

**Financial Statements****Association For Persons with Special Needs***(Registered under the Charities Act, Chapter 37 and Societies Act, Chapter 311)***For the year ended 31 March 2019****Association registration number**

UEN : S75SS0058K

**Registered office**

900 New Upper Changi Road Singapore 467354

**President**

Tan Cheen Chong

**Honorary Treasurer**

Royce Seah

**Bankers**

DBS Bank Ltd  
 Australia & New Zealand Banking Group Ltd  
 Bangkok Bank Public Company Ltd  
 United Overseas Bank  
 CIMB Bank  
 RHB Bank Berhad  
 Bank of China  
 Overseas-Chinese Banking Corporation Ltd

**Independent auditor**

Foo Kon Tan LLP  
 Public Accountants and  
 Chartered Accountants  
 24 Raffles Place, #07-03  
 Clifford Centre  
 Singapore 048621

Partner in-charge: Ang Soh Mui (with effect from year ended 31 March 2018)

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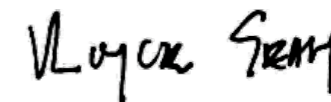
## Statement by the Board for the financial year ended 31 March 2019

In the opinion of the Board, the accompanying statement of financial position, statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows, together with the notes thereon, are properly drawn up in accordance with the Societies Act Cap. 311, Charities Act Cap. 37 and Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of Association For Persons with Special Needs ("APSN") as at 31 March 2019, the results, changes in funds and cash flows of APSN for the financial year ended on that date; and at the date of this statement, there are reasonable grounds to believe that APSN will be able to pay its debts as and when they fall due.

On behalf of the Board



**TAN CHEEN CHONG**  
President



**ROYCE SEAH**  
Honorary Treasurer

Dated : 14 August 2019

# Independent auditor's report to the members of Association For Persons with Special Needs

## Report on the financial statements

### Opinion

We have audited the accompanying financial statements of Association For Persons with Special Needs ("APSN") which comprise the statement of financial position as at 31 March 2019, the statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements of APSN are properly drawn up in accordance with the provisions of the Charities Act, Cap. 37 (the "Charities Act"), the Societies Act, Cap. 311 (the "Societies Act"), and Singapore Financial Reporting Standards ("FRSs") so as to present fairly, in all material respects, the state of affairs of APSN as at 31 March 2019, and the results, changes in funds and cash flows of APSN 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 APSN 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 all information included in the annual report but does not include the financial statements and our auditor's report thereon.

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.

## Responsibility of the Management for the Financial Statements

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

In preparing the financial statements, the Management is responsible for assessing APSN'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 APSN or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing APSN's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of APSN'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 APSN'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 APSN 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within APSN to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of APSN's audit. We remain solely responsible for our audit opinion.

We communicate with the management 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.

# Independent auditor's report to the members of Association For Persons with Special Needs (cont'd)

## Report on Other Legal and Regulatory Requirements

In our opinion:

- (a) the accounting and other records required by the regulations enacted under the Societies Act to be kept by APSN have been properly kept in accordance with those regulations; and
- (b) the fund-raising appeals held during the year ended 31 March 2019 have been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeal.

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

- (a) the use of the donation monies was not in accordance with the objectives of APSN as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) APSN has not complied with the requirements of Regulation 15 (fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

FOOKONTAN LLP

FOO KON TAN LLP  
Public Accountants and  
Chartered Accountants

Singapore, 14 August 2019

## Statement of financial position

as at 31 March 2019

	Note	31 March 2019 \$	31 March 2018 \$
<b>Assets</b>			
<b>Non-current</b>			
Plant and equipment	4	1,228,990	1,619,010
Investment properties	5	2,007,393	1,819,545
		<b>3,236,383</b>	<b>3,438,555</b>
<b>Current</b>			
Inventories		70,399	53,136
Other receivables	6	2,583,431	3,526,534
Cash and bank balances	7	38,426,131	35,355,571
		<b>41,079,961</b>	<b>38,935,241</b>
<b>Total assets</b>		<b>44,316,344</b>	<b>42,373,796</b>
Represented by:			
<b>Funds</b>			
<b>Restricted funds</b>			
<u>Restricted accumulated funds for schools &amp; centres</u>			
Chaoyang School		7,427,158	6,130,960
Katong School		3,816,536	3,882,809
Tanglin School		4,295,751	4,355,675
Delta Senior School		12,247,248	11,673,885
Centre for Adults		1,026,075	772,276
APSN Student Care Centre		125,594	95,461
<b>Total restricted accumulated funds for schools &amp; centres</b>		<b>28,938,362</b>	<b>26,911,066</b>
<b>Other restricted funds</b>			
Association building fund	9	204,931	204,931
Refurbishment fund	10	80,027	80,027
School building fund	11	553	3,953
Designated donation funds for schools and centres	12	1,360,760	1,337,165
<b>Total other restricted funds</b>		<b>1,646,271</b>	<b>1,626,076</b>
<b>Total restricted funds</b>		<b>30,584,633</b>	<b>28,537,142</b>
<b>Unrestricted funds</b>			
Accumulated funds		1,455,311	1,120,252
Designated donation funds	12	2,635,194	2,722,420
<b>Total unrestricted funds</b>		<b>4,090,505</b>	<b>3,842,672</b>
<b>Total funds</b>		<b>34,675,138</b>	<b>32,379,814</b>
<b>Liabilities</b>			
<b>Non-current</b>			
Deferred capital grants	13	2,630,048	3,128,082
Deferred donations	12	622,696	–
Deferred grants and trust funds	14	2,109,678	2,722,736
MOE special purpose grants and MOE funds	8	701,924	431,010
		<b>6,064,346</b>	<b>6,281,828</b>
<b>Current</b>			
Other payables and accruals	15	3,532,174	3,712,154
Contract liabilities	16	44,686	–
		<b>3,576,860</b>	<b>3,712,154</b>
<b>Total liabilities</b>		<b>9,641,206</b>	<b>9,993,982</b>
<b>Total funds and liabilities</b>		<b>44,316,344</b>	<b>42,373,796</b>

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

# Statement of comprehensive income

for the financial year ended 31 March 2019

	Note	2019			2018		
		Unrestricted Funds \$	Restricted Funds \$	Total \$	Unrestricted Funds \$	Restricted Funds \$	Total \$
<b>INCOMING RESOURCES</b>							
Donations							
– Designated donations	3, 12	775,077	496,884	1,271,961	792,611	277,814	1,070,425
– General donations	3	–	10,881	10,881	–	4,526	4,526
– Donation-in-kind	3	145,566	44,844	190,410	148,469	68,455	216,924
Interest income	3	49,056	254,857	303,913	42,472	220,669	263,141
Miscellaneous income	3	432	8,000	8,432	340	6,041	6,381
Programme/school fees	3	–	567,088	567,088	–	512,087	512,087
Programme sales and services	3	–	387,570	387,570	–	401,370	401,370
Rental income from investment properties	3, 5	72,000	–	72,000	72,000	–	72,000
<b>Total incoming resources</b>		<b>1,042,131</b>	<b>1,770,124</b>	<b>2,812,255</b>	<b>1,055,892</b>	<b>1,490,962</b>	<b>2,546,854</b>
<b>Less: RESOURCES EXPENDED</b>							
Depreciation of plant and equipment and investment properties		(106,361)	(1,204,821)	(1,311,182)	(86,740)	(1,089,364)	(1,176,104)
Education and programme expenses		(31,241)	(1,419,791)	(1,451,032)	(14,853)	(1,458,326)	(1,473,179)
Reversal of impairment loss / (Impairment loss) on investment properties	5	224,506	–	224,506	(224,506)	–	(224,506)
HQ cost allocation & management fees		2,161,938	(2,161,938)	–	1,881,789	(1,881,789)	–
Land and office rental		(3,471)	(2,579,511)	(2,582,982)	(3,847)	(2,535,926)	(2,539,773)
Maintenance expenses		(25,534)	(897,737)	(923,271)	(44,494)	(802,259)	(846,753)
Manpower and related expenses		(2,170,578)	(24,726,598)	(26,897,176)	(2,108,518)	(23,244,576)	(25,353,094)
Other operating expenses		(105,749)	(833,824)	(939,573)	(79,232)	(822,407)	(901,639)
Utilisation of designated donations		(55,337)	(193,607)	(248,944)	(105,683)	(296,289)	(401,972)
Utilisation of donation in kind		(145,566)	(43,644)	(189,210)	(148,469)	(68,456)	(216,925)
Utilisation of MOE funds		–	–	–	–	(194,097)	(194,097)
Utilisation of trust funds		(31,220)	(369,246)	(400,466)	(193,221)	(361,105)	(554,326)
<b>Total resources expended</b>		<b>(288,613)</b>	<b>(34,430,717)</b>	<b>(34,719,330)</b>	<b>(1,127,774)</b>	<b>(32,754,594)</b>	<b>(33,882,368)</b>
<b>Deficit before grants</b>		<b>753,518</b>	<b>(32,660,593)</b>	<b>(31,907,075)</b>	<b>(71,882)</b>	<b>(31,263,632)</b>	<b>(31,335,514)</b>
Amortisation of deferred capital grants	13	63,095	718,737	781,832	57,811	620,343	678,154
Grant from MSF							
– HR development funding		–	–	–	49,172	–	49,172
– Operating grants		–	934,992	934,992	–	826,485	826,485
– Land rental/TOL grants		–	180,472	180,472	–	171,010	171,010
Grant from MOE							
– Operating grants		–	20,549,198	20,549,198	–	18,619,076	18,619,076
– MOE funds		–	–	–	–	194,097	194,097
– Land rental/TOL grants		–	2,386,352	2,386,352	–	2,352,348	2,352,348
Grant from NCSS		–	8,734,744	8,734,744	–	7,996,137	7,996,137
Trust fund income		31,220	585,195	616,415	193,221	1,135,393	1,328,614
SG Enable – Retail Operations Training Programme Fund		–	18,394	18,394	–	–	–
<b>Total incoming grants</b>		<b>94,315</b>	<b>34,108,084</b>	<b>34,202,399</b>	<b>300,204</b>	<b>31,914,889</b>	<b>32,215,093</b>
<b>Surplus for the year after grants</b>		<b>847,833</b>	<b>1,447,491</b>	<b>2,295,324</b>	<b>228,322</b>	<b>651,257</b>	<b>879,579</b>

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

# Statement of changes in accumulated funds

for the financial year ended 31 March 2019

	Restricted					Unrestricted		Total \$
	Accumulated Funds \$	Association Building Fund \$	Refurbishment Fund \$	School Building Fund \$	Designated Donation Funds \$	Accumulated Funds \$	Designated Donation Funds \$	
At 1 April 2017	25,791,333	204,931	80,027	3,953	1,355,641	1,185,554	2,654,779	31,276,218
Surplus for the year	651,257	-	-	-	-	228,322	-	879,579
Transfer (to)/ from unrestricted funds	-	-	-	-	-	(686,929)	686,929	-
Transfer of donation receipt from HQ to CFA	450,000	-	-	-	-	-	(450,000)	-
Transfer (from)/ to restricted funds	18,476	-	-	-	(18,476)	-	-	-
Utilisation of funds for fund-raising expenditure	-	-	-	-	-	169,288	(169,288)	-
Insource shared services	-	-	-	-	-	224,017	-	224,017
At 31 March 2018	26,911,066	204,931	80,027	3,953	1,337,165	1,120,252	2,722,420	32,379,814
At 1 April 2018	<b>26,911,066</b>	<b>204,931</b>	80,027	3,953	1,337,165	1,120,252	2,722,420	32,379,814
Surplus for the year	<b>1,447,491</b>	-	-	-	-	847,833	-	2,295,324
Transfer (to)/ from unrestricted funds	-	-	-	-	-	(719,740)	719,740	-
Transfer of donation receipt from HQ to CFA	<b>600,000</b>	-	-	-	-	-	(600,000)	-
Utilisation of school building fund	<b>3,400</b>	-	-	(3,400)	-	-	-	-
Transfer (from)/ to restricted funds	<b>(23,595)</b>	-	-	-	23,595	-	-	-
Utilisation of funds for fund-raising expenditure	-	-	-	-	-	149,540	(149,540)	-
Utilisation of funds for preschool operating expenditure	-	-	-	-	-	57,426	(57,426)	-
At 31 March 2019	<b>28,938,362</b>	<b>204,931</b>	80,027	553	1,360,760	1,455,311	2,635,194	34,675,138

# Statement of cash flows

for the financial year ended 31 March 2019

	Note	Year ended 31 March 2019 \$	Year ended 31 March 2018 \$
<b>Cash Flows from Operating Activities</b>			
Surplus for the year after grants		2,295,324	879,579
Adjustments for:			
Amortisation of deferred capital grants	13	(781,832)	(678,154)
Depreciation of plant and equipment	4	1,274,524	1,139,446
Depreciation of investment properties	5	36,658	36,658
(Reversal of impairment loss) / Impairment loss on investment properties	5	(224,506)	224,506
Interest income		(303,913)	(263,141)
Loss on disposal of plant and equipment		8,477	9,906
<b>Operating surplus before working capital changes</b>		<b>2,304,732</b>	<b>1,348,800</b>
Changes in inventories		(17,263)	(5,534)
Changes in other receivables		989,516	(1,578,454)
Changes in other payables and accruals		(135,294)	(239,293)
<b>Net cash generated from / (used in) operating activities</b>		<b>3,141,691</b>	<b>(474,481)</b>
<b>Cash Flows from Investing Activities</b>			
Acquisition of plant and equipment	4	(897,336)	(1,390,519)
Proceeds from disposal of plant and equipment		4,355	17,055
Interest received		257,500	271,937
<b>Net cash used in investing activities</b>		<b>(635,481)</b>	<b>(1,101,527)</b>
<b>Cash Flows from Financing Activities</b>			
Receipts in deferred capital grants		283,798	939,204
Receipts in MOE special purpose grant		270,914	102,956
(Payment) / Receipts in grants and trust funds		(613,058)	97,536
Receipts in deferred donation		622,696	–
Cash restricted in use		(2,283,557)	158,027
<b>Net cash (used in) / generated from financing activities</b>		<b>(1,719,207)</b>	<b>1,297,723</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>787,003</b>	<b>(278,285)</b>
Cash and cash equivalents at beginning of the year		4,442,666	4,720,951
<b>Cash and cash equivalents at end of the year</b>	7	<b>5,229,669</b>	<b>4,442,666</b>

Note:

(A) APSN does not have any cash flow arising from financing activities except for grants and trust funds received from MOE and other grantors. Therefore, the Amendments to FRS 7 Statement of Cash Flows effective on beginning or after 1 January 2018 is not applicable.

# Notes to the financial statements

for the financial year ended 31 March 2019

## 1 General information

The Association For Persons with Special Needs ("APSN" or the "Association") is registered in Singapore on 12 December 1975 under the Societies Act, Cap 311. APSN is also a charity registered under the Charities Act, Cap. 37 and is an approved Institution of Public Character ("IPC") under the Singapore Income Tax Act, Cap. 134. The Association had been approved as an Institution of a Public Character under the Charities Act (Cap. 37) for three years with effect from 1 March 2018.

APSN is incorporated and domiciled in Singapore with its registered office at 900 New Upper Changi Road, Singapore 467354.

The principal activities of APSN are to provide education and training to persons with mild intellectual disability so that they have the necessary skills, attitude and personality to lead normal independent lives in adulthood.

The financial statements combine the state of affairs and the results of APSN and the following:

Chaoyang School ("CYS")  
 Katong School ("KS")  
 Tanglin School ("TS")  
 Delta Senior School ("DSS")  
 Centre for Adults ("CFA")  
 APSN Student Care Centre ("APSN SCC")

Chaoyang School, Katong School, Tanglin School and Delta Senior School are registered under the Ministry of Education ("MOE"). APSN Student Care Centre is registered under the Ministry of Social and Family Development ("MSF"). Centre for Adults is operated as a division of APSN.

The Constitution of APSN restricts the use of fund monies to the furtherance of the objective of APSN, and prohibits the payment of dividends.

The financial statements of APSN for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the Board on the date of Statement by the Board.

## 2(a) Basis of preparation

The financial statements are prepared in accordance with the Singapore Financial Reporting Standards ("FRS"), including related Interpretations to FRS promulgated by the Accounting Standards Council. The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD") which is APSN's functional currency. All financial information is presented in Singapore Dollars, unless otherwise stated.

The accounting policies used by APSN have been applied consistently to all periods presented in the financial statements.

## Significant accounting estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The critical accounting estimates and assumptions used and areas involving significant judgement are described below.

## Significant judgements in applying accounting policies

### Investment properties

Significant judgement by management is applied when deciding whether the recognition requirements for developments costs have been met. Judgements are based on the information available at the end of each reporting period. Management is of the view that the investment properties are held for earning rentals. The carrying amounts of APSN's investment properties at the reporting date were \$2,007,393 (2018 - \$1,819,545).



**2(a) Basis of preparation (cont'd)****Critical accounting estimates and assumptions used in applying accounting policies**Depreciation of plant and equipment and investment properties

Plant and equipment and investment properties are depreciated on a straight-line basis over their estimated useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of APSN's plant and equipment and investment properties at the reporting date are disclosed in Notes 4 and 5. If depreciation on plant and equipment and investment properties increases/decreases by 10% from management estimate, APSN's surplus for the year will decrease/increase by approximately \$131,118 (2018 - \$117,610).

Impairment of non-financial assets

Plant and equipment and investment properties are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash-generating units, have been determined based on value-in-use calculations. These calculations require the use of estimates. Estimating the value-in-use requires APSN to make an estimate of the expected future cash flows from the cash-generating unit (or group of cash-generating units) and also to use many estimates and assumptions such as future market growth, forecast revenue and costs, useful lives of utilisation of the assets, discount rates and other factors. The carrying amounts of plant and equipment and investment properties at the reporting date are set out in Notes 4 and 5.

A decrease of 5% (2018 - 5%) in the value-in-use of APSN's non-financial assets would have decreased APSN's profit by \$161,819 (2018 - \$171,928).

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. APSN uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on APSN's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The carrying amounts of APSN's other receivables at the end of the reporting period are disclosed in Note 6 to the financial statements. If the present value of estimated future cash flows decrease by 10% from management's estimates, APSN's allowance for impairment will increase by \$255,371 (2018 - increase by \$349,858).

**2(b) Interpretations and amendments to published standards effective in 2018/2019**

On 1 April 2018, APSN adopted FRSs and INT FRS that are relevant for application from that date.

Reference	Description
FRS 115	Revenue from Contracts with Customers
Amendments to FRS 115	Clarifications to Revenue from Contracts with Customers
FRS 109	Financial Instruments
Amendments to FRS 40	Transfer of Investment Property

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

APSN has adopted FRS 115 in its financial statements for the year ended 31 March 2019. There are no significant changes to the basis of revenue recognition for the rendering of services.

There is no significant financing component arising from the rendering of services for APSN.

APSN has changed the presentation of certain amounts in the statement of financial position upon adopting FRS 115:

- Contract liabilities refers to school fees received in advance which APSN recognises as the fee is collected under FRS 115.

Clarifications to Revenue from Contracts with Customers

The amendments to FRS 115 Revenue from Contracts with Customers clarify whether APSN's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract. The amendments to FRS 115 is effective for annual periods beginning on or after 1 January 2018. APSN has reassessed their promise to render services to the customer and there is no material impact.

**2(b) Interpretations and amendments to published standards effective in 2018/2019 (cont'd)**FRS 109 Financial Instruments

FRS 109 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

The following assessments have to be made on the basis of facts and circumstances that existed at 1 April 2018.

- The determination of the business model within which a financial asset is held.
- The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FRS 109 replaces the provision of FRS 39 that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition, of financial instruments, and impairment of financial assets. The adoption of FRS 109 Financial Instruments from 1 January 2018 resulted in changes of accounting policies and adjustments to the amounts recognised in the financial statements.

Under FRS 109, loss allowances of APSN will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

APSN has the following type of financial assets subject to FRS 109 expected credit loss model:

- Other receivables

APSN was required to revise its impairment methodology under FRS 109 or each of these classes of assets. However, there is no material impact resulting from the adoption of FRS 109.

Amendments to FRS 40 Transfers of Investment Property

Under the amendments to FRS 40 Transfers of Investment Property has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in APSN's intentions for the use of a property by itself does not constitute evidence of a change in use. The amendments are effective on 1 January 2018. There is no impact to APSN.

**2(c) FRS issued but not yet effective**

The following are the new or amended FRS and INT FRS issued in 2018/2019 that are not yet effective but may be early adopted for the current financial year:

Reference	Description	Effective date (Annual periods beginning on or after)
FRS 116	Leases	1 January 2019
INT FRS 123	Uncertainty over Income Tax Treatments	1 January 2019
FRS 1, FRS 8	Amendments to FRS 1 and FRS 8: Definition of Material	1 January 2020

FRS 116 Leases

FRS 116 Leases replaces accounting requirements introduced more than 30 years ago in accordance with FRS 17 Leases that are no longer considered fit for purpose, and is a major revision of the way in which companies where it is required lessees to recognise most leases on their balance sheets. Lessor accounting is substantially unchanged from current accounting in accordance with FRS 17. FRS 116 Leases will be effective for accounting periods beginning on or after 1 January 2019. Early adoption will be permitted, provided APSN has adopted FRS 115.

APSN has performed a preliminary assessment of the new standard on its existing operating lease arrangements as a lessee. Based on the preliminary assessment, APSN have school compounds and photocopier machines where they are operating leases. APSN expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. This would increase the gearing ratio of APSN. It is currently impracticable to disclose any further information on the known or reasonable estimable impact to the entity's financial statement. Management does not plan to early adopt the above new FRS 116.

INT FRS 123 Uncertainty over Income Tax Treatments

The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. The Interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.



## 2(c) FRS issued but not yet effective (cont'd)

### FRS 1, FRS 8 Amendments to FRS 1 and FRS 8: Definition of Material

The amendments clarify that the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in FRSs. Materiality will depend on the nature or magnitude of information and whether it is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary user.

The amendments to FRS 1 and FRS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted.

## 2(d) Summary of significant accounting policies

### Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Leasehold improvements	3 years/lease term, whichever is shorter
Furniture, fittings and equipment	5 years
Computers	1 year
Software	1 year
Motor vehicles	5 years

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to plant and equipment that have already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits in excess of the standard of performance of the asset before the expenditure was made will flow to APSN and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the year of acquisition and to the month before disposal respectively. Fully depreciated plant and equipment are retained in the books of accounts until they are no longer in use.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the statement of comprehensive income.

The residual values, depreciation methods and useful lives of plant and equipment are reviewed and adjusted as appropriate at the reporting date.

### Investment properties

Investment properties include those portions of buildings that are held for long-term rental yields and/or capital appreciation and land under operating leases that are held for long-term capital appreciation or for a currently indeterminate use, and where an insignificant portion is held for APSN's own occupation. Investment properties comprise completed investment properties and properties under construction or development for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses, if any. Depreciation is calculated using the straight-line method to allocate the depreciable amounts over the estimated useful lives of 50 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted if appropriate, at the end of each reporting period. The effects of any revision are included in the profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as additions and the carrying amounts of the replaced components are written off to the statement of comprehensive income. The cost of maintenance, repairs and minor improvement is charged to the statement of comprehensive income when incurred.

## 2(d) Summary of significant accounting policies (cont'd)

### Investment properties (cont'd)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in the statement of comprehensive income.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis, and includes all costs in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Allowance is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value. The amount of any write-down of inventories to net realisable value is recognised as an expense in the period the write-down occurs.

### Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### a) Financial assets

##### Measurement

##### Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and APSN's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which APSN has applied the practical expedient, APSN initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the amount of consideration to which APSN expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest" (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

APSN's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchase or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date i.e. the date that APSN commits to purchase or sell the asset.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

## 2(d) Summary of significant accounting policies (cont'd)

### Financial instruments (cont'd)

#### a) Financial assets (cont'd)

##### Measurement (cont'd)

##### Subsequent measurement (cont'd)

##### Financial assets at amortised cost (debt instruments)

Subsequent measurement of debt instruments depends on APSN's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal and interest on the principal amount outstanding the asset.

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

APSN's financial assets at amortised cost include other receivables and deposits, excluding prepayments.

##### Fair value through other comprehensive income (debt instruments)

Financial assets that are held for collection of contractual of cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

APSN does not have any investment in fair value through other comprehensive income (debt instruments).

##### Financial assets designated at fair value through OCI (equity instruments)

APSN subsequently measures all equity instruments at fair value. On initial recognition of an equity instrument that is not held for trading, APSN may irrevocably elect to present subsequent changes in fair value in OCI. The classification is determined on an instrument-by-instrument basis. Dividends from such investments are to be recognised in profit or loss when APSN's right to receive payments is established.

Changes in fair value of financial assets at fair value through profit or loss are recognised in profit or loss. Changes in fair value of financial assets at FVOCI are recognised in OCI are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when APSN benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

APSN does not have any investment in financial assets designated at fair value through OCI (equity instruments).

##### Financial assets at fair value through profit and loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss statement in the period in which it arises. Interest income from these financial assets is included in the finance income.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investment which APSN had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity instruments are also recognised as other income in the statement of comprehensive income when the right of payment has been established.

APSN does not hold any financial assets at fair value through profit or loss or at fair value through other comprehensive income.

## 2(d) Summary of significant accounting policies (cont'd)

### Financial instruments (cont'd)

#### a) Financial assets (cont'd)

##### Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from APSN's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- APSN has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) APSN has transferred substantially all the risks and rewards of the asset, or (b) APSN has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When APSN has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, APSN continues to recognise the transferred asset to the extent of its continuing involvement. In that case, APSN also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that APSN has retained.

Continuing involvement that takes form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that APSN could be required to repay.

##### Impairment of financial assets

APSN assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that APSN expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For other receivables, APSN measures the loss allowance at an amount equal to the lifetime expected credit losses. Therefore, APSN does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. APSN has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

#### b) Financial liabilities

##### Initial recognition and measurement

Financial liabilities are recognised initially at fair value less directly attributable transaction costs. These financial liabilities comprised other payables, excluding deferred income.

##### Subsequent measurement

They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

##### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

## 2(d) Summary of significant accounting policies (cont'd)

### Financial instruments (cont'd)

#### b) Financial liabilities (cont'd)

##### Financial liabilities at fair value through profit or loss (cont'd)

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by APSN that are not designated as hedging instruments in hedge relationships as defined by FRS 109. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in FRS 109 are satisfied. APSN has not designated any financial liability as at fair value through profit or loss.

APSN does not have financial liabilities at fair value through profit or loss.

##### Financial liabilities that are not carried at fair value through profit or loss

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

##### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### Cash and cash equivalents

Cash and cash equivalents comprise bank and cash balances and demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction, and bank overdrafts payable on demand (if any) that form an integral part of cash management.

### Funds

Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the Executive Management. Externally restricted funds may only be utilised in accordance with the purposes established by the source of such funds or through the terms of an appeal and are in contrast with unrestricted funds over which the Board retains full control to use in achieving any of its institutional purposes. An expense resulting from operating activities of a fund that is directly attributable to the fund is charged to the expenses and allocated to the respective funds. Common expenses if any are allocated on a reasonable basis to the funds based on a method most suitable to that common expense.

### Fund managed on behalf

Fund managed on behalf of others relate to fund set up account for contributions received from external sources for specific purposes.

The fund managed on behalf of Ministry of Education – Special Purpose Grant is disclosed as a separate item at the statement of financial position with relevant disclosure in Note 8 of the financial statement. In addition, any income and expenditure relating to these funds is accounted for directly in the funds.

### Leases

#### Where APSN is the Lessee - Operating leases

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the profit or loss when incurred.

Contingent rents are mainly determined as a percentage of revenue in excess of a specified amount during the month. They are charged to the profit or loss when incurred.

#### Where APSN is the Lessor - Operating leases

Assets leased out under operating leases are included in investment properties and are stated at cost. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

## 2(d) Summary of significant accounting policies (cont'd)

### Employee benefits

#### Short-term employee benefits

Short-term employee benefit obligations, including accumulated compensated absences, are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonuses if APSN 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.

#### Defined contribution plans

APSN contributes to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to national pension schemes are charged to the profit or loss in the period to which the contributions relate.

#### Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

#### Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Senior management are considered key management personnel.

### Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to APSN if that person:
  - (i) has control or joint control over APSN;
  - (ii) has significant influence over APSN; or
  - (iii) is a member of the key management personnel of APSN.
- (b) An entity is related to APSN if any of the following conditions applies:
  - (i) the entity and APSN are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) both entities are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either APSN or an entity related to APSN. If APSN is itself such a plan, the sponsoring employers are also related to APSN;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity; or
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

### Impairment of non-financial assets

The carrying amounts of APSN's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the entity at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated are credited initially to the carrying amount of goodwill.

## 2(d) Summary of significant accounting policies (cont'd)

### Impairment of non-financial assets (cont'd)

Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.
- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.
- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of the reporting period.

A reversal of an impairment loss is recognised as income in statement of comprehensive income.

### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which APSN has received consideration (or an amount of consideration is due) from customer. If customer pays consideration before APSN transfers good or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when APSN performs the obligations under the contract.

### Reserves management

The reserve of APSN is mainly the accumulated funds. APSN Board's objective is to maintain an optimal balance in the accumulated funds to support the continuity of the activities of APSN and for future developments of APSN schools and Centre for Adults. The Board monitors the level of the funds for working capital flexibility.

There were no changes in the Board's approach to reserve management during the year. APSN is not subject to externally imposed capital reserve requirements.

### Incoming resources

APSN recognises revenue from contracts with customers based on a five-step model as set out in FRS 115:

- Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties create enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3: Determine the transaction price: The transaction price is the amount of the consideration to which APSN expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4: Allocate the transaction price to the performance obligation in the contract: For a contract that has more in an amount that depicts the amount of consideration to which APSN expects to entitle in exchange for satisfying each performance obligation.
- Step 5: Recognise revenue when (or as) APSN satisfies a performance obligation.

Revenue is recognised when APSN satisfies a performance obligation by transferring a promised good or extending a service to the customer, which is when the customer obtains control of the good or derived benefits from the usage of the service. A performance obligation may be satisfied at a point in time or over time. If a performance obligation is satisfied over time, the revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that performance obligation. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Income including donations, gifts and grants that provide core funding or are of general nature are recognised where there is (a) entitlement (b) certainty and (c) sufficient reliability of measurement. Such income is only deferred when the donor specifies that the grant or donations must only be used in future accounting periods or for specific purposes; or when the donor has imposed conditions which must be met before APSN has unconditional entitlement.

## 2(d) Summary of significant accounting policies (cont'd)

### Incoming resource (cont'd)

- (a) Grants  
Grants to cover a particular expenditure or programme are accounted for as incoming resources upon receipt of notification of the grant award, which normally coincides with the year when the related expenses for which the grant is intended to cover are incurred. Grants received for the purchase of depreciable assets and refurbishment for APSN are taken to the deferred capital grants account. The deferred capital grants are recognised in profit or loss over the years necessary to match the depreciation of assets to which the grants relate. A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Operating grants and government subvention receipts in recognition of specific expenses are recognised as income to match them with the related costs that they are intended to compensate.  
Under the conditions of grant received, over or under funding from National Council of Social Services ("NCSS"), Tote Board, Ministry of Social and Family Development ("MSF") and Ministry of Education ("MOE") are refundable to or reimbursable from these entities.
- (b) Donations and corporate sponsorship  
Income from donations and corporate sponsorship are accounted for when received.
- (c) Rendering of services  
Rendering of services including school fees that are of short duration is recognised when the services are completed.
- (d) Fund raising  
Revenue from special event is recognised when the event takes place.
- (e) Other income  
The income from sale of education materials and uniforms is recognised when the performance obligations has been fulfilled and the amount of income and cost incurred or to be incurred in respect of the transaction can be measured reliably.
- (f) Interest income  
Interest income is recognised on a time-proportion basis using the effective interest rate method.
- (g) Rental income  
Rental revenue net of any lease incentive, is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term.

### Gifts in kind

A gift in kind is included in the profit or loss based on an estimate of the fair value at the date of the receipt of the gift of the non-monetary asset or the grant of a right to the monetary asset. The gift is recognised if the amount of the gift can be measured reliably and there is no uncertainty that it will be received.

### Income taxes

As a charity, APSN is exempted from income tax under the provisions of the Income Tax Act Cap. 134, section 13U(1) and no provision for income tax is required to be made in the financial statements.

### Functional currencies

#### Functional and presentation currency

Items included in the financial statements of each entity in APSN are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of APSN are presented in Singapore dollars, which is also the functional currency of APSN.

#### Conversion of foreign currencies

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the translations.

### Grants

Grants from organisations for the purchase of plant and equipment are taken to the deferred capital grants account. Deferred capital grants are recognised in the statement of comprehensive income on a systematic basis over the periods necessary to match the depreciation of plant and equipment which they are intended to compensate. On disposal of the plant and equipment, the balance of the related grants is recognised in the statement of comprehensive income to match the net book value of the plant and equipment disposed of.

Grants in respect of the current year's operating expenses are recognised as income in the same year. Grants which are received but not utilised are included in the grants received in advance account. Grants are accounted for on an accrual basis.

### 3 Incoming resources

	FY 2019						Total
	Donations	Interest income	Programme/school fees	Programme sales/services	Rental income	Miscellaneous income	
	\$	\$	\$	\$	\$	\$	\$
<u>Timing of revenue recognition</u>							
Transferred at a point in time	1,473,252	-	-	387,570	-	8,432	1,869,254
Transferred over time	-	303,913	567,088	-	72,000	-	943,001
<b>Total</b>	<b>1,473,252</b>	<b>303,913</b>	<b>567,088</b>	<b>387,570</b>	<b>72,000</b>	<b>8,432</b>	<b>2,812,255</b>

	FY 2018						Total
	Donations	Interest income	Programme/school fees	Programme sales/services	Rental income	Miscellaneous income	
	\$	\$	\$	\$	\$	\$	\$
<u>Timing of revenue recognition</u>							
Transferred at a point in time	1,291,875	-	-	401,370	-	6,381	1,699,626
Transferred over time	-	263,141	512,087	-	72,000	-	847,228
<b>Total</b>	<b>1,291,875</b>	<b>263,141</b>	<b>512,087</b>	<b>401,370</b>	<b>72,000</b>	<b>6,381</b>	<b>2,546,854</b>

### 4 Plant and equipment

	Leasehold improvements	Furniture, fittings and equipment	Computers	Software	Motor vehicles	Total
	\$	\$	\$	\$	\$	\$
<u>Cost</u>						
At 1 April 2017	11,415,898	3,661,108	1,431,234	712,226	47,499	17,267,965
Additions	593,592	564,599	172,530	7,309	52,489	1,390,519
Disposals	(3,964,457)	(415,328)	(56,052)	(22,428)	(1)	(4,458,266)
Reclassifications	(85,466)	85,466	795	(795)	-	-
<b>At 31 March 2018</b>	<b>7,959,567</b>	<b>3,895,845</b>	<b>1,548,507</b>	<b>696,312</b>	<b>99,987</b>	<b>14,200,218</b>
Additions	286,150	385,037	195,334	30,815	-	897,336
Disposals	(522,281)	(256,445)	(151,265)	(10,053)	-	(940,044)
<b>At 31 March 2019</b>	<b>7,723,436</b>	<b>4,024,437</b>	<b>1,592,576</b>	<b>717,074</b>	<b>99,987</b>	<b>14,157,510</b>

<u>Accumulated depreciation</u>						
At 1 April 2017	11,046,320	2,637,656	1,429,825	711,771	47,496	15,873,068
Depreciation for the year	376,733	581,904	163,018	7,293	10,498	1,139,446
Disposals	(3,964,434)	(388,460)	(56,002)	(22,410)	-	(4,431,306)
Reclassifications	(68,993)	68,993	794	(794)	-	-
<b>At 31 March 2018</b>	<b>7,389,626</b>	<b>2,900,093</b>	<b>1,537,635</b>	<b>695,860</b>	<b>57,994</b>	<b>12,581,208</b>
Depreciation for the year	593,329	437,181	202,730	30,786	10,498	1,274,524
Disposals	(522,121)	(243,964)	(151,138)	(9,989)	-	(927,212)
<b>At 31 March 2019</b>	<b>7,460,834</b>	<b>3,093,310</b>	<b>1,589,227</b>	<b>716,657</b>	<b>68,492</b>	<b>12,928,520</b>

#### Net book value

<b>At 31 March 2019</b>	<b>262,602</b>	<b>931,127</b>	<b>3,349</b>	<b>417</b>	<b>31,495</b>	<b>1,228,990</b>
At 31 March 2018	569,941	995,752	10,872	452	41,993	1,619,010

APSN's carrying amount of plant and equipment amounting to \$622,655 (2018 - \$1,071,090) was acquired through government grants. Refer to Note 13 for more details.

### 5 Investment properties

	2019	2018
	\$	\$
<u>At cost</u>		
At beginning and at end of year	<b>2,190,683</b>	2,190,683
<u>Accumulated depreciation</u>		
At beginning of year	<b>146,632</b>	109,974
Depreciation for the year	<b>36,658</b>	36,658
At end of year	<b>183,290</b>	146,632
<u>Impairment loss</u>		
At beginning of year	<b>224,506</b>	-
(Reversal of impairment loss) / Impairment loss for the year	<b>(224,506)</b>	224,506
At end of year	<b>-</b>	224,506
<u>Carrying value</u>		
At end of year	<b>2,007,393</b>	1,819,545
<u>Fair value for disclosure purposes only:</u>		
Fair value at end of year	<b>2,090,605</b>	1,819,545

	2019	2018
	\$	\$
Rental income from investment properties	<b>72,000</b>	72,000
Direct operating expenses (including repair and maintenance) arising from investment properties that generated rental income during the year	<b>16,631</b>	16,673

APSN's carrying amount of investment properties amounting to \$2,007,393 (2018 - \$1,819,545) was acquired through public donations. Refer to Note 13 for more details.

The depreciation is charged to total resources expended.

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

The investment properties are leased to non-related parties under operating leases. Also see Note 20.2 to the financial statements on operating lease income commitments. The management has not entered into contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The investment properties are held in trust by the Board of Trustees.

Refer to Note 22 for details of fair value.

#### **Impairment of investment properties**

APSN owns two factory units at #06-03 and #06-04 at Novelty Bizcentre, 18 Howard Road, Singapore, 369585. In the financial year ended 31 March 2018, there was a decline in the market price of similar properties and an impairment loss of \$224,506 was recognised in the profit or loss on the investment properties.

In the financial year ended 31 March 2019, there is a significant increase in market price of similar properties. As a result, APSN performed an impairment testing on the investment properties in accordance with FRS 36 Impairment of Assets. The recoverable amount of the investment properties have been estimated to be higher than the carrying amount of the asset and a reversal of impairment loss of \$224,506 (2018 - impairment loss of \$224,506) has been recognised in the statement of comprehensive income for the year ended 31 March 2019.

APSN determined the recoverable amount of the assets based on the fair value less cost to sell using adjusted market value approach. The fair value was determined based on recent transactions prices of similar premises during the year.

**6 Other receivables**

	2019	2018
	\$	\$
Sundry receivables	531,863	941,991
Impairment loss on receivables	(11,085)	(3,681)
	<b>520,778</b>	938,310
Amounts due from grantors	1,085,681	1,965,173
Grant receivables – MOE Special Purpose Grant (Note 8)	229,452	–
Grant receivables – Trust Fund (Note 14)	46,837	–
Grant receivables – MOE Fund (Note 8)	34,091	–
Deposits	636,867	595,098
Financial assets at amortised cost	2,553,706	3,498,581
Prepayments	29,725	27,953
	<b>2,583,431</b>	3,526,534

	2019	2018
	\$	\$
<u>Impairment loss:</u>		
At 1 April	3,681	3,876
Impairment loss for the year	9,837	3,601
Utilised	–	(3,636)
Reversal	(2,433)	(160)
At 31 March	<b>11,085</b>	3,681

The amount due from grantors comprises of adjustments and provision for under-funding in the reporting years.

An impairment loss of \$7,404 (2018 - \$3,441) has been made for overdue fees receivable from individual students of the Student Care Centre. Fee receivable that are uncollectible and has been outstanding for more than 180 days old are written off after internal assessment performed by the Centre Head.

**7 Cash and bank balances**

	2019	2018
	\$	\$
Not restricted in use	5,229,669	4,442,666
Restricted in use	33,196,462	30,912,905
Cash and bank balances at end of year	<b>38,426,131</b>	35,355,571

The fixed deposits of \$20,277,771 (2018 - \$20,021,053) are included in the restricted in use cash. The fixed deposits mature between 11 months and 13 months (2018 – 2 months and 12 months) from the financial year end and earn interest rates ranging from 1.35% to 2.20% (2018 - 1.03% to 1.54%) per annum.

The MOE special purpose grant and MOE funds of \$701,924 (2018 - \$431,010) is included in the restricted in use cash. The details of MOE special purpose grant are set out in Note 8.

For the purpose of the statement of cash flows, the year-end cash and cash equivalents comprise of the following:

	2019	2018
	\$	\$
Cash and bank balances	38,426,131	35,355,571
Restricted in use	(33,196,462)	(30,912,905)
Cash and cash equivalents	<b>5,229,669</b>	4,442,666

Cash that are restricted in use consists of monies received by Schools and CFA Centre which are allowed to be used for the particular school and centre only.

**8 MOE special purpose grants and MOE funds**

	2019	2018
	\$	\$
MOE special purpose grants	601,830	431,010
MOE funds	100,094	–
	<b>701,924</b>	431,010

	2019	2018
	\$	\$

Composition of MOE Special Purpose Grant

MOE special purpose grants	601,830	431,010
Grant receivables – MOE Special Purpose Grant (Note 6)	(229,452)	–
	<b>372,378</b>	431,010

Composition of MOE Funds

MOE funds	100,094	–
Grant receivables – MOE Fund (Note 6)	(34,091)	–
	<b>66,003</b>	–

For the financial year ended 31 March 2019, MOE requires special education schools to display movement of other MOE funds within balance sheet, similar to MOE special purpose grants. Thus, the MOE funds amount for financial year ended 31 March 2018 remains as deferred grants and trust funds. Please refer to details in Note 14.

**8 MOE special purpose grants and MOE funds (cont'd)****8.1 MOE special purpose grants**

	2019					2018				
	At 1.4.2018 \$	Reclassification \$	Funds received \$	Expenditure \$	At 31.3.2019 \$	At 1.4.2017 \$	Funds received \$	Expenditure \$	At 31.3.2018 \$	
a) Annual Grant for Discretionary Financial Assistance	12,688	-	87,672	(89,917)	10,443	9,585	91,655	(88,552)	12,688	
b) Additional Training Vote (Payables)	20,131	-	25,469	(8,036)	37,564	29,437	28,563	(36,339)	21,661	
Additional Training Vote (Receivables)	1,530	-	15,270	(22,389)	(5,589)	-	-	-	-	
c) Contract Teaching Resources	-	(31,631)	139,703	(138,872)	(30,800)	-	141,151	(141,151)	-	
d) Curriculum Enhancement Fund	161,761	-	142,264	(140,430)	163,595	173,219	117,606	(129,064)	161,761	
e) WPLN Fee Subsidy	-	-	10,143	(10,143)	-	-	12,926	(12,926)	-	
f) High Needs Grant	117,334	-	362,176	(248,889)	230,621	44,395	373,231	(300,292)	117,334	
g) ICT Development Grant (Payables)	42,279	-	225,955	(249,634)	18,600	80,781	286,747	(329,006)	38,522	
ICT Development Grant (Receivables)	(3,757)	-	90,372	(96,829)	(10,214)	-	-	-	-	
h) MOE Secondment Fund	-	-	151,498	(151,498)	-	-	265,215	(265,215)	-	
i) Parent Support Group Fund	2,114	-	7,886	(5,833)	4,167	2,731	7,269	(7,886)	2,114	
j) Staff Training Vote	8,207	-	318,416	(245,532)	81,091	117,253	225,947	(334,993)	8,207	
k) School Meals Programme	-	(26,356)	93,688	(141,863)	(74,531)	-	78,190	(78,190)	-	
l) SPED Financial Assistance Scheme	-	(50,328)	98,683	(155,963)	(107,608)	-	122,056	(122,056)	-	
m) SPED Innovation Award	5,885	-	5,000	(7,554)	3,331	14,852	-	(8,967)	5,885	
n) SPED Teacher Award	618	-	-	(618)	-	5,993	-	(5,375)	618	
o) Public Transport Subsidy (Payables)	5,485	-	18,515	(21,013)	2,987	11,167	15,933	(22,505)	4,595	
Public Transport Subsidy (Receivables)	(890)	-	1,680	(1,500)	(710)	-	-	-	-	
p) Vocational Preparation Grant	57,625	-	-	(8,194)	49,431	62,658	-	(5,033)	57,625	
	<b>431,010</b>	<b>(108,315)</b>	<b>1,794,390</b>	<b>(1,744,707)</b>	<b>372,378</b>	<b>552,071</b>	<b>1,766,489</b>	<b>(1,887,550)</b>	<b>431,010</b>	

In the previous financial year ended 31 March 2018, some of the balance for the funds were classified under other receivables. In the current year, these balances have been received and the balance was reclassified to MOE special purpose grants.



**8 MOE special purpose grants and MOE funds (cont'd)****8.2 MOE funds**

	2019			
	At 1.4.2018 \$	Funds received \$	Expenditure \$	At 31.3.2019 \$
a) Edusave Grant	51,106	65,310	(60,459)	55,957
b) Tier 2 Tote Board ICT Innovation Funding	(14,300)	-	(19,791)	(34,091)
c) Lee Kuan Yew Exemplary Student Award	-	3,000	(3,000)	-
d) MOE F&E Grant	199	-	-	199
e) Opportunity Fund	73,465	43,870	(73,397)	43,938
f) Achievement Award for Special Education Students	-	92,250	(92,250)	-
	<b>110,470</b>	<b>204,430</b>	<b>(248,897)</b>	<b>66,003</b>

**9 Association building fund**

	2019 \$	2018 \$
Balance at beginning and at end of year	204,931	204,931

This fund is for the purchase/renovation of APSN's premises for its own use or as investment to generate rental income and for headquarter relocation expenses.

**10 Refurbishment fund**

	2019 \$	2018 \$
Balance at beginning and at end of year	80,027	80,027

This fund was set up for the refurbishment of Delta Senior School's premises.

**11 School building fund**

	2019 \$	2018 \$
Balance at beginning of year	3,953	3,953
Less: Expenditure incurred	(3,400)	-
Balance at end of year	553	3,953

This fund is for the refurbishment of Chaoyang School.

**12 Designated donations**

	2019				2018			
	At 1.4.2018 \$	Funds received \$	Expenditure \$	At 31.3.2019 \$	At 1.4.2017 \$	Funds received \$	Expenditure \$	At 31.3.2018 \$
<u>Restricted funds</u>								
Designated donations	1,335,600	1,096,884	(1,071,724)	1,360,760	1,354,076	727,814	(746,290)	1,335,600
Percussion fund	1,565	-	(1,565)	-	1,565	-	-	1,565
	<b>1,337,165</b>	<b>1,096,884</b>	<b>(1,073,289)</b>	<b>1,360,760</b>	<b>1,355,641</b>	<b>727,814</b>	<b>(746,290)</b>	<b>1,337,165</b>

	2019				2018			
	At 1.4.2018 \$	Funds received \$	Expenditure \$	At 31.3.2019 \$	At 1.4.2017 \$	Funds received \$	Expenditure \$	At 31.3.2018 \$
<u>Unrestricted funds</u>								
Designated donations	2,708,942	775,077	(862,303)	2,621,716	2,641,301	792,611	(724,970)	2,708,942
General purpose fund	13,478	-	-	13,478	13,478	-	-	13,478
	<b>2,722,420</b>	<b>775,077</b>	<b>(862,303)</b>	<b>2,635,194</b>	<b>2,654,779</b>	<b>792,611</b>	<b>(724,970)</b>	<b>2,722,420</b>
Total	<b>4,059,585</b>	<b>1,871,961</b>	<b>(1,935,592)</b>	<b>3,995,954</b>	<b>4,010,420</b>	<b>1,520,425</b>	<b>(1,471,260)</b>	<b>4,059,585</b>

Funds received presented in the Statement of Comprehensive Income and Statement of Changes in Accumulated Funds as follows:

	2019			2018		
	Unrestricted funds \$	Restricted funds \$	Total \$	Unrestricted funds \$	Restricted funds \$	Total \$
<u>Incoming Resources</u>						
Donations received	1,397,773	496,884	1,894,657	792,611	277,814	1,070,425
Donation transferred to deferred donation	(622,696)	-	(622,696)	-	-	-
	<b>775,077</b>	<b>496,884</b>	<b>1,271,961</b>	<b>792,611</b>	<b>277,814</b>	<b>1,070,425</b>
Transfer of surplus from accumulated funds	-	600,000	600,000	-	450,000	450,000
	<b>775,077</b>	<b>1,096,884</b>	<b>1,871,961</b>	<b>792,611</b>	<b>727,814</b>	<b>1,520,425</b>

Restricted donations consist of donations received by APSN schools and centres and are restricted for the schools and centres' use only. Unrestricted donations consist of donations received by APSN headquarter and can be used for APSN's general operating purposes.

Deferred donation

	2019 \$	2018 \$
Balance at beginning of year	-	-
Add: Donation received	724,421	-
Less: Donation recognised as donation income	(101,725)	-
Balance at end of year	622,696	-

Deferred donation comprises of donation received for APSN Pre-school and APSN Community & College initiatives for which the respective performance obligations were yet to be performed at the reporting date.

**13 Deferred capital grants**

	2019	2018
	\$	\$
<b>Cost</b>		
At 1 April	4,405,267	4,155,428
Refurbishment of property, purchase of plant and equipment:		
– Grant from MOE, NCSS, MSF, Tote Board, AIC	283,401	810,298
– Public donations	397	128,907
	<b>4,689,065</b>	5,094,633
Amount written off	<b>(1,113,229)</b>	(689,366)
At 31 March	<b>3,575,836</b>	4,405,267
<b>Accumulated amortisation</b>		
At 1 April	1,277,185	1,288,397
Amortisation for the year	781,832	678,154
Amount written off	<b>(1,113,229)</b>	(689,366)
At 31 March	<b>945,788</b>	1,277,185
<b>Carrying value</b>		
At 31 March	<b>2,630,048</b>	3,128,082
<b>Secured by:</b>		
<u>Carrying value of asset</u>		
Plant and equipment	622,655	1,071,090
Investment properties	2,007,393	1,819,545
Total	<b>2,630,048</b>	2,890,635

This represents grants utilised for the refurbishment of properties, purchase of plant and equipment and investment properties.

The amounts written off are for deferred capital grants which have been fully amortised.

**14 Deferred grants and trust funds**

	2019	2018
	\$	\$
Trust funds	2,109,678	2,612,266
MOE funds	–	110,470
	<b>2,109,678</b>	2,722,736

	2019	2018
	\$	\$
<u>Composition of Trust Fund</u>		
Trust funds	2,109,678	2,612,266
Grant receivables – Trust Fund (Note 6)	<b>(46,837)</b>	–
	<b>2,062,841</b>	2,612,266

For the financial year ended 31 March 2019, MOE requires special education schools to display movement of other MOE funds within balance sheet, similar to MOE special purpose grants. Thus, the MOE funds amount for financial year ended 31 March 2019 has been reclassified as MOE special purpose grants and MOE funds. Please refer to details in Note 8.

**14 Deferred grants and trust funds (cont'd)****14.1 Trust funds**

	2019					2018				
	At 1.4.2018 \$	Reclassification \$	Funds received \$	Expenditure \$	At 31.3.2019 \$	At 1.4.2017 \$	Funds received \$	Expenditure \$	At 31.3.2018 \$	
a) Care & Share Matching Grant (Payables)	219,573	–	–	(39,965)	179,608	397,718	374,463	(580,654)	191,527	
Care & Share Matching Grant (Receivables)	(28,046)	–	77,070	(85,212)	(36,188)	–	–	–	–	
b) Children's Charities Association Fund	11,215	–	–	–	11,215	11,215	120,225	(120,225)	11,215	
c) Community Silver Trust Fund	2,391,772	–	–	(499,530)	1,892,242	2,067,084	986,941	(662,253)	2,391,772	
d) VWOs Charities Capability Fund	4,455	–	16,263	(19,046)	1,672	1,673	16,264	(13,482)	4,455	
e) IHG Foundation Fund	28	–	–	(28)	–	–	67,835	(67,807)	28	
f) MSF Capital Fund	–	–	–	–	–	–	196,946	(196,946)	–	
g) OFA Incentive Training Grant	1,384	–	–	–	1,384	1,384	–	–	1,384	
h) School Pocket Money Fund	8,759	–	8,235	(11,790)	5,204	1,189	21,840	(14,270)	8,759	
i) VWO Transport Assistance Scheme (Payables)	(2,235)	–	202,491	(191,142)	9,114	3,331	287,055	(291,750)	(1,364)	
VWO Transport Assistance Scheme (Receivables)	871	(4,572)	137,706	(135,960)	(1,955)	–	–	–	–	
j) Tote Board Arts Grant	–	(25,882)	24,034	(6,846)	(8,694)	–	5,293	(5,293)	–	
k) Trailblazer-Chan Chiew Ping Special Schools Fund	4,490	–	4,571	(816)	8,245	4,490	–	–	4,490	
l) Artist-in-school Scheme	–	–	2,406	(1,412)	994	–	–	–	–	
	<b>2,612,266</b>	<b>(30,454)</b>	<b>472,776</b>	<b>(991,747)</b>	<b>2,062,841</b>	2,488,084	2,076,862	(1,952,680)	2,612,266	

In the previous financial year ended 31 March 2018, some of the balance for the funds were classified under other receivables. In the current year, these balances have been received and the balance was reclassified to deferred grants and trust funds.

**14 Deferred grants and trust funds (cont'd)****14.2 MOE funds**

	2018			
	At 1.4.2017 \$	Funds received \$	Expenditure \$	At 31.3.2018 \$
a) Edusave Grant	53,346	61,040	(63,280)	51,106
b) Tier 2 Tote Board ICT Innovation Funding	–	–	(14,300)	(14,300)
c) Lee Kuan Yew Exemplary Student Award	–	3,000	(3,000)	–
d) MOE F&E Grant	–	62,670	(62,471)	199
e) Opportunity Fund	83,770	10,243	(20,548)	73,465
f) Achievement Award for Special Education Students	–	94,250	(94,250)	–
	<u>137,116</u>	<u>231,203</u>	<u>(257,849)</u>	<u>110,470</u>

**15 Other payables and accruals**

	2019 \$	2018 \$
Amounts due to grantors	6,941	221,126
Asian Federation on Intellectual Disabilities (AFID) conference fund	9,793	9,793
Accrued operating expenses	2,646,385	2,978,457
School fees received in advance	–	52,604
Other creditors	869,055	450,174
	<u>3,532,174</u>	<u>3,712,154</u>

The amount due to grantors comprises of adjustments and provision for over-funding in the reporting years.

**15.1 Asian Federation on Intellectual Disabilities (AFID) conference fund**

	2019 \$	2018 \$
Balance at beginning and at end of year	<u>9,793</u>	<u>9,793</u>

This fund was set up from APSN's share of the surplus money from the 19th AFID conference organised jointly by APSN and MINDS in November 2009. The Board approved the fund to be used for APSN to send Board members and volunteers to conferences, study trips and educational activities locally or overseas.

**16 Contract liabilities**

	2019 \$	2018 \$
School fees received in advance	<u>44,686</u>	<u>–</u>

The contract liabilities comprise of school fees that are received in advance. As the lessons have not been conducted, the amount received are recognized as contract liabilities.

**17 Taxation and tax-exempt receipts****17.1 Taxation**

APSN is an approved charity under the Charities Act, Chapter 37 and an Institution of Public Character under the Income Tax Act, Chapter 134. Therefore, no tax provision has been made in the financial statements as APSN is exempt from income tax.

**17.2 Tax-deductible receipts**

APSN is an approved Institution of Public Character whereby public donors are granted 2.5 times (2018 - 2.5 times) tax deductions for donations made to APSN. The current IPC status is granted by the Ministry of Social and Family Development ("MSF") for the period from 1 March 2018 to 28 February 2021.

	2019 \$	2018 \$
Tax-deductible receipts issued for donations received/collected during the reporting year	<u>567,501</u>	<u>530,037</u>

**18 Manpower and related expenses**

	2019 \$	2018 \$
Salaries, bonuses and gratuity		
– MOE seconded teaching staff	843,068	613,921
– Other teaching staff, professional, support CPF and SDF	21,688,985	20,943,968
– MOE seconded teaching staff	37,419	25,294
– Other teaching staff, professional, support	3,451,022	3,278,482
Provision for unused leave	7,510	40,804
Other staff costs	528,793	489,271
Outsourced services for MOE approved positions	544,617	664,315
Manpower cost under NCSS Sunray Scheme	373,670	258,225
	<u>27,475,084</u>	<u>26,314,280</u>
– Government grant income for manpower	(287,538)	(554,820)
– MOE secondment fund	(151,498)	(265,215)
– MOE contract teaching fund	(138,872)	(141,151)
	<u>(577,908)</u>	<u>(961,186)</u>
Total	<u>26,897,176</u>	<u>25,353,094</u>

## 19 Significant related party transactions

Other than the related party information disclosed elsewhere in the financial statements, the following are significant transactions entered into by APSN with related parties:

### 19.1 Key management compensation

	2019	2018
	\$	\$
Salaries and other short-term employees benefits	<b>2,319,206</b>	2,326,836

Number of key management paid in compensation bands:

	2019	2018
\$100,000 to \$200,000	<b>14</b>	15
\$100,000 and below	<b>5</b>	1

Key executives are senior management at the highest level of the organisation, with authority and responsibility for planning, directing and controlling the activities of APSN. The above amounts for key management compensation are for the senior management.

### 19.2 Expenses incurred by Board and Committee Members

There are transactions and arrangements for members of APSN and the effects of these on the basis determined between the parties are reflected in these financial statements.

	2019	2018
	\$	\$
Course attended by Board and Committee Members for the purpose of APSN	<b>1,641</b>	636
Transport reimbursement to Board Members	<b>375</b>	-

## 20 Commitments

### 20.1 Capital commitments

Amounts committed at the end of the reporting period for future expenditure but not recognised in profit or loss are as follows:

	2019	2018
	\$	\$
Commitments to purchase plant and equipment	<b>21,132</b>	162,556

## 20 Commitments (cont'd)

### 20.2 Operating lease commitments (non-cancellable)

Where APSN is the lessee

At the end of the reporting period, APSN was committed to making the following rental payments in respect of non-cancellable operating leases with an original term of more than one year:

	2019	2018
	\$	\$
(a) <u>Rental of equipment</u>		
Not later than one year	<b>33,577</b>	27,724
Later than one year and not later than five years	<b>75,899</b>	88,733
	<b>109,476</b>	116,457

	2019	2018
	\$	\$
(b) <u>Land rental</u>		
Not later than one year	<b>2,623,660</b>	2,543,566
Later than one year and not later than five years	<b>3,246,986</b>	2,105,082
	<b>5,870,646</b>	4,648,648

The land rental is payable to the Singapore Land Authority (SLA)/Ministry of Social and Family Development (MSF) for the land/premises occupied by APSN schools and CFA. The average lease term is 3 years. The rental is fully funded and paid by MOE directly to SLA for the schools and 90% funded and reimbursed by MSF for CFA.

Where APSN is the lessor

	2019	2018
	\$	\$
Not later than one year	<b>72,000</b>	9,000
Later than one year and not later than five years	<b>9,000</b>	-
	<b>81,000</b>	9,000

Operating lease income commitments are for the investment properties. The lease rental income terms are negotiated for an average term of 2 years.

## 21 Financial risk management objectives and policies

The Board has documented financial risk management policies. These policies set out APSN's risk management philosophy. APSN is exposed to financial risks arising from its operations and the use of financial instruments. The financial risks include credit risk, interest rate risk, foreign currency risk, market price risk and liquidity risk. APSN's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize adverse effects from the unpredictability of financial markets on APSN's financial performance.

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

APSN does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause APSN to incur a financial loss. APSN's exposure to credit risk arises primarily from other receivables and cash balances. For other financial assets, the APSN adopts the policy of dealing only with high credit quality counterparties.

APSN's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

## 21 Financial risk management objectives and policies (cont'd)

### Credit risk (cont'd)

#### Exposure to credit risk

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

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

	2019	2018
	\$	\$
<b>Financial assets at amortised cost</b>		
Other receivables (excluding prepayments)	2,553,706	3,498,581
Cash and bank balances	38,426,131	35,355,571
	<b>40,979,837</b>	<b>38,854,152</b>

APSN's major classes of financial assets are other receivables (excluding prepayments) and cash and cash equivalents.

The tables below detail the credit quality of APSN's financial statements and other items, as well as maximum exposure to credit risk by credit risk rating grades:

31 March 2019	12-month/ Lifetime ECL	Gross carrying amount \$	Loss allowance \$	Net carrying amount \$
Other receivables	Lifetime ECL	2,564,791	(11,085)	2,553,706
		2,564,791	(11,085)	2,553,706

31 March 2018	12-month/ Lifetime ECL	Gross carrying amount \$	Loss allowance \$	Net carrying amount \$
Other receivables	Lifetime ECL	3,502,262	(3,681)	3,498,581
		3,502,262	(3,681)	3,498,581

#### Other receivables

APSN applies the FRS 109 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for other receivables.

To measure the expected credit losses, other receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the historical credit loss experiences. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. APSN has identified the Gross Domestic Product of Singapore, the country in which it operates to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

Other receivables are written off when there is no reasonable expectation of recovery. Impairment losses on other receivables are presented as net impairment losses within other operating expenses. Subsequent recoveries of amounts previously written off are credited against the same line item.

#### Financial assets that are neither past due nor impaired

Other receivables that are neither past due nor impaired are creditworthy companies or individuals with a good payment record with APSN. Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit ratings and no history of default.

#### Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired.

#### Cash and cash equivalents

Cash is placed with financial institutions which are regulated and have good credit ratings. Impairment on cash and cash equivalents has been measured on the lifetime expected loss basis and reflects the short maturities of the exposures. APSN considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

## 21 Financial risk management objectives and policies (cont'd)

### Credit risk (cont'd)

#### Impairment of other receivables as at 31 March 2018

Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. APSN considered that there was evidence of impairment if any of the following indicators were present:

- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation; and
- Default or late payments.

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

#### Interest rate risk

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

APSN's exposure to interest rate risk arises primarily from changes in interest rates on interest bearing fixed deposits. The interest rate risk on financial assets and financial liabilities is not significant.

#### Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

APSN is not exposed to foreign currency risk as all its financial assets and liabilities are denominated in Singapore dollars.

#### Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

APSN does not hold any quoted or marketable financial instrument and is not exposed to any movement in market prices.

#### Liquidity risk

Liquidity or funding risk is the risk that APSN will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

APSN maintains a sufficient level of cash and cash equivalents to finance APSN's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the maturity profile of APSN's financial liabilities based on contractual undiscounted cash flows:

	Contractual undiscounted cash flows				
	Carrying amount \$	Total \$	Less than 1 year \$	Between 2 and 5 years \$	Over 5 years \$
<b>31 March 2019</b>					
Other payables and accruals	3,532,174	3,532,174	3,532,174	-	-
<b>31 March 2018</b>					
Other payables and accruals (excluding school fees received in advance and deferred income)	3,659,550	3,659,550	3,659,550	-	-

## 22 Fair values

### Definition of fair value

FRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### Determination of fair value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 : unobservable inputs for the asset or liability.

### 22.1 Fair value measurement of non-financial assets

APSN's investment properties are measured using the cost model. Under FRS 40, the fair value of the investment properties are required to be disclosed and disclosure amount are to be measured in accordance to FRS 113.

	Carrying amount	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$	\$
<b>31 March 2019</b>					
Investment properties (Note 5)	2,007,393	–	–	2,007,393	2,007,393
	2,007,393	–	–	2,007,393	2,007,393
<b>31 March 2018</b>					
Investment properties (Note 5)	1,819,545	–	–	1,819,545	1,819,545
	1,819,545	–	–	1,819,545	1,819,545

For fair value measurements categorised with Level 3 of the fair value hierarchy, a description of the valuation techniques and the significant other observable inputs used in the fair value measurement are as follows:

Assets:	18 Howard Road #06-03 and #06-04 Novelty Bizcentre Singapore 369585
Fair value and fair value hierarchy - Level:	\$2,090,605 (2018 – \$1,819,545) Level 3 (2018 – Level 3)
Valuation technique for recurring fair value measurements:	Comparison with market evidence of recent offer to sell prices for similar properties
Sensitivity on management's estimates – 10% variation from estimate	Impact – lower by \$200,739 / higher by \$200,739 (2018 – lower by \$181,955/higher by \$181,955)

The fair value of the investment property was measured at end of the reporting period based on direct comparison with recent transactions of comparable properties within the vicinity and elsewhere to reflect the actual market state and circumstances as of the end of the reporting period. The fair value was based on a projection of latest average transaction prices by taking into consideration of the property index published by the Urban Development Authority ("URA"), where the price information was collected from the Singapore property market by the government bodies.

The reconciliation of the carrying amounts of investment properties is disclosed in Note 5.

## 22 Fair values (cont'd)

### 22.2 Fair value measurement of financial assets and financial instruments

The carrying amount of financial assets and financial liabilities (other receivables, cash and bank balances, and other payables) with a maturity of less than one year is assumed to approximate their fair value.

APSN does not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

## 23 Funds management policy

The objectives of the management when managing funds are:

- liquidity for operations;
- protection of capital;
- diversification of risk; and
- maximization of yield.

The management actively and regularly review and manage its funds structure to ensure optimal capital structure, taking into consideration the future requirements, prevailing and projected yield, projected operating cash flows and projected capital expenditures.

The management monitors funds using the annual-operating-expenditure-to-total-funds ratio.

	<b>2019</b>	2018
	<b>\$</b>	<b>\$</b>
Annual operating expenditure (A)	<b>34,719,330</b>	33,882,368
Total funds (B)	<b>34,675,138</b>	32,379,814
Annual-operating-expenditure-to-total-funds ratio (times) (A)/(B)	<b>1.00</b>	1.05

APSN is not subject to externally imposed capital requirements. There were no changes in APSN's approach to capital management during the year.

## 24 Financial instruments

### Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

At 31 March 2019	Note	Financial assets (carried at amortised cost) \$
<b>Financial assets</b>		
Other receivables (excluding prepayments)	6	2,553,706
Cash and bank balances	7	38,426,131
		<b>40,979,837</b>

At 31 March 2019	Note	Financial liabilities (carried at amortised cost) \$
<b>Financial liabilities</b>		
Other payables and accruals	15	3,532,174

At 31 March 2018	Note	Loans and receivables (carried at amortised cost) \$
<b>Financial assets</b>		
Other receivables (excluding prepayments)	6	3,498,581
Cash and bank balances	7	35,355,571
		38,854,152

At 31 March 2018	Note	Other liabilities (carried at amortised cost) \$
<b>Financial liabilities</b>		
Other payables and accruals (excluding school fees received in advance and deferred income)	15	3,659,550

### Reclassification of financial instruments on adoption of FRS 109

On date of initial application, the financial instruments of APSN are now classified as amortised cost under FRS 109.

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