

PROJECT SMILE LIMITED
(Incorporated in the Republic of Singapore and
registered under the Charities Act, 1994)
(Reg. No. : 201406530G)

AUDITED FINANCIAL STATEMENTS - 31 DECEMBER 2022

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PROJECT SMILE LIMITED
(Incorporated in the Republic of Singapore)

CORPORATE INFORMATION

CHARITY REGISTRATION NUMBER : 201406530G

BOARD OF DIRECTORS : Selvam S/O Varathappan
Gunasundari D/O Sathu Nair
Suchitra Vipin Chandran
Vinita M Choolani
Somasundaram Uma
Karayamadam
Sankaranarayanan Mridula (appointed on 01 Feb 2023)

CHARITY SECRETARY : Madhavan Peter

REGISTERED OFFICE : 26 Norris Road
Singapore 208268

INDEPENDENT AUDITOR : MGI N Rajan Associates
Public Accountants and
Chartered Accountants
10 Jalan Besar,
#10-12 Sim Lim Tower
Singapore 208787

PRINCIPAL BANKER : OCBC Bank

PROJECT SMILE LIMITED
(Incorporated in the Republic of Singapore)

**DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECMEBER 2022**

The directors are pleased to present their statement to the members together with the audited financial statements of Project Smile Limited (the "Charity") for the financial year ended 31 December 2022.

In the opinion of the directors,

- (a) the accompanying financial statements together with the notes thereto are drawn up so as to give a true and fair view of the financial position of the Charity as at 31 December 2022, and the financial performance, changes in fund and cash flows of the Charity for the year then ended.
- (b) at the date of this statement there are reasonable grounds to believe that the Charity will be able to pay its debts as and when they fall due.

Directors

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

Selvam S/O Varathappan
Gunasundari D/O Sathu Nair
Suchitra Vipin Chandran
Somasundaram Uma
Karayamadam
Sankaranarayanan Mridula (appointed on 01 Feb 2023)

Arrangements to enable directors to acquire shares or debentures

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

Other matter

As the Charity is a company limited by guarantee and does not have a share capital, matters relating to the directors' interests in shares, debentures and share options of the Company are not applicable.

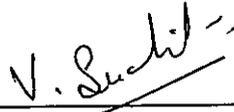
Auditor

MGI N Rajan Associates has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,



Selvam S/O Varathappan
Director



Suchitra Vipin Chandran
Director

Singapore

Date 03 MAY 2023



MGI N RAJAN ASSOCIATES
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS SINGAPORE

**INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROJECT SMILE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Project Smile Limited (the "Charity"), which comprise the statement of financial position as at 31 December 2022, the statement of financial activities, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1967 (the Companies Act), the Charities Act, 1994 and other relevant regulations (the Charities Act and Regulations) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Charity as at 31 December 2022 and of the financial performance, changes in the funds and cash flows of the Charity for the year ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on page 3.

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

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

PROJECT SMILE LIMITED

INDEPENDENT AUDITOR'S REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

PROJECT SMILE LIMITED

**INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

Auditor's Responsibilities for the Audit of the Financial Statements (contd.,)

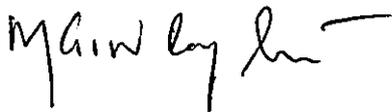
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

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

- (a) The charity has not used the donation moneys in accordance with the objectives of the Charity as required under regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Charity has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.



**MGI N RAJAN ASSOCIATES
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS**

SINGAPORE

DATE: 03 MAY 2023

PROJECT SMILE LIMITED
(Incorporated in the Republic of Singapore)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 SGD	2021 SGD
ASSETS			
Non Current assets			
Property Plant & Equipment	9	21,239	49,559
Current assets			
Cash and cash equivalents	10	707,255	670,385
Other receivables	11	7,500	15,900
Total current assets		714,755	686,285
TOTAL ASSETS		735,994	735,844
LIABILITIES AND FUND BALANCE			
Non Current liabilities			
Lease liability - Non current	18	-	22,129
Current liabilities			
Lease liability - Current	18	22,129	28,494
Accruals		6,732	4,830
Total current liabilities		28,861	33,324
TOTAL LIABILITIES		28,861	55,453
FUND BALANCE			
Unrestricted general fund		706,959	679,553
Restricted funds		174	838
TOTAL FUND		707,133	680,391
TOTAL LIABILITIES AND FUND BALANCE		735,994	735,844

(The annexed notes form an integral part and should be read in conjunction with these financial statements.)

PROJECT SMILE LIMITED
(Incorporated in the Republic of Singapore)

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

UNRESTRICTED GENERAL FUND	Note	2022 S\$	2021 S\$
Items of Income			
Donation Income	4	168,503	308,908
Special project allowance	5	5,000	32,000
Other income	6	28,282	32,654
		201,785	373,562
Items of expense			
Special project - expenses	5	(4,963)	(8,569)
Festival allowances		(12,789)	(8,750)
Financial aid		(1,200)	(550)
Other expenses	7	(155,427)	(104,884)
Profit before income tax		27,406	250,808
Tax (expense) / credit		-	-
Surplus for the year, representing total comprehensive income for the year		27,406	250,808
RESTRICTED GENERAL FUND			
	Note	2022 S\$	2021 S\$
<u>Education Bursary Fund</u>			
INCOME			
Donations		-	4,000
		-	4,000
EXPENSES			
Disbursements		-	(4,000)
Surplus for the year, representing total comprehensive income for the year		-	-
<u>Silver Volunteer Fund</u>			
INCOME			
Donations		41,782	4,921
		41,782	4,921
EXPENSES			
Operating expenses		(42,446)	(28,952)
Surplus for the year, representing total comprehensive income for the year		(664)	(24,031)

(The annexed notes form an integral part and should be read in conjunction with these financial statements.)

PROJECT SMILE LIMITED

(Incorporated in the Republic of Singapore)

**STATEMENT OF CHANGES IN FUNDS FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	UNRESTRICTED GENERAL FUND	EDUCATION BURSARY FUND	SILVER VOLUNTEER FUND
	SGD	SGD	(Restricted funds) SGD
Balance as at 31 December 2020	428,745	-	24,869
Surplus for the year, representing total comprehensive income for the year	250,808		(24,031)
Balance as at 31 December 2021	679,553	-	838
Surplus for the year, representing total comprehensive income for the year	27,406		(664)
Balance as at 31 December 2022	706,959	-	174

(The annexed notes form an integral part and should be read in conjunction with these financial statements.)

PROJECT SMILE LIMITED
(Incorporated in the Republic of Singapore)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		2022	2021
	Note	SGD	SGD
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year			
Unrestricted general fund		27,406	250,808
Silver volunteer fund		(664)	(24,031)
Adjustments for			
Depreciation	9	34,571	28,320
Interest on lease	18	1,506	2,622
Operating surplus before working capital changes		62,819	257,719
Working capital changes:			
(Increase)/ decrease in other receivables		8,400	-
Increase / (decrease) in Accruals		1,903	710
Net cash generated from operating activities		73,122	258,429
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(6,251)	-
Cash flows from financing activities			
Payment of principal portion of lease liabilities	18	(28,494)	(27,378)
Payment of interest on lease liabilities	18	(1,506)	(2,622)
Net cash flows (used in) financing activities		(30,000)	(30,000)
Net change in cash and cash equivalents		36,870	228,429
Cash and cash equivalents at the beginning of the year		670,385	441,956
Cash and cash equivalents at the end of the year	10	707,255	670,385

(The annexed notes form an integral part and should be read in conjunction with these financial statements.)

PROJECT SMILE LIMITED

(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

1. GENERAL INFORMATION

Project Smile Limited (the "Charity") is a public company limited by guarantee and not having a share capital, is incorporated and domiciled in the Republic of Singapore.

The registered office of the Charity is at 26 Norris Road, Singapore 208268.

The Charity is registered as a Charity under the Charities Act, 1994. The Charity is an approved institution of a public character (IPC) in accordance with Section 37 of the Income Tax Act. The IPC is valid till 03 July 2024.

The Charity is established to help all people, to give relief to anyone in hardship, disaster or need.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements are presented in Singapore Dollars (S\$), which is the Charity's functional currency.

2.2 Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Charity has adopted all the new and amended standards which are relevant to its operations and effective for annual periods beginning on 1 January 2022. The adoption of these standards does result in changes to the Charity's accounting policies and has no material effect on the amounts reported for the current year.

2.3 Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Charity and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting period are recognised in statement of financial activities.

PROJECT SMILE LIMITED

(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D...

2.4 Property, Plant and Equipment

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

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

Computers	1 year
Leasehold property	Over the lease period

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

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

2.5 Financial instruments

a) Financial assets

The Charity's financial assets are cash and cash equivalents.

Initial recognition and measurement

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

At initial recognition, the Charity measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in statement of financial activities.

Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Charity's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL. The Charity only has debt instruments at amortised cost.

PROJECT SMILE LIMITED
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D...

2.5 Financial instruments cont'd...

a) Financial assets

Subsequent measurement

Debt instruments (contd.,)

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognized in statement of financial activities when the assets are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received (and, where applicable, any cumulative gain or loss that has been recognised in other comprehensive income) is recognised in profit or loss.

Impairment

The Charity recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Charity expects to receive, discounted at an approximation of the original effective interest rate.

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

If the Charity has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Charity measures the loss allowance at an amount equal to 12-month ECL at the current statement of financial position date. The Charity recognises an impairment gain or loss in statement of financial activities for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

b) Financial liabilities

Initial recognition and measurement

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

PROJECT SMILE LIMITED
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D...

2.5 Financial instruments cont'd...

b) Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in statement of financial activities when the liabilities are derecognised, and through the amortisation process.

De recognition

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

2.6 Cash and cash equivalents

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

2.7 Revenue recognition

Donation income is recognised on receipt basis.

Income from charity activities and shows is recognized in the period in which the event takes place.

Sale of merchandise is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

Interest income is recognized using effective interest method.

2.8 Related parties

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual. The transactions are entered on terms agreed by the parties concerned.

PROJECT SMILE LIMITED

(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D...

2.9 Employee benefits

Short-term employee benefits

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

2.10 Provision

General

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

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

2.11 Leases

Charity as a lessee

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

a. Right-of-use assets

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

The Charity depreciates its right of use asset over 3 years (the lease period).

If ownership of the leased asset transfers to the Charity at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment in accordance to accounting policy in Note 2.13.

PROJECT SMILE LIMITED

(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D...

2.11 Leases cont'd...

b. Lease liabilities

At the commencement date of the lease, the Charity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Charity and payments of penalties for terminating the lease, if the lease term reflects the Charity exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

c. Short-term leases and leases of low-value assets

The Charity applies the short-term lease recognition exemption to its short-term leases of premises and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.12 Funds

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

Unrestricted funds

Unrestricted funds are funds that are expendable at the discretion of the Charity for achieving their overall objectives.

Restricted funds

Restricted funds are funds that are set up for specific purposes which may be imposed by the donor or have specific restriction on the management's discretion regarding the utilisation of funds.

PROJECT SMILE LIMITED
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D...

2.13 Impairment of non-financial assets

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

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

Impairment losses are recognised in statement of financial activities.

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

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

4. DONATIONS

	2022 S\$	2021 S\$
Donations received	168,503	308,908
	<u>168,503</u>	<u>308,908</u>

Donations during the year included a donation of S\$ 145,802 from Charity dinner (2021: S\$212,174 from Bi Centennial Grant).

PROJECT SMILE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SPECIAL PROJECT INCOME

	2022	2021
	S\$	S\$
Income received	5,000	32,000
Less: Expenses incurred	(4,963)	(8,569)
	<u>37</u>	<u>23,431</u>

6. OTHER INCOME

	2022	2021
	S\$	S\$
Sale of items	26,639	32,654
Government grant	1,541	-
Interest on fixed deposit	102	-
	<u>28,282</u>	<u>32,654</u>

7. OTHER EXPENSES

	2022	2021
	S\$	S\$
Other expenses include the following:		
Salaries and CPF	11,976	11,970
Purchase of materials	13,958	14,947
Training allowance	29,182	19,616
Festival allowance	12,789	8,750
Depreciation of right of use asset (Note 9)	28,320	28,320
Depreciation – PPE (Note 9)	6,251	-
Interest on lease (Note 17)	1,506	2,622

No Board members receive remuneration for their Board services.

8. TAXATION

No provision for income tax has been made in the financial statements as the Charity is a registered Charity under the Charities Act, 1994, and is exempted from income tax under Section 13(1) (zm) of the Income Tax Act (Cap 134).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. PROPERTY, PLANT AND EQUIPMENT

2022	<u>*Right of Use</u>		<u>Total</u>
	<u>Asset</u>	<u>Computers</u>	
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
Cost as at 01.01.2022	84,959	-	84,959
Additions	-	6,251	6,251
Cost as at 31.12.2022	84,959	6,251	91,210
Depreciation			
As at 01.01.22	35,400	-	35,400
Charge for the year	28,320	6,251	34,571
As at 31.12.2022	63,720	6,251	69,971
NBV as at 31.12.2022	21,239	-	21,239

2021	<u>*Right of Use</u>		<u>Total</u>
	<u>Asset</u>		
	<u>S\$</u>		<u>S\$</u>
Cost as at 01.01.2021		84,959	84,959
Additions		-	-
Cost as at 31.12.2021		84,959	84,959
Depreciation			
As at 01.01.21		7,080	7,080
Charge for the year		28,320	28,320
As at 31.12.2021		35,400	35,400
NBV as at 31.12.2021		49,559	49,559

*Represents property acquired under leasing arrangement. Details of such lease are described in Note 18.

10. CASH AND CASH EQUIVALENTS

	2022	2021
	<u>S\$</u>	<u>S\$</u>
Cash at bank	654,225	616,793
Cash at bank – C3A	174	838
Cash on hand	2,000	2,000
Fixed deposit with bank *	50,856	50,754
	707,255	670,385

Cash and cash equivalents are 100% denominated in Singapore dollars.

* Fixed deposit is held with a bank, is maturing on 2nd June 2023 and carries interest at the rate of 0.20% p.a (2021: NIL).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11. OTHER RECEIVABLES

	2022	2021
	S\$	S\$
Deposits		
-- Rental deposit	7,500	7,500
--Others	-	8,400
	<u>7,500</u>	<u>15,900</u>

12. FINANCIAL RISK MANAGEMENT

The Charity does not have any written financial risk management policies and guidelines. The Charity does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

The Charity's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk and liquidity risk.

a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Charity with no history of default.

The Charity has no significant exposure to credit risk as the Charity has no significant financial assets. Cash is held with financial institutions of good standing and established financial institution with high credit rating and no history of default.

b) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Charity's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

The Charity does not hold any quoted or marketable financial instrument, hence, is not exposed to any movements in market prices.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Charity's financial instruments will fluctuate because of changes in market interest rates.

The Charity is not exposed to any significant interest rate risk out of its very low rate interest bearing fixed deposits and has no floating interest bearing financial instruments.

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Charity has no significant foreign currency risk as majority of its transactions are denominated in Singapore dollars.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

12. FINANCIAL RISK MANAGEMENT (contd.,)

c) Liquidity risk

Liquidity risk refers to the risk that the Charity will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Charity's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Charity manages its liquidity risk by matching the payment and receipt cycle, as well as ensuring the availability of funding through committed continuing financial and operational support from its donors. The directors are satisfied that funds are available to finance the operations of the Charity.

The table below summarises the maturity profile of the Charity's lease liabilities at the reporting date based on contractual undiscounted repayment obligations, including estimated interest payments:

	Carrying amount S\$	Contractual cash flows S\$	One year or less S\$	More than one year to five years S\$
2022				
Lease liabilities	22,129	22,500	22,500	-
2021				
Lease liabilities	50,623	52,500	30,000	22,500

13. FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

	2022 S\$	2021 S\$
Financial assets at amortised cost		
Cash and cash equivalents (Note 10)	707,255	670,384
Deposits	7,500	15,900
Total financial assets at amortised cost	714,755	686,284
Financial liabilities at amortised cost		
Lease liabilities (Note 18)	22,129	50,623
Accruals	6,732	4,830
Total financial liabilities at amortised cost	28,861	55,453

14. FAIR VALUES

The carrying amounts of cash and cash equivalents, deposits and accruals approximate their fair values due to the short term nature of these balances.

For lease liabilities, which is calculated based on the present value of future cash flows, discounted at the weighted average incremental borrowing rate at the initial recognition date.

PROJECT SMILE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. FUND MANAGEMENT

The Charity's objectives when managing funds are to safeguard the Charity's ability to maintain adequate working capital to promote its objective to lead and uphold the public interest.

The Charity is a company limited by guarantee with no issued capital. The funds of the Charity include restricted fund and unrestricted general fund in its operation fund.

There were no changes in the Charity's approach to fund management during the year.

The Charity is not subject to any externally imposed capital requirements.

16. TAX-EXEMPT RECEIPTS

The Charity enjoys a concessionary tax treatment whereby qualifying donors are granted 2.5 times tax deduction for the donations made to the Charity. The quantum of the tax deduction for each calendar year may vary as announced in the Singapore Budget. The Institutions of a Public Character status granted to the Charity for donations is for the period from **04 February 2023 to 03 July 2024**.

	2022	2021
	S\$	S\$
During the Financial year, the Charity issued tax-exempt receipts amounting to	115,933	62,480

17. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 16: lease liability in a sale and leaseback	1 Jan 2024
Amendments to FRS 8: Definition of accounting estimates	1 Jan 2023
Amendments to FRS 1 & FRS practice statement 2: Disclosure of accounting policies	1 Jan 2023
Amendments to FRS 12: Deferred tax related to assets and liabilities arising from a single transaction.	1 Jan 2023

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

18. LEASES

Charity as a lessee

The Charity has one lease contract for premise used in its operations. Lease have lease term of 3 years. The Charity's obligations under its leases are secured by the lessor's title to the leased assets. The lease contract does not include extension option.

The Charity applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for leases with lease terms of 12 months or less and leases of low-value assets.

(a) Carrying amounts of right-of-use assets classified within property, plant and equipment

The details are disclosed in Note 9.

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities (included under current and non-current liabilities) and the movements during the year:

LEASE LIABILITIES	2022	2021
	S\$	S\$
Beginning of the financial year	50,623	78,001
(Repayments)		
--(Principal)	(28,494)	(27,378)
--(Interest)	(1,506)	(2,622)
Interest	1,506	2,622
End of the financial year	<u>22,129</u>	<u>50,623</u>
Current	22,129	28,494
Non-current	-	22,129
	<u>22,129</u>	<u>50,623</u>

(c) Amounts recognised in profit or loss

	2022	2021
	S\$	S\$
Depreciation expense of right-of-use asset	28,320	28,320
Interest expenses on lease liabilities	1,506	2,622
Total amount recognised in statement of comprehensive income	<u>29,826</u>	<u>30,942</u>

(d) Total cash outflow

The Charity had total cash outflows for leases of **S\$30,000 in 2022(2021: S\$30,000)**. The Charity does not have any non-cash additions to right-of-use assets and lease liabilities in 2022.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19. RELATED PARTY TRANSACTIONS

For the purpose of financial statements, parties are considered to be related to the Charity if the Charity has the ability, directly or indirectly to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Charity and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

A related party includes the Board members and key management personnel of the Charity. It also includes an entity or person that directly or indirectly controls, is controlled by, or is under common or joint control with these persons. It also includes close members of the family of any individuals referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with directly or indirectly, any such individual. Key management personnel include the directors, managers and key executives.

There are no transactions and arrangements between the Charity and related parties.

There are no employees (including the key management personnel) whose remuneration including CPF amount is over S\$50,000 during the financial year.

20. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Board of Directors of the Charity on the date of the Directors' statement.

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This does not form part of the audited financial statements

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	SGD	SGD
Items of Income		
Donation Income	168,503	308,908
Sale of beneficiary items	26,639	32,654
Receipts towards education bursary	-	4,000
Silver Volunteer Fund income	41,782	4,921
Special project allowance	5,000	32,000
Government grant	1,541	-
Interest Income	102	-
	243,567	382,483
Items of expense		
Audit fee	3,820	3,478
Professional fees	-	3,071
Bank and other charges	-	879
Salary & CPF	11,976	11,970
Depreciation of ROU asset	28,320	28,320
Depreciation - PPE	6,251	-
Fund raising dinner expenses	43,451	-
Education bursary	-	4,000
Festival allowances	12,789	8,750
Financial aid	1,200	550
General expenses	800	1,212
Insurance premium	201	696
Interest on lease	1,506	2,622
Purchase of materials	13,958	14,947
Refreshments	1,301	1,426
Electricity and Maintenance	5,556	4,735
Rental of storage space	1,412	1,049
Allowance for work from home	5,077	9,477
Special project expenses	4,963	8,569
Silver Volunteer Fund expenses	42,446	28,952
Training allowance	29,182	19,616
Telephone	1,482	1,388
Web page hosting charges	1,134	-
	216,825	155,706
Profit before income tax	26,742	226,777