



Audited Financial Statements

For The Year Ended 31 March 2012

Registration No. 1431
Registered with Ministry of Education



Statement by The Management Committee	2
Independent Auditors' Report	3
Statement of Financial Position	4
Statement of Financial Activities	5
Statement of Changes In Funds	6
Statement of Cash Flows	7
Statement of Monthly Pupil Eligible for Funding	8
Statement of Monthly Pupil Enrolment for International Students	9
Notes to the Financial Statements	10

Statement by The Management Committee

In the opinion of the Management Committee, the accompanying financial statements set out on pages 4 to 26 are drawn up so as to give a true and fair view of the state of affairs of Metta School (the "School") as at 31 March 2012 and of its results, 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	See Phek Leong Melison
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,

See Phek Leong Melison
Secretary / Principal



Tan Ming Yong
Honorary Treasurer

Singapore,
4 August 2012

Independent Auditors' Report to the Members of Metta School

We have audited the accompanying financial statements of **Metta School** (the "School") set out on pages 4 to 26, which comprise the statement of financial position as at 31 March 2012, 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 information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair statement of financial activities and statement of financial position and to maintain accountability of assets.

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, the financial statements of the School are properly drawn up in accordance with the provisions of the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the School as at 31 March 2012, and the results, changes in funds and cash flows of the School for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records properly kept in accordance to the Rules and Regulations issued by the Ministry of Education and National Council of Social Services, as well of any agreement with the Ministry of Education.

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

- (i) the receipt, expenditure and investment income; 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 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 2012

	Note	2012 \$	2011 \$
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	4	11,119,715	9,929,992
Trade and other receivables	5	192,251	49,704
Inventories	6	79	139
		<u>11,312,045</u>	<u>9,979,835</u>
<i>Non-current assets</i>			
Property, plant and equipment	7	11,553,628	7,537,715
		<u>22,865,673</u>	<u>17,517,550</u>
LIABILITIES			
<i>Current liabilities</i>			
Accruals and other payables	8	425,027	291,719
Deferred capital grants	9	10,307	57,159
		<u>435,334</u>	<u>348,878</u>
		<u>22,430,339</u>	<u>17,168,672</u>
FUNDS			
<i>Unrestricted funds</i>			
Accumulated general fund	10	6,082,864	5,846,220
<i>Restricted funds</i>			
Project fund	11	1,431,733	1,236,469
Sinking fund	12	1,940,425	1,637,092
Student assistance fund	13	1,144,607	901,180
Curriculum enhancement fund	14	919	20,809
Opportunity fund	15	10,123	16,003
Project reserves	16	0	0
School building fund	17	11,394,577	7,337,400
School building fund – Extension	18	241,547	988
Staff training vote fund	19	159,773	172,511
Financial assistance fund	20	25,000	0
High needs fund	21	(1,229)	0
		<u>16,347,475</u>	<u>11,322,452</u>
TOTAL FUNDS		<u>22,430,339</u>	<u>17,168,672</u>

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

Statement of Financial Activities

For the financial year ended 31 march 2012

	Note	2012 \$	2011 \$
INCOME			
Unsolicited donation		120	200
Designated donation	23	8,356	10,902
Government grant		5,415,828	4,740,079
MOE – Secondment fund		12,993	0
NCSS grant		1,137,884	1,131,918
Singapore Totalisator Board grant	22	334,987	279,178
Government grant – Special employment credit		922	0
MOE – Proto-typing vocational preparation		170,850	149,040
Interest received		166	201
Fixed deposit interest		54,968	39,029
Fees received – Local students		96,420	88,620
Fees received – Foreign students		0	0
Amortisation of deferred capital grant		229,117	219,339
Total income		7,462,611	6,658,506
EXPENDITURES			
Communications		4,869	4,927
Designated expenditures		8,356	10,052
Depreciation	7	318,755	320,143
Fixed asset written off		3	17
Purchase of equipment and furniture		11,052	17,185
Insurance		1,573	2,648
Licence fees		100	100
Maintenance		89,479	92,204
Proto-typing of vocational preparation		100,726	4,438
Pupil welfare		238,256	99,833
Professional fees and other services		114,627	45,006
Pre-vocational program		120,724	89,209
Recruitment		1,892	3,547
Rental of equipment		4,956	2,871
Supplies and materials		148,810	157,043
School functions		121,382	84,676
Security guards		22,170	16,365
Salaries and allowances – School staff		4,689,271	4,074,673
Salaries and allowances – MOE		34,102	0
Staff welfare		88,558	105,117
Transport claims		2,940	7,192
Utilities		126,677	117,247
Total expenditures		6,249,278	5,254,493
NET INCOME		1,213,333	1,404,013

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

Statement of Changes In Funds
For the financial year ended 31 March 2012

	Unrestricted funds	Restricted funds										Total	
	Accumulated general fund	Project fund	Sinking fund	Student assistance fund	Curriculum enhancement fund	Opportunity fund	Project reserves	School building fund	School building fund - Extention	Staff training vote fund	Financial assistance fund		High needs Fund
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2012													
Balance at beginning 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	0	0	17,168,672
Net income / (expenditure)	1,213,333	(108,069)	0	(59,906)	(19,890)	(5,880)	0	4,057,177	240,559	(12,738)	25,000	(1,229)	5,328,357
Adjustments to grant funding	(66,690)	0	0	0	0	0	0	0	0	0	0	0	(66,690)
Transfers from / (to) of funds	(909,999)	303,333	303,333	303,333	0	0	0	0	0	0	0	0	0
Balance at end of the year	<u>6,082,864</u>	<u>1,431,733</u>	<u>1,940,425</u>	<u>1,144,607</u>	<u>919</u>	<u>10,123</u>	<u>0</u>	<u>11,394,577</u>	<u>241,547</u>	<u>159,773</u>	<u>25,000</u>	<u>(1,229)</u>	<u>22,430,339</u>
2011													
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	0	0	15,918,030
Net income / (expenditure)	1,404,013	(9,253)	0	(54,474)	19,650	5,032	(8,840)	19,809	988	(486)	0	0	1,376,439
Adjustments to grant funding	(125,797)	0	0	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	0	0
Balance at end of the year	<u>5,846,220</u>	<u>1,236,469</u>	<u>1,637,092</u>	<u>901,180</u>	<u>20,809</u>	<u>16,003</u>	<u>0</u>	<u>7,337,400</u>	<u>988</u>	<u>172,511</u>	<u>0</u>	<u>0</u>	<u>17,168,672</u>

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

Statement of Cash Flows

For the financial year ended 31 March 2012

	Note	2012 \$	2011 \$
Cash flows from operating activities			
Net income for the year		1,404,013	2,687,702
Adjustments for:			
– Amortisation of deferred capital grant		(229,117)	(219,339)
– Depreciation	7	318,755	320,143
– Fixed asset written off		3	17
– Adjustment to prior year grant funding	10	(66,690)	(125,797)
– Transfer of surplus to reserved funds	10	(909,999)	(1,053,009)
– Interest income		(55,134)	(39,230)
Operating cash flows before working capital changes		271,151	286,798
Changes in operating assets and liabilities			
– Inventories		60	18
– Trade and other receivables		(142,547)	66,564
– Trade and other payables		133,308	124,021
Net cash generated from operating activities		261,972	477,401
Cash flows from investing activities			
Purchases of property, plant and equipment	7	(4,334,671)	(314,617)
Interest received		55,134	39,230
Net cash used in investing activities		(4,279,537)	(275,387)
Cash flows from financing activities			
Increase in Deferred capital grant		182,265	162,266
Increase in Project fund		195,264	341,750
Increase in Sinking fund		303,333	351,003
Increase in Student assistance fund		243,427	296,529
Increase / (Decrease) in Curriculum enhancement fund		(19,890)	19,650
Increase / (Decrease) in Opportunity fund		(5,880)	5,032
Decrease in Project reserves		0	(8,840)
Increase in School building fund		4,057,177	19,809
Increase in School building fund – Extension		240,559	988
Decrease in Staff training vote fund		(12,738)	(486)
Increase in Financial assistance fund		25,000	0
Decrease in High needs fund		(1,229)	0
Net cash used in financing activities		5,207,288	1,187,701
Net increase in cash and cash equivalents		1,189,723	1,389,715
Cash and cash equivalents at beginning of financial year		9,929,992	8,540,277
Cash and cash equivalents at end of financial year	4	11,119,715	9,929,992
Cash and cash equivalents comprise:			
Cash and bank balances		2,437,750	2,279,663
Fixed deposits	4	8,681,965	7,650,329
		11,119,715	9,929,992

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 2012

Period	Number of pupils by disability group *				Number of pupils under vocational tracks		Total number of pupils
	MID(J)+MID(S)+ASD	MID(J)	MID(S)	ASD	VOC	VOC-ASD	(c=a+b)
1 April 2011	323	222	12	89	68	15	406
1 May 2011	323	222	12	89	68	15	406
1 June 2011	323	222	12	89	68	15	406
1 July 2011	326	223	13	90	67	15	408
1 August 2011	326	222	13	91	67	15	408
1 September 2011	325	221	13	91	67	15	407
1 October 2011	325	221	13	91	67	15	407
1 November 2011	325	221	13	91	67	15	407
1 December 2011	325	221	13	91	67	15	407
1 January 2012	347	209	35	103	74	11	432
1 February 2012	332	210	21	101	88	13	433
1 March 2012	332	210	21	101	88	13	433

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

MID(J) – Mild intellectual disability – Junior students

MID(s) – Mild intellectual disability – Senior students

ASD – Autism Spectrum Disorder

VOC – Vocational students

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

Statement of Monthly Pupil Enrolment for International Students

For the financial year ended 31 March 2012

Period	Number of international pupils *	Number of international pupils **	Total number of pupils (c=a+b)
	(a)	(b)	
1 April 2011	0	0	0
1 May 2011	0	0	0
1 June 2011	0	0	0
1 July 2011	0	0	0
1 August 2011	0	0	0
1 September 2011	0	0	0
1 October 2011	0	0	0
1 November 2011	0	0	0
1 December 2011	0	0	0
1 January 2012	0	0	0
1 February 2012	0	0	0
1 March 2012	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.

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

Notes to the Financial Statements

For the financial year ended 31 March 2012

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 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.

It is one of welfare centres being provided by Metta Welfare Association, which is a registered exempt charity in Singapore.

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 2012, the School has 106 (2011: 95) employees.

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.

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

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 2011

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 School 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 Government grants are recognized as a receivable at their fair value when there is reasonable assurance that the grant will be received and the School 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 expenditures 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.
- 2.2.3 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.
- 2.2.4 Interest income is recognised on a time-proportion basis using the effective interest method.
- 2.2.5 Other income is recognized when incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Property, plant and equipment

2.3.1 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.

2.3.2 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 estimated useful lives are as follows:

	Useful lives
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 reporting 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.

2.3.3 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.

2.3.4 Disposal

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

2.4 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 cash-generating unit (CGU) to which the asset belongs.

2 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 Impairment of non-financial assets (Cont'd)

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.

2.5 Inventories

Inventories are carried at the lower of cost and net realizable value. Cost is determined using the first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and applicable variable selling expenses.

2.6 Financial assets

2.6.1 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 reporting 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 reporting date, which are classified as non-current assets. Loans and receivables are classified within "other receivables" and "cash and cash equivalents" on the statement of financial position.

2.6.2 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.

2.6.3 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.

2.6.4 Impairment

The School assesses at each reporting 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 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and, short-term and highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

2.8 Accruals and other payables

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

2.9 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.

2.10 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.

2.11 Employee compensation

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 a 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.

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.

2.12 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 straight- line 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 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.13 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.

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 judgments in applying the entity's accounting policies

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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 operating 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.

2 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.2 Critical judgments in applying the entity's accounting policies (Cont'd)

Allowance for impairment of receivables

The School reviews the adequacy of allowance for impairment of receivables at each closing by reference to the ageing analysis of receivables, and evaluates the risks of collection according to the credit standing and collection history of individual client. If there are indications that the financial position of a client has deteriorated resulting in an adverse assessment of his risk profile, an appropriate amount of allowance will be provided.

4 CASH AND CASH EQUIVALENTS

	2012 \$	2011 \$
Cash on hand	1,000	1,000
Cash at bank	2,436,750	2,278,663
Fixed deposits	8,681,965	7,650,329
	<u>11,119,715</u>	<u>9,929,992</u>

Fixed deposits had maturity ranging from 6 months to 12 months (2011: 6 months to 12 months) and have interest rates ranging from 0.3500% to 0.8500% (2011: 0.2500% to 0.6525%) per annum.

At the reporting date, the carrying amounts of cash and cash equivalents approximated their fair values.

5 TRADE AND OTHER RECEIVABLES

	2012 \$	2011 \$
Grant receivables	26,551	20,875
Deposits	126,853	4,000
Prepayments	1,069	507
Accrued interests	34,108	22,330
Other receivables	3,670	1,992
	<u>192,251</u>	<u>49,704</u>

At the reporting date, the carrying amounts of other receivables balances approximated their fair values.

6 INVENTORIES

	2012 \$	2011 \$
Closing stocks	<u>79</u>	<u>139</u>

At the reporting date, the carrying amounts of inventories approximated their fair values.

7 PROPERTY, PLANT AND EQUIPMENT

	Balance at beginning of financial year	Additions	(Disposals)	Balance at end of financial year
	\$	\$	\$	\$
2012				
Cost				
Furniture and fittings	158,188	8,180	(544)	165,824
Office equipment	228,714	2,578	(570)	230,722
Computers	227,591	12,908	(2,986)	237,513
Physio equipment	660	0	0	660
Arts and music	92,956	0	(192)	92,764
School building	8,126,991	0	0	8,126,991
Building in progress	182,073	4,219,442	0	4,401,515
Other equipment	202,831	26,008	0	228,839
Renovations	76,740	65,555	0	142,295
	<u>9,296,744</u>	<u>4,334,671</u>	<u>(4,292)</u>	<u>13,627,123</u>
	Balance at beginning of financial year	Depreciation charge	(Written back / off)	Balance at end of financial year
	\$	\$	\$	\$
Accumulated depreciation				
Furniture and fittings	133,580	10,747	(543)	143,784
Office equipment	141,200	33,524	(569)	174,155
Computers	173,460	55,103	(2,985)	225,578
Physio equipment	659	0	0	659
Arts and music	89,279	1,233	(192)	90,320
School building	958,743	162,540	0	1,121,283
Building in progress	0	0	0	0
Other equipment	196,272	11,933	0	208,205
Renovations	65,836	43,675	0	109,511
	<u>1,759,029</u>	<u>318,755</u>	<u>(4,289)</u>	<u>2,073,495</u>
	Balance at beginning of financial year			Balance at end of financial year
	\$			\$
Net book value				
Furniture and fittings	24,608			22,040
Office equipment	87,514			56,567
Computers	54,131			11,935
Physio equipment	1			1
Arts and music	3,677			2,444
School building	7,168,248			7,005,708
Building in progress	182,073			4,401,515
Other equipment	6,559			20,634
Renovations	10,904			32,784
	<u>7,537,715</u>			<u>11,553,628</u>

7 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Balance at beginning of financial year	Additions	(Disposals)	Balance at end of financial year
	\$	\$	\$	\$
2011				
Cost				
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>
	Balance at beginning of financial year	Depreciation charge	(Written back / off)	Balance at end of financial year
	\$	\$	\$	\$
Accumulated depreciation				
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 at beginning of financial year			Balance at end of financial year
	\$			\$
Net book value				
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>

8 ACCRUALS AND OTHER PAYABLES

	2012 \$	2011 \$
Accrued operating expenses		
– Outside parties	263,825	140,461
– Related parties	56,413	49,632
	<u>320,238</u>	<u>190,093</u>
Deferred grants received	101,511	97,876
Other payables	3,278	3,750
	<u>425,027</u>	<u>291,719</u>

Amount due to related parties are unsecured, interest-free, payable on demand and will be settled with cash.

At the reporting date, the carrying amounts of accruals and other payables approximated their fair values.

9 DEFERRED CAPITAL GRANTS

	2012 \$	201 \$
Cost		
Balance at the beginning of the year	620,831	620,831
Received during the year	20,000	0
Balance at the end of the year	<u>640,831</u>	<u>620,831</u>
Accumulated amortisation		
Balance at the beginning of the year	563,672	506,599
Amortisation for the year	66,852	57,073
Balance at the end of the year	<u>630,524</u>	<u>563,672</u>
Net carrying amount		
Current	10,307	57,159
Non-current	0	0
	<u>10,307</u>	<u>57,159</u>
Comprised of:		
Grant from Government	116	9,310
Grant from non-government	10,191	47,849
	<u>10,307</u>	<u>57,159</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

	2012 \$	2011 \$
Balance at the beginning of the year	5,846,220	5,621,013
Net income for the year	1,213,333	1,404,013
Adjustments to grant funding	<u>(66,690)</u>	<u>(125,797)</u>
	6,992,863	6,899,229
Transfers to reserved funds:		
Project fund	(303,333)	(351,003)
Sinking fund	(303,333)	(351,003)
Student assistance fund	<u>(303,333)</u>	<u>(351,003)</u>
Balance at the end of the year	<u><u>6,082,864</u></u>	<u><u>5,846,220</u></u>
Adjustments to grant funding is comprised of:		
NCSS grant (over) funding FY 2010 / 2011	(28,180)	0
NCSS grant (over) funding FY 2009 / 2010	0	(21,778)
TOTE Board (over) funding FY 2010 / 2011	(38,510)	0
TOTE Board (over) funding FY 2009 / 2010	0	(103,857)
Government grant – Jobs credit FY 2009 / 2010	<u>0</u>	<u>(162)</u>
	<u><u>(66,690)</u></u>	<u><u>(125,797)</u></u>

11 PROJECT FUND

	2012 \$	2011 \$
Balance at the beginning of the year	1,236,469	894,719
Grants received during the year	0	52
Transfer from accumulated general fund	<u>303,333</u>	<u>351,003</u>
	1,539,802	1,245,774
Expenditures during the year	<u>(108,069)</u>	<u>(9,305)</u>
Balance at the end of the year	<u><u>1,431,733</u></u>	<u><u>1,236,469</u></u>

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

12 SINKING FUND

	2012 \$	2011 \$
Balance at the beginning of the year	1,637,092	1,286,089
Transfer from accumulated general fund	<u>303,333</u>	<u>351,003</u>
Balance at the end of the year	<u><u>1,940,425</u></u>	<u><u>1,637,092</u></u>

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

13 STUDENT ASSISTANCE FUND

	2012 \$	2011 \$
Balance at the beginning of the year	901,180	604,651
Transfer from accumulated general fund	<u>303,333</u>	<u>351,003</u>
	1,204,513	955,654
Expenditures during the year	<u>(59,906)</u>	<u>(54,474)</u>
Balance at the end of the year	<u><u>1,144,607</u></u>	<u><u>901,180</u></u>

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

14 CURRICULUM ENHANCEMENT FUND

	2012 \$	2011 \$
Balance at the beginning of the year	20,809	1,159
Grants received during the year	<u>80,000</u>	<u>80,000</u>
	100,809	81,159
Expenditures during the year	<u>(99,890)</u>	<u>(60,350)</u>
Balance at the end of the year	<u><u>919</u></u>	<u><u>20,809</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

	2012 \$	2011 \$
Balance at the beginning of the year	16,003	10,971
Grants received during the year	<u>3,136</u>	<u>10,972</u>
	19,139	21,943
Expenditures during the year	<u>(9,016)</u>	<u>(5,940)</u>
Balance at the end of the year	<u><u>10,123</u></u>	<u><u>16,003</u></u>

The opportunity fund is an initiative by MOE since financial year 2006/2007 to support needy students.

16 PROJECT RESERVES

	2012 \$	2011 \$
Balance at the beginning of the year	0	8,840
Grants received during the year	<u>0</u>	<u>0</u>
	0	8,840
Expenditures during the year	<u>0</u>	<u>(8,840)</u>
Balance at the end of the year	<u><u>0</u></u>	<u><u>0</u></u>

These reserves are contributions set aside for the School's operation expenses and upgrading works.

17 SCHOOL BUILDING FUND

	2012	2011
	\$	\$
Cost		
Balance at the beginning of the year	8,296,357	8,113,244
Received during the year	<u>4,219,442</u>	<u>183,113</u>
Balance at the end of the year	<u>12,515,799</u>	<u>8,296,357</u>
Accumulated amortisation		
Balance at the beginning of the year	958,957	795,653
Amortisation for the year	<u>162,265</u>	<u>163,304</u>
Balance at the end of the year	<u>1,121,222</u>	<u>958,957</u>
Net carrying amount	<u>11,394,577</u>	<u>7,337,400</u>
Comprised of:		
Grants from Government	8,736,093	4,727,888
Grants from non-government	<u>2,658,484</u>	<u>2,609,512</u>
	<u>11,394,577</u>	<u>7,337,400</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.

During the financial year 2012, construction for the School's extension building has started and is expected to be finished within the next financial year 2013. MOE will provide a grant-in-aid of 95%, NCSS on behalf of the TOTE Board Social Service Fund will give a capital grant equivalent to 2.5% and the School shall contribute the other remaining 2.5% of the total project cost.

18 SCHOOL BUILDING FUND - EXTENSION

	2012	2011
	\$	\$
Balance at the beginning of the year	988	0
Grants received during the year	<u>4,332,219</u>	<u>168,810</u>
	4,333,207	168,810
Expenditures during the year	<u>(4,091,660)</u>	<u>(167,822)</u>
Balance at the end of the year	<u>241,547</u>	<u>988</u>

The extension building is jointly funded by the School project fund (2.5%), TOTE Board (2.5%) and by the MOE (95%).

19 STAFF TRAINING VOTE FUND

	2012 \$	2011 \$
Balance at the beginning of the year	172,511	172,997
Grants received during the year	<u>100,650</u>	<u>88,550</u>
	273,161	261,547
Expenditures during the year	<u>(113,388)</u>	<u>(89,036)</u>
Balance at the end of the year	<u><u>159,773</u></u>	<u><u>172,511</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 FINANCIAL ASSISTANCE FUND

	2012 \$	2011 \$
Balance at the beginning of the year	0	0
Grants received during the year	<u>25,000</u>	<u>0</u>
	25,000	0
Expenditures during the year	<u>0</u>	<u>0</u>
Balance at the end of the year	<u><u>25,000</u></u>	<u><u>0</u></u>

During the financial year, MOE released an additional top-up grant that would be ring-fenced for discretionary financial assistance purposes to help students.

21 HIGH NEEDS FUND

	2012 \$	2011 \$
Balance at the beginning of the year	0	0
Grants received during the year	<u>39,835</u>	<u>0</u>
	39,835	0
Expenditures during the year	<u>(41,064)</u>	<u>0</u>
Balance at the end of the year	<u><u>(1,229)</u></u>	<u><u>0</u></u>

During the financial year, a new High Needs Grant has been set up by MOE for SPED Schools to provide additional resources to support students with high needs. The fund is used to employ additional full-time teaching aides for students with highly challenging behaviours.

22 SINGAPORE TOTALISATOR BOARD'S FUNDING

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

	2012 \$	2011 \$
Income		
Donations	24	29
School fees	20,140	13,820
	<u>20,164</u>	<u>13,849</u>
Expenditures		
Communications	253	198
Designated expenditures	1,131	438
Depreciation	18,588	16,593
Fixed asset written off	0	1
Purchase of equipment and furniture	483	722
Insurance	92	98
Licence fees	5	4
Maintenance	4,674	4,139
Management fees	4,352	0
Pupil welfare	9,157	3,588
Professional fees and other services	1,750	2,109
Pre-vocational program	30,181	22,302
Recruitment	94	133
Rental of equipment	255	123
Supplies and materials	8,362	13,235
School functions	7,647	4,133
Security guards	1,155	2,639
Salaries and allowances	239,579	173,608
Staff welfare	3,644	5,114
Transport claims	257	524
Utilities	6,631	4,816
	<u>338,290</u>	<u>254,517</u>
Net expenditure for the year	<u>(318,126)</u>	<u>(240,668)</u>
Grants received during the year	334,987	273,594
Grant receivable – 2% retention	0	5,584
	<u>334,987</u>	<u>279,178</u>
Net surplus for the year after grants received	16,861	32,926
Accumulated fund at the beginning of the year	32,926	40,599
Adjustments made during the year	(32,926)	(40,599)
Accumulated fund at the end of the year	<u><u>16,861</u></u>	<u><u>32,926</u></u>

23 DESIGNATED DONATIONS

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

	2012 \$	2011 \$
School meals	5,000	7,000
Housekeeping programs	3,356	0
Sports programmes	0	850
Children's Day celebration	0	3,052
	<u>8,356</u>	<u>10,902</u>

24 INCOME TAX

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

25 CAPITAL COMMITMENTS

Capital expenditures contracted for at the reporting date but not recognized in the financial statements were as follows:

	2012 \$	2011 \$
Property, plant and equipment – Building in progress	<u>2,558,245</u>	<u>0</u>

26 RELATED PARTY TRANSACTIONS

The following related party transactions took place between the School and during the financial year on terms agreed by the parties concerned:

	2012 \$	2011 \$
School meals	(143,004)	(52,917)
Management fees	(83,250)	(20,550)
Reimbursement of expenses paid:		
– By the School for related parties	(974)	(974)
– By the related parties for the School	<u>(6,825)</u>	<u>(17,198)</u>

Balances with the related parties as at the reporting date are set out in Note 8.

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 (2011: S\$449,604).

27 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.

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.

28 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.

29 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

30 AUTHORISATION OF FINANCIAL STATEMENTS

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