricted funds</i>			
Project fund	11	1,236,469	894,719
Sinking fund	12	1,637,092	1,286,089
Student assistance fund	13	901,180	604,651
Curriculum enhancement fund	14	20,809	1,159
Opportunity fund	15	16,003	10,971
Project reserves	16	0	8,840
School building fund	17	7,337,400	7,317,591
School building fund – extension	18	988	0
Staff training vote fund	19	172,511	172,997
		<u>11,322,452</u>	<u>10,297,017</u>
		<u>17,168,672</u>	<u>15,918,030</u>

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

## Statement of Financial Activities

For the financial year ended 31 march 2011

	Note	2011 \$	2010 \$
<b>INCOMING RESOURCES</b>			
Unsolicited donations		200	100
Designated donations	20	10,902	14,223
Government grant		4,740,079	4,872,298
NCSS grant		1,131,918	1,203,160
NCSS - Supplementary fund		0	15,020
Singapore Totalisator Board grant	22	279,178	256,224
Government grant - Jobs credit		0	229,379
MOE – Proto-typing vocational preparations		149,040	0
Interest received		201	259
Fixed deposit interest		39,029	34,717
Fees received - Local students		88,620	98,360
Fees received - Foreign students		0	23,616
Amortisation of deferred capital grant		219,339	258,178
<b>Total incoming resources</b>		<b>6,658,506</b>	<b>7,005,534</b>
<b>LESS: RESOURCES EXPENDED</b>			
Communications		4,927	4,947
Designated expenditures		10,052	14,218
Depreciation	7	320,143	338,275
Fixed asset written off		17	18,403
Purchase of equipment and furniture		17,185	0
Insurance		2,648	3,050
Licence fees		100	100
Maintenance		92,204	134,937
Proto-typing of vocational preparation		4,438	0
Pupil welfare		99,833	46,628
Professional fees and other services		45,006	32,771
Pre-vocational program		89,209	63,914
Recruitment		3,547	785
Rental of equipment		2,871	3,883
Supplies and materials		157,043	142,840
School functions		84,676	57,115
Security guards		16,365	12,341
Salaries and allowances		4,074,673	3,296,856
Staff welfare		105,117	49,684
Transport claims		7,192	2,975
Utilities		117,247	94,110
<b>Total resources expended</b>		<b>5,254,493</b>	<b>4,317,832</b>
<b>Surplus for the year</b>		<b>1,404,013</b>	<b>2,687,702</b>

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

**Statement of Changes In Funds**  
For the financial year ended 31 March 2011

	Restricted funds											
	Unrestricted funds	Accumulated general fund	Project fund	Sinking fund	Student assistance fund	Curriculum enhancement fund	Opportunity fund	Project reserves	School building fund	School building fund - Extension	Staff training vote fund	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>2010</b>												
Balance at beginning of the year	5,621,013	894,719	1,286,089	604,651	1,159	10,971	8,840	7,317,591	0	172,997	15,918,030	
Surplus / (Deficit) for the year	1,404,013	(9,253)	0	(54,474)	19,650	5,032	(8,840)	19,809	988	(486)	1,376,439	
Adjustments to grant funding	(125,797)	0	0	0	0	0	0	0	0	0	(125,797)	
Transfers from/(to) of funds	(1,053,009)	351,003	351,003	351,003	0	0	0	0	0	0	0	
Balance at end of the year	5,846,220	1,236,469	1,637,092	901,180	20,809	16,003	0	7,337,400	988	172,511	17,168,672	
<b>2010</b>												
Balance at beginning of the year	4,305,569	357,179	748,549	380,920	0	5,453	28,844	7,479,856	0	137,215	13,443,585	
Surplus for the year	2,687,702	0	0	(45,039)	1,159	5,518	(20,004)	(162,265)	0	35,782	2,502,853	
Adjustments to grant funding	(28,408)	0	0	0	0	0	0	0	0	0	(28,408)	
Transfers from/(to) of funds	(1,343,850)	537,540	537,540	268,770	0	0	0	0	0	0	0	
Balance at end of the year	5,621,013	894,719	1,286,089	268,770	1,159	10,971	8,840	7,317,591	0	172,997	15,918,030	

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

## Statement of Cash Flows

For the financial year ended 31 March 2011

	Note	2011 \$	2010 \$
<b>Cash flows from operating activities</b>			
Surplus for the year		1,404,013	2,687,702
Adjustments for:			
- Amortisation of deferred capital grant		(219,339)	(258,178)
- Depreciation	7	320,143	338,275
- Fixed asset written off		17	18,403
- Adjustment to prior year grant funding	10	(125,797)	(28,408)
- Transfer of surplus to reserved funds	10	(1,053,009)	(1,343,850)
- Interest income		(39,230)	(34,976)
Operating cash flows before working capital changes		286,798	1,378,968
Changes in operating assets and liabilities			
- Inventories		18	61
- Trade and other receivables		66,564	(3,492)
- Trade and other payables		124,021	41,416
<b>Net cash provided by operating activities</b>		<b>477,401</b>	<b>1,416,953</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	7	(314,617)	(217,002)
Interest received		39,230	34,976
<b>Net cash used in investing activities</b>		<b>(275,387)</b>	<b>(182,026)</b>
<b>Cash flows from financing activities</b>			
Increase in deferred capital grants		162,266	143,523
Increase in project fund		341,750	537,540
Increase in sinking fund		351,003	537,540
Increase in student assistance fund		296,529	223,731
Increase in curriculum enhanced fund		19,650	1,159
Increase in opportunity fund		5,032	5,518
Decrease in project reserves		(8,840)	(20,004)
Increase in school building funds		19,809	0
Increase in school building funds - extension		988	0
Increase in staff training vote		(486)	35,782
<b>Net cash used in financing activities</b>		<b>1,187,701</b>	<b>1,464,789</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>1,389,715</b>	<b>2,699,716</b>
Cash and cash equivalents at beginning of financial year		8,540,277	5,840,561
<b>Cash and cash equivalents at end of financial year</b>	<b>4</b>	<b>9,929,992</b>	<b>8,540,277</b>
<b>Cash and cash equivalents comprise:</b>			
Cash and bank balances		2,279,663	1,923,173
Fixed deposits		7,650,329	6,617,104
	<b>4</b>	<b>9,929,992</b>	<b>8,540,277</b>

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



## Statement of Monthly Pupil Eligible for Funding

For the financial year ended 31 March 2011

Period	Number of pupils by disability group *				Number of pupils under vocational tracks		Total number of pupils (c=a+b)
	MID(J)+MID(S)+ASD	MID(J)	MID(S)	ASD	VOC	VOC-ASD	
1 April 2010	350	246	18	86	52	8	410
1 May 2010	347	243	18	86	52	8	407
1 June 2010	346	242	18	86	52	8	406
1 July 2010	346	242	18	86	52	8	406
1 August 2010	346	242	18	86	50	8	404
1 September 2010	345	242	18	85	49	8	402
1 October 2010	346	243	18	85	49	8	403
1 November 2010	346	243	18	85	49	8	403
1 December 2010	346	243	18	85	49	8	403
1 January 2011	326	224	13	89	70	15	411
1 February 2011	326	224	13	89	70	15	411
1 March 2011	325	223	13	89	70	15	410

\* Separate columns to be provided for each disability which are:

MID(J) – Mild intellectual disability – Junior pupils

MID(s) – Mild intellectual disability – Senior pupils

ASD – Autism Spectrum Disorder

## Statement of Monthly Pupil Enrolment for International Students

For the financial year ended 31 March 2011

Period	Number of international pupils *	Number of international pupils **	Total number of pupils (c=a+b)
	(a)	(b)	
1 April 2010	0	0	0
1 May 2010	0	0	0
1 June 2010	0	0	0
1 July 2010	0	0	0
1 August 2010	0	0	0
1 September 2010	0	0	0
1 October 2010	0	0	0
1 November 2010	0	0	0
1 December 2010	0	0	0
1 January 2011	0	0	0
1 February 2011	0	0	0
1 March 2011	0	0	0

\* International pupils who are children of employment pass holders, skilled workers and diplomatic staff.

\*\* International pupils who are not children of employment pass holders, skilled workers and diplomatic staff.

Note: International pupils are defined as those who are not of Singapore citizen or Permanent Resident Status.

## Notes to the Financial Statements

*For the financial year ended 31 March 2011*

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

### 1 GENERAL INFORMATION

Metta School (the "School") is one of the ten (10) welfare centres provided by Metta Welfare Association which is a registered exempt charity in Singapore.

It is registered with the Ministry of Education (MOE) under the Education Act (Chapter 87) on 16 November 2001.

The registered office and principal place of business of the School is located at 30 Simei Street 1 Singapore 529949.

The objective of the School is to provide special education to mildly intellectually disabled and/or mildly autistic children between ages seven (7) to eighteen (18) who are functioning between IQ range of fifty (50) to seventy (70). Students who can benefit from vocational programmes can continue to school up to twenty one (21) years old.

As at 31 March 2011, the School has 95 (2010: 85) employees.

These financial statements are presented in Singapore Dollar, which is the School's functional currency.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standard ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires Management to exercise its judgement in the process of applying the School's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affects 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 income and expenses during the financial year. Although these estimates are based on Management Committee's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

## 2 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.1 Interpretations and amendments to published standards effective in 2010

The School has adopted the new or revised FRS and Interpretations to FRS (INT FRS) that are mandatory for application from that date. Changes to the School's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The following are the FRS and INT FRS that are relevant to the School:

FRS	Effective Date	Title
FRS 1	1.1.2009	Presentation of financial statements
FRS 2	1.1.2009	Inventories
FRS 7	1.1.2009	Cash flow statements
FRS 8	1.1.2009	Accounting policies, changes in accounting estimates and errors
FRS 10	1.1.2007	Events after the balance sheet date
FRS 16	1.1.2009	Property, plant and equipment
FRS 17	1.1.2007	Leases
FRS 18	1.1.2005	Revenue
FRS 19	1.1.2009	Employee benefits
FRS 24	1.1.2006	Related party disclosures
FRS 32	1.2.2007	Financial instruments: Presentation
FRS 32	1.2.2009	Financial instruments: Presentation (Amendments)
FRS 36	1.1.2009	Impairment of assets
FRS 37	1.1.2006	Provisions, contingent liabilities and contingent assets
FRS 39	1.1.2005	Financial instruments: recognition and measurement
FRS 107	1.1.2009	Financial instruments: Disclosures

The adoption of the above revised FRS did not result in any substantial changes to the School's accounting policies.

### 2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the School's activities. Revenue is recognised as follows:

- 2.2.1 Fees are recognised over the period of instruction. Amounts of fees relating to future periods of instruction are included in fees received in advance.
- 2.2.2 Donations are recognized in the statement of financial activities upon receipt. Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.
- 2.2.3 Interest income is recognised on a time-proportion basis using the effective interest method.

### 2.3 Government grants

Grants from the government are recognized as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions. Government grants receivable are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are recognised as deferred capital grant and is amortised over the estimated useful life of the relevant asset.

## 2 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.4 Property, plant and equipment

#### 2.4.1 Measurement

All property, plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment includes its purchase price and any costs that are 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.

#### 2.4.2 Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimate useful lives are as follows:

	<b>Useful lives</b>
Furniture and fittings	5 years
Office equipment	5 years
Computers	3 years
Physio equipment	5 years
Arts and music	5 years
School building	50 years
Other equipment	3 years
Renovations	2 years

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision of the residual values and useful lives are included in the statement of financial activities for the financial year in which the changes arise.

#### 2.4.3 Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the School and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expenses in the statement of financial activities during the financial year in which it is incurred.

#### 2.4.4 Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the statement of financial activities.

## 2 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.5 Impairment of non-financial assets

Property, plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of the assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cashgenerating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the statement of financial activities.

An impairment loss for an asset is reversed if; there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the statement of financial activities.

### 2.6 Fair value estimation of financial assets and liabilities

The carrying amounts of current financial assets and liabilities, carried at amortised cost, are assumed to approximate their fair values due to their short-term nature.

### 2.7 Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the statement of financial activities on a straightline basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Rental on operating lease is charged to statement of financial activities. Contingent rents are recognised as an expense in the statement of financial activities in the financial year in which they are incurred.

### 2.8 Trade and other payables

Trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost, using the effective interest method.

### 2.9 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the School has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

## 2 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.10 Financial assets

#### 2.10.1 Classification

The School classifies its financial assets in the following category: loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every statement of financial position date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the statement of financial position date which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables" and "cash and cash equivalents" on the statement of financial position.

#### 2.10.2 Recognition and derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the School has transferred substantially all risks and rewards of ownership.

#### 2.10.3 Measurement

Financial assets are initially recognized at fair value plus transaction costs.

Loans and receivables are subsequently carried at amortized cost using effective interest method.

#### 2.10.4 Impairment

The School assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

An allowance for impairment of loans and receivables is recognized when there is objective evidence that the School will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognized in the statement of financial activities within "Administrative expenses".

### 2.11 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions.

### 2.12 Inventories

Inventories are carried at the lower of cost and net realizable value. Cost is determined using the first-in, first-out basis. The cost of inventories comprises the purchase costs.

Net realisable value is the selling price which is equivalent to the purchase price.

## 2 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.13 Employee compensation

#### (a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the School pays fixed contributions into separate entities such as the Central Provident Fund ("CPF"), on mandatory, contractual or voluntary basis. The School has no further payment obligations once the contributions have been paid. The School's contribution to defined contribution plans are recognized as employee compensation expense when they are due.

#### (b) Employee leave entitlement

Employee entitlements to annual leave other than teaching staff are recognized when they accrue to employees. Unused annual leave are not allowed to be carried forward to the following calendar year.

### 2.14 Related parties

Related parties are entities with one or more common management committee members. Parties are considered to be related if one party has the ability to control the other party or exercise influence over the party in making financial and operating decisions.

## 3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 3.1 Critical accounting estimates and assumptions

The School makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### 3.2 Critical judgements in applying the entity's accounting policies

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### ***Estimated useful lives of property, plant and equipment***

The School reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

#### ***Impairment of property, plant and equipment***

Property, plant and equipment are reviewed for impairment whenever there is any indication that the assets are impaired. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the impairment loss. The key assumptions for the value in use calculation are those regarding the growth rates, and expected change to selling price and direct costs during the year and a suitable discount rate.



#### 4 CASH AND CASH EQUIVALENTS

	2011 \$	2010 \$
Cash on hand	1,000	1,000
Cash at banks	2,278,663	1,922,173
Fixed deposits	7,650,329	6,617,104
	<u>9,929,992</u>	<u>8,540,277</u>

Cash at bank earns interest at a weighted-average rate of 0.0088% (2010: 0.0135%) per annum.

Fixed deposits earns interest rates ranging from 0.2500% to 0.6525% (2010: 0.2500% to 1.550%) per annum.

At the statement of financial position date, the carrying amounts of cash and cash equivalents approximated their fair values.

#### 5 TRADE AND OTHER RECEIVABLES

	2011 \$	2010 \$
Grant receivables	20,875	48,756
Outside parties	1,992	50,629
Prepayments	4,507	357
Accrued interests	22,330	16,526
	<u>49,704</u>	<u>116,268</u>

At the statement of financial position date, the carrying amounts of trade and other receivables balances approximated their fair values.

#### 6 INVENTORIES

	2011 \$	2010 \$
Closing stocks	<u>139</u>	<u>157</u>

At the statement of financial position date, the carrying amounts of inventories approximated their fair values.

#### 7 PROPERTY, PLANT AND EQUIPMENT

	Balance b/f \$ 2010	Additions \$	(Disposals) \$	Balance c/f \$ 2011
<b>Cost</b>				
Furniture and fittings	147,566	14,630	(4,008)	158,188
Office equipment	157,297	75,804	(4,387)	228,714
Computers	222,505	9,425	(4,339)	227,591
Physio equipment	662	0	(2)	660
Arts and music	94,486	1,095	(2,625)	92,956
School building	8,126,991	0	0	8,126,991
Building in progress	0	182,073	0	182,073
Other equipment	193,040	9,791	0	202,831
Renovations	54,941	21,799	0	76,740
	<u>8,997,488</u>	<u>314,617</u>	<u>(15,361)</u>	<u>9,296,744</u>

## 7 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Balance b/f \$ 2010	Depreciation Charge \$	(Written back/off) \$	Balance c/f \$ 2011
<b>Accumulated depreciation</b>				
Furniture and fittings	128,465	9,119	(4,004)	133,580
Office equipment	112,030	33,555	(4,385)	141,200
Computers	126,810	50,983	(4,333)	173,460
Physio equipment	659	0	0	659
Arts and music	90,469	1,432	(2,622)	89,279
School building	796,203	162,540	0	958,743
Building in progress	0	0	0	0
Other equipment	162,253	34,019	0	196,272
Renovations	37,341	28,495	0	65,836
	<u>1,454,230</u>	<u>320,143</u>	<u>(15,344)</u>	<u>1,759,029</u>

	Balance b/f \$ 2010		Balance c/f \$ 2011
<b>Net book value</b>			
Furniture and fittings	19,101		24,608
Office equipment	45,267		87,514
Computers	95,695		54,131
Physio equipment	3		1
Arts and music	4,017		3,677
School building	7,330,788		7,168,248
Building in progress	0		182,073
Other equipment	30,787		6,559
Renovations	17,600		10,904
	<u>7,543,258</u>		<u>7,537,715</u>

	Balance b/f \$ 2009	Additions \$	(Disposals) \$	Balance c/f \$ 2010
<b>Cost</b>				
Furniture and fittings	136,456	13,725	(2,615)	147,566
Office equipment	181,185	20,812	(44,700)	157,297
Computers	78,982	143,523	0	222,505
Physio equipment	662	0	0	662
Arts and music	90,736	3,750	0	94,486
School building	8,126,991	0	0	8,126,991
Building in progress	0	0	0	0
Other equipment	193,040	0	0	193,040
Renovations	19,749	35,192	0	54,941
	<u>8,827,801</u>	<u>217,002</u>	<u>(47,315)</u>	<u>8,997,488</u>

## 7 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Balance b/f \$ 2009	Depreciation Charge \$	(Written back/off) \$	Balance c/f \$ 2010
<b>Accumulated depreciation</b>				
Furniture and fittings	120,270	10,287	(2,092)	128,465
Office equipment	114,533	24,317	(26,820)	112,030
Computers	77,381	49,429	0	126,810
Physio equipment	659	0	0	659
Arts and music	88,416	2,053	0	90,469
School building	633,663	162,540	0	796,203
Building in progress	0	0	0	0
Other equipment	100,071	62,182	0	162,253
Renovations	9,874	27,467	0	37,341
	<u>1,144,867</u>	<u>338,275</u>	<u>(28,912)</u>	<u>1,454,230</u>

	Balance b/f \$ 2009	Balance c/f \$ 2010
<b>Net book value</b>		
Furniture and fittings	16,186	19,101
Office equipment	66,652	45,267
Computers	1,601	95,695
Physio equipment	3	3
Arts and music	2,320	4,017
School building	7,493,328	7,330,788
Building in progress	0	0
Other equipment	92,969	30,787
Renovations	9,875	17,600
	<u>7,682,934</u>	<u>7,543,258</u>

## 8 TRADE AND OTHER PAYABLES

	2011 \$	2010 \$
Fees received in advance	3,750	31,790
Accrued operating expenses	190,093	134,920
Deferred grants received	97,876	988
	<u>291,719</u>	<u>167,698</u>

At the statement of financial position date, the carrying amounts of trade and other payables approximated their fair values.

## 9 DEFERRED CAPITAL GRANTS

	2011 \$	2010 \$
<b>Cost</b>		
Balance at the beginning of the year	620,831	477,308
Received during the year	0	143,523
Balance at the end of the year	<u>620,831</u>	<u>620,831</u>
<b>Accumulated amortisation</b>		
Balance at the beginning of the year	506,599	410,686
Amortisation for the year	57,073	95,913
Balance at the end of the year	<u>563,672</u>	<u>506,599</u>
<b>Net carrying amount</b>		
Current	57,159	57,059
Non-current	0	57,173
	<u>57,159</u>	<u>114,232</u>
<b>Comprised of:</b>		
Grants from Government	9,310	18,542
Grants from non-government	47,849	95,690
	<u>57,159</u>	<u>114,232</u>

These amounts represent government grants and donations received from individuals and private organisations for the purchase and/or construction of property, plant and equipment. These grants and donations are amortised and recognised as income in proportion to the depreciation of the related assets.

## 10 ACCUMULATED GENERAL FUNDS

	2011 \$	2010 \$
Balance at the beginning of the year	5,621,013	4,305,569
Surplus for the year	1,404,013	2,687,702
Adjustments to grant funding	(125,797)	(28,408)
	<u>6,899,229</u>	<u>6,964,863</u>
Transfers to reserved funds:		
Project fund	(351,003)	(537,540)
Sinking fund	(351,003)	(268,770)
Student assistance fund	(351,003)	(537,540)
Balance at the end of the year	<u>5,846,220</u>	<u>5,621,013</u>
Adjustments to grant funding is comprised of:		
NCSS grant (over) funding FY 2009/2010	(21,778)	0
NCSS grant under funding FY 2008/2009	0	17,879
TOTE Board (over) funding FY 2009/2010	(103,857)	0
TOTE Board (over) funding FY 2008/2009	0	(46,287)
Government grant – Jobs credit FY 2009/2010	(162)	0
	<u>(125,797)</u>	<u>(28,408)</u>

## 11 PROJECT FUND

	2011 \$	2010 \$
Balance at the beginning of the year	894,719	357,179
Transfer from accumulated funds	<u>351,003</u>	<u>537,540</u>
	1,245,722	894,719
Expenditures during the year	<u>(9,253)</u>	0
Balance at the end of the year	<u><u>1,236,469</u></u>	<u><u>894,719</u></u>

This fund was approved by the School Management Committee to set aside for school building extension, school improvement and upgrading works, also for projects/programmes that will meet the needs of the pupils.

Currently, the Annex Building is jointly funded from this project fund (5%) and by the Ministry of Education (95%).

## 12 SINKING FUND

	2011 \$	2010 \$
Balance at the beginning of the year	1,286,089	748,549
Transfer from accumulated funds	<u>351,003</u>	<u>537,540</u>
Balance at the end of the year	<u><u>1,637,092</u></u>	<u><u>1,286,089</u></u>

The sinking fund was set up for major repairs and maintenance of the School's building.

## 13 STUDENT ASSISTANCE FUND

	2011 \$	2010 \$
Balance at the beginning of the year	604,651	380,920
Transfer from accumulated funds	<u>351,003</u>	<u>268,770</u>
	955,654	649,690
Expenditures during the year	<u>(54,474)</u>	<u>(45,039)</u>
Balance at the end of the year	<u><u>901,180</u></u>	<u><u>604,651</u></u>

The student assistance fund was set up to provide financial assistance to pupils in need.

## 14 CURRICULUM ENHANCEMENT FUND

	2011 \$	2010 \$
Balance at the beginning of the year	1,159	0
Grants received during the year	<u>80,000</u>	<u>80,000</u>
	81,159	80,000
Expenditures during the year	<u>(60,350)</u>	<u>(78,841)</u>
Balance at the end of the year	<u><u>20,809</u></u>	<u><u>1,159</u></u>

This fund was set up to promote and sustain school-based initiatives in enhancing the quality of the school's curriculum and co-curriculum.

## 15 OPPORTUNITY FUND

	2011 \$	2010 \$
Balance at the beginning of the year	10,971	5,453
Grants received during the year	<u>10,972</u>	<u>14,526</u>
	21,943	19,979
Expenditures during the year	<u>(5,940)</u>	<u>(9,008)</u>
Balance at the end of the year	<u><u>16,003</u></u>	<u><u>10,971</u></u>

The opportunity fund is an initiative by MOE started in financial year ended 31 March 2007 allocating funds for students in need.

## 16 PROJECT RESERVES

	2011 \$	2010 \$
Balance at the beginning of the year	8,840	28,844
Grants received during the year	<u>0</u>	<u>0</u>
	8,840	28,844
Expenditures during the year	<u>(8,840)</u>	<u>(20,004)</u>
Balance at the end of the year	<u><u>0</u></u>	<u><u>8,840</u></u>

These reserves are contributions set aside for the School's operation expenses and upgrading works. These reserves were fully expended during the year.

## 17 SCHOOL BUILDING FUND

	2011 \$	2010 \$
<b>Cost</b>		
Balance at the beginning of the year	8,113,244	8,113,244
Received during the year	<u>183,113</u>	<u>0</u>
Balance at the end of the year	<u><u>8,296,357</u></u>	<u><u>8,113,244</u></u>
<b>Accumulated amortisation</b>		
Balance at the beginning of the year	795,653	633,388
Amortisation for the year	<u>163,304</u>	<u>162,265</u>
Balance at the end of the year	<u><u>958,957</u></u>	<u><u>795,653</u></u>
<b>Net carrying amount</b>	<u><u>7,337,400</u></u>	<u><u>7,317,591</u></u>
<b>Comprised of:</b>		
Grants from Government	4,727,888	4,658,235
Grants from non-government	<u>2,609,512</u>	<u>2,659,356</u>
	<u><u>7,337,400</u></u>	<u><u>7,317,591</u></u>

The school building fund was set up for the purpose of constructing the School's building which was finished in year 2005. Ninety (90%) percent of the cost was funded by the MOE and the other ten (10%) percent was by Metta Welfare Association, a related party.

In financial year 2009, the School set up a training kitchen wherein 95% of the cost was funded by MOE and the other 5% by the School.

## 18 SCHOOL BUILDING FUND - EXTENSION

	2011 \$	2010 \$
Balance at the beginning of the year	0	0
Grants received during the year	<u>168,810</u>	<u>0</u>
	168,810	0
Expenditures during the year	<u>(167,822)</u>	<u>0</u>
Balance at the end of the year	<u><u>988</u></u>	<u><u>0</u></u>

In the current financial year, the Annex Building is jointly funded by the School Project Fund (5%) and by the Ministry of Education (95%).

## 19 STAFF TRAINING VOTE FUND

	2011 \$	2010 \$
Balance at the beginning of the year	172,997	137,215
Grants received during the year	<u>88,550</u>	<u>84,425</u>
	261,547	221,640
Expenditures during the year	<u>(89,036)</u>	<u>(48,643)</u>
Balance at the end of the year	<u><u>172,511</u></u>	<u><u>172,997</u></u>

In financial year 2006, MOE solely funded this fund. A sum of S\$1,100 is allocated for each staff to receive appropriate trainings in order to improve the quality of their services.

## 20 DESIGNATED DONATIONS

Donations-in-kind received during the year are as follows:

	2011 \$	2010 \$
School meals	7,000	0
School uniforms and fees	0	5,000
Art programmes / Performing arts	0	5,523
Sports programmes	850	3,500
Children's Day celebration	3,052	0
Teachers' Day celebration	0	200
	<u>10,902</u>	<u>14,223</u>

## 21 INCOME TAX

The School is one of the ten (10) welfare centres provided by Metta Welfare Association which is a registered charity under the Charities Act 1982 and is exempted from tax.

## 22 SINGAPORE TOTALISATOR BOARD'S FUNDING

The Singapore Totalisator Board funds students doing Vocational / Mainstream Secondary Curriculum. The balance of such funding is as follows:

	2011 \$	2010 \$
<b>Receipts</b>		
Donations	29	15
School fees	13,820	13,200
	<u>13,849</u>	<u>13,215</u>
<b>Expenditures</b>		
Communications	198	181
Designated expenditures	438	521
Depreciation	16,593	12,406
Fixed asset written off	1	675
Purchase of equipment and furniture	722	0
Insurance	98	112
Licence fees	4	4
Maintenance	4,139	4,949
Pupil welfare	3,588	505
Professional fees and other services	2,109	1,202
Pre-vocational program	22,302	15,979
Recruitment	133	29
Rental of equipment	123	142
Supplies and materials	13,235	9,058
School functions	4,133	1,804
Security guards	2,639	453
Salaries and allowances	173,608	112,336
Staff welfare	5,114	1,655
Transport claims	524	120
Utilities	4,816	3,451
	<u>254,517</u>	<u>165,582</u>
(Deficit) for the year	<u>(240,668)</u>	<u>(152,367)</u>
Grants received during the year	273,594	192,966
Grant receivable - 4th quarter	0	58,134
Grant receivable - 2% retention	5,584	5,124
	<u>279,178</u>	<u>256,224</u>
Net surplus for the year after grants received	32,926	40,599
Accumulated funds at the beginning of the year	40,599	46,287
Adjustments made during the year	<u>(40,599)</u>	<u>(46,287)</u>
Accumulated funds at the end of the year	<u>32,926</u>	<u>40,599</u>



## 23 RELATED PARTY TRANSACTIONS

The School had transactions with Metta Welfare Association on terms agreed between the parties as follows:

	2011 \$	2010 \$
Management fee paid to Metta Welfare Association	(20,550)	0
Reimbursement of expenses paid:		
- By the School for Metta Welfare Association	(974)	653
- By Metta Welfare Association for the School	(17,198)	(5,757)

### *Rental of Land*

The rental expense of the School is fully funded by MOE. The School has given consent that the funding will be remitted directly to Metta Welfare Association. Hence, such expenses and the corresponding grants are not recognised in the School's statement of financial activities and instead in Metta Welfare Association's accounts.

The rental expense and income recognised by Metta Welfare Association amounts to S\$449,604 (2010: S\$399,024).

## 24 FINANCIAL RISK MANAGEMENT

The School's activities expose it to minimal financial risks and overall risk management is determined and carried out by the Management Committee on an informal basis.

### *(i) Liquidity risk*

The School manages its liquidity risk by monitoring and maintaining a level of cash and bank balances deemed adequate by the Management Committee to fund the School's operations.

### *(ii) Credit risk*

The School has minimal exposure to credit risks due to the nature of its activities.

### *(iii) Interest rate risk*

The School's policy is to obtain the most favourable interest rates available in the market. Surplus funds are placed with reputable banks.

The responsibility for managing the above risks is vested in the Management Committee.

### **Fair values**

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

## 25 MANAGEMENT OF RESERVES

The School regards its accumulated general fund as its reserves. The School's reserve policy requires it to maintain sufficient reserve to ensure long term financial sustainability and continuity for the purpose of operating effective programs.

## 26 COMPARATIVE FIGURES

The financial statements for the financial year ended 31 March 2010 were audited by a firm of auditors other than Messrs Fiducia LLP. The audit opinion issued for the financial statements for the financial year ended 31 March 2010 was unqualified.

## 27 AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Management Committee on 4 August 2011.