RAY OF HOPE

(Registration No: 201229333H)

Statement by Directors and Financial Statements

Year Ended 31 December 2022

RSM Chio Lim LLP

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RAY OF HOPE

Statement by Directors and Financial Statements

Contents **Page**

8589-22

Statement by Directors

The directors of the company are pleased to present the financial statements of the company for the reporting year ended 31 December 2022.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position and performance covered by the financial statements; and

(b) at the date of the statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

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

Yeoh Swee Yen
Kenneth Kan Shung Kei
Yeo Ann Li, Michelle
Lee Kher Sheng (Li Kesheng)
Martin Tan Beng Chong (Chen Mingzong)
Quak Hiang Whai
Wong Mun Hoong, Mark (Huang Minxiong, Mark)
Yong Ming Chong (Yang Mingzhang)

3. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

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

4. Options

The company is a company limited by guarantee. As such, there are no share options or unissued shares under option.

5. Independent auditor

RSM Chio Lim LLP has expressed their willingness to accept re-appointment.

On behalf of the directors

DocuSigned by:
6CA8E99BF0EC4FE...
Yeoh Swee Yen
Director

DocuSigned by:
kenneth kan
1A94652F9A644E1...
Kenneth Kan Shung Kei
Director

01 JUN 2023

RSM

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Independent Auditor's Report to the Members of
RAY OF HOPE

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Ray of Hope, which comprise the statement of financial position as at 31 December 2022, and the statement of financial activities, and statement of cash flows for the reporting year then ended, and notes to the financial statements, including the significant accounting policies.

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

Basis for opinion

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

Other information

Management is responsible for the other information. The other information comprises the statement by directors but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

a) 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.

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's responsibilities for the audit of the financial statements (cont'd)

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

In our opinion:

(a) the accounting and other records required to be kept by the company have been properly kept in accordance with the provisions of the Act and the Charities Act and Regulations; and

(b) the accounting and other records required to be kept by the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

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

(a) The company has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and

(b) The company has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

Independent Auditor's Report to the Members of
RAY OF HOPE

– 4 –

Report on other legal and regulatory requirements (cont'd)

The engagement partner on the audit resulting in this independent auditor's report is Uthaya Chandrikaa D/O Ponnusamy.

RSM Chio Lim LLP

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

1 June 2023

Statement of Financial Activities
Year Ended 31 December 2022

	Notes	2022 $	2021 $
Income			
Donation income	4	5,173,954	4,976,385
Other income	6	85,373	35,588
Total Income		5,259,327	5,011,973
Expenditure			
Cost of charitable activities (grant disbursements)	7	(4,020,455)	(4,266,937)
Employee benefits expenses	8	(471,242)	(350,552)
Governance costs		(21,680)	(18,179)
Finance costs	9	(5,052)	(2,177)
Other expenditure	10	(339,497)	(225,865)
Total Expenditure		(4,857,926)	(4,863,710)
Net surplus for the year		401,401	148,263
Balance at beginning of the year		1,225,904	1,077,641
Balance at end of the year		1,627,305	1,225,904

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

Statement of Financial Position
As at 31 December 2022

	Notes	2022 $	2021 $
ASSETS			
Non-current assets			
Plant and equipment	12	10,275	12,672
Right-of-use assets	13	74,192	118,708
Total non-current assets		84,467	131,380
Current assets			
Trade receivables	14	46,135	9,785
Other non-financial assets	15	3,210	1,836
Cash and cash equivalents	16	1,733,040	1,368,321
Total current assets		1,782,385	1,379,942
Total assets		1,866,852	1,511,322
FUNDS AND LIABILITIES			
Funds			
Accumulated fund		1,627,305	1,225,904
Total fund		1,627,305	1,225,904
Non-current liabilities			
Lease liabilities	17	31,517	76,775
Current liabilities			
Other payables	18	68,229	76,445
Contract liabilities	19	94,543	89,250
Lease liabilities	17	45,258	42,948
Total current liabilities		208,030	208,643
Total liabilities		239,547	285,418
Total funds and liabilities		1,866,852	1,511,322

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

Statement of Cash Flows
Year Ended 31 December 2022

	2022 $	2021 $
Cash flows from operating activities		
Surplus before tax	401,401	148,263
Adjustments for:		
Depreciation of plant and equipment	5,642	2,165
Depreciation of right-of-use assets	44,516	14,838
Interest expense	5,052	2,177
Operating cash flows before changes in working capital	456,611	167,443
Trade receivables	(36,350)	641
Other non-financial assets	(1,374)	(1,008)
Other payables	3,784	6,509
Contract liabilities	5,293	–
Net cash flows from operating activities	427,964	173,585
Cash flows used in investing activity		
Purchase of plant and equipment	(3,245)	(10,276)
Net cash flows used in investing activity	(3,245)	(10,276)
Cash flows used in financing activities		
Cash restricted in use	(147,005)	(169,782)
Amount owing to a related party	(12,000)	12,000
Repayment of lease liabilities	(48,000)	(16,000)
Net cash flows used in financing activities	(207,005)	(173,782)
Net increase (decrease) in cash and cash equivalents	217,714	(10,473)
Cash and cash equivalents, statement of cash flows, beginning balance	88,000	98,473
Cash and cash equivalents, statement of cash flows, ending balance (Note 16A)	305,714	88,000

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

1. General

The company is incorporated in Singapore as a company limited by guarantee and is a charity registered under the Charities Act 1994. The company has been granted Institutions of a Public Character status on 31 March 2022. The financial statements are presented in Singapore dollars.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

The principal activities of the company are to provide assistance to deserving individuals or families in Singapore who may otherwise have no other source or insufficient source of financial support.

Each member of the company has undertaken to contribute such amounts not exceeding $1 to the assets of the company in the event the company is wound up and the monies are required for payment of the liabilities of the company. The company has 8 (2021:8) members at the end of the reporting year.

The memorandum and articles of the company restricts the use of company monies to the furtherance of the objects of the company. They prohibit the payment of dividends to members.

The registered office is: 152 Beach Road #24-01/02 Gateway East, Singapore 189721.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Financial Reporting Standards ("FRSs") and the related interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act 1967 and the Charities Act 1994 and other relevant regulations.

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

1. **General (cont'd)**

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make 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 reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

2. **Significant accounting policies and other explanatory information**

2A. **Significant accounting policies**

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient, the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Revenue including donations, gifts and grants that provide core funding or are of general nature are recognised at point in time. Such income is only deferred when: the donor specifies that the grant or donation must only be used in future accounting periods; or the donor has imposed conditions which must be met before the entity has unconditional entitlement. The revenue amount from services is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the period arising from the course of the ordinary activities of the entity and it is shown net of related goods and services tax and subsidies.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement, the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Income tax

No provision for taxation has been made as the company's income is exempted from tax under Section 13R of the Singapore Income Tax Act 1947.

Plant and equipment

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Plant and equipment	–	33.3%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as plant and equipment. The annual rates of depreciation are as follows:

Office premises -	Over the remaining terms of lease which is 20 months

Leases of lessee

Where a lease arrangement is identified, a liability to the lessor is recognised as a lease obligation calculated at the present value of minimum lease payments. A corresponding right-of-use asset is recorded. Lease payments are apportioned between finance costs and reduction of the lease liability so as to reflect the interest on the remaining balance of the liability. Finance charges are recorded as an expense. Right-of-use assets are depreciated over the shorter of the estimated useful life of the asset and the lease term. Leases with a term of 12 months or less and leases for low value are not recorded as a liability and lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year, non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. 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 measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

At initial recognition, the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

Classification and measurement of financial assets:

1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.

2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income ("FVTOCI"): There were no financial assets classified in this category at reporting year end date.

3. Financial asset that is an equity investment classified as measured at FVTOCI: There were no financial assets classified in this category at reporting year end date.

4. Financial asset classified as measured at FVTPL: There were no financial assets classified in this category at reporting year end date.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at FVTPL in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on 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 that form an integral part of cash management.

Fair value measurement

The fair value is 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. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

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 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 management retains full control to use in achieving any of its institutional purposes. An expense resulting from the operating activities of a fund that is directly attributable to the fund is charged to that fund. Common expenses, if any, are allocated on a reasonable basis to the funds based on a method most suitable to that common expense unless impractical to do so.

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties

There were no critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements. There were no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year.

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

All members, directors and staff members of the company are required to read and understand the conflict of interest policy in place and make full disclosure of interests and relationships that could potentially result in conflict of interests. When a conflict of interest situation arises, the members, directors or staff shall abstain from participating in the discussion, decision making and voting on the matter.

The directors who performed their board responsibilities did not receive remuneration, or other benefits, from the company for board services for which they are responsible.

There are no paid staff whose remuneration exceeds $100,000 during the year.

3A. Related party transactions

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations, if any, are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following significant related party transactions:

	2022 $	2021 $
Donation received from directors for the benefit of beneficiaries	436	102
Grant received from related parties with common directors for disbursement to beneficiaries	279,580	105,960
Grant received from related parties with common directors for operational use	340,100	227,000
Grant disbursements to a related party with common directors	(192,030)	–
Rental monies paid to a related party	(48,000)	(10,733)
Lease liabilities paid to a related party	–	(16,000)

3. Related party relationships and transactions (cont'd)

3B. Key management compensation:

Key management personnel are the directors having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The directors did not receive any remuneration.

3C. Other payable to related parties:

The trade transactions and the related receivables and payables balances arising from donations or grants and grant disbursements are disclosed elsewhere in the notes to the financial statements.

The movements in other payables to related parties are as follows:

	Related party	
	2022	2021
	$	$
Other payable:		
Balance at beginning of year	(12,000)	–
Amounts paid in and settlement of liabilities on behalf of the company	12,000	(12,000)
Balance at end of year (Note 18)	–	(12,000)

4. Donation income

	2022	2021
	$	$
Donation income – Disbursement to beneficiaries [a]	4,129,796	4,396,948
Donation income – Operational use [b]	1,044,158	579,437
Total donation income	5,173,954	4,976,385

(a) The donation income is mainly from public and corporate donors for beneficiaries and are recognised based on point in time or when the event for which the donations were received is completed.

(b) The donation income is mainly from Ray of Hope's corporate donors, fundraising efforts and grants to support Ray of Hope's operations.

5. Tax deductible receipts

Qualifying donors are granted tax deduction for donations made to the company. The quantum of the tax deduction for each calendar year may vary as announced in the Singapore budget. The Institution of a Public Character status granted to the company is for the period from 31 March 2022 to 30 March 2023 and this was further renewed from 31 March 2023 to 30 March 2025 after the end of the reporting year.

	2022	2021
	$	$
Tax-exempt receipts issued for donations collected	290,620	–

6. Other income

	2022 $	2021 $
Other government grants	33,093	23,807
Others	52,280	11,781
Total other income	85,373	35,588

7. Cost of charitable activities

	2022 $	2021 $
Financial assistance to individuals	3,951,076	4,236,506
Fund raising expenses	69,379	30,431
Total cost of charitable activities	4,020,455	4,266,937

8. Employee benefits expense

	2022 $	2021 $
Employee benefits expense	402,020	299,039
Contributions to defined contribution plan	69,222	51,513
Total employee benefits expense	471,242	350,552

None of the company's employees received an annual remuneration of more than $100,000 in 2022 and 2021.

9. Finance cost

	2022 $	2021 $
Interest on lease liabilities	5,052	2,177

10. Other expenditure

	2022 $	2021 $
Depreciation of plant and equipment (Note 12)	5,642	2,165
Depreciation of right-of-use asset (Note 13)	44,516	14,838
Events expenses	64,031	4,546
Rental expense (Note 3A)	–	10,733
Website design and maintenance expenses	39,423	34,162
Secondment fee	75,379	92,764
Others	110,506	66,657
Total other expenditure	339,497	225,865

11. Income tax

The company is a registered charity and enjoys automatic income tax exemption under Section 13R of the Income Tax Act 1947.

12. Plant and equipment

	$
Cost:	
At 1 January 2021	10,620
Additions	10,276
At 31 December 2021	20,896
Additions	3,245
At 31 December 2022	24,141
Accumulated depreciation:	
At 1 January 2021	6,059
Depreciation for the year	2,165
At 31 December 2021	8,224
Depreciation for the year	5,642
At 31 December 2022	13,866
Carrying value:	
At 1 January 2021	4,561
At 31 December 2021	12,672
At 31 December 2022	10,275

The depreciation expense is included in other expenditure.

13. Right-of-use assets

The details of right-of-use assets in the statement of financial position are as follows:

	$
Cost:	
At 1 January 2021	–
Additions	133,546
At 31 December 2021 and 31 December 2022	133,546
Accumulated depreciation:	
At 1 January 2021	–
Depreciation for the year	14,838
At 31 December 2021	14,838
Depreciation for the year	44,516
At 31 December 2022	59,354
Carrying value:	
At 1 January 2021	–
At 31 December 2021	118,708
At 31 December 2022	74,192

The depreciation expense is included in other expenditure.

14. Trade receivables

	2022 $	2021 $
Donation receivables	46,135	9,785

15. Other non-financial assets

	2022 $	2021 $
Prepayments	3,210	1,836

16. Cash and cash equivalents

	2022 $	2021 $
Not restricted in use	305,714	88,000
Restricted in use [(a)]	1,427,326	1,280,321
Cash at the end of the year	1,733,040	1,368,321

Note:
(a) The above amount relates to the donations received to be disbursed out to beneficiaries.

16A. Cash and cash equivalents in statement of cash flows:

	2022 $	2021 $
Amount as shown above	1,733,040	1,368,321
Restricted in use	(1,427,326)	(1,280,321)
Cash and cash equivalents for statement of cash flows purposes at end of the year	305,714	88,000

17. Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	2022 $	2021 $
Lease liabilities, current	45,258	42,948
Lease liabilities, non-current	31,517	76,775
	76,775	119,723

The reporting entity has a lease relating to the rental of office premises. Other information about the leasing activities relating to the right-of-use assets are summarised as follows: The remaining term is 20 months; there are no variable payments linked to an index.

A summary of the maturity analysis of lease liabilities that shows the remaining contractual maturities is disclosed in Note 20E. Total cash outflows from leases are shown in the statement of cash flows. The related right-of-use assets are disclosed in Note 13.

18. Other payables

	2022 $	2021 $
Related party (Note 3)	–	12,000
Outside parties and accrued liabilities	68,229	64,445
	68,229	76,445

The balance to related party is interest-free, unsecured and repayable on demand.

19. Contract liabilities

	2022 $	2021 $
Balance at beginning of the year	89,250	32,885
Received during the year	64,604	94,638
Utilised during the year	(59,311)	(38,273)
Balance at end of the year	94,543	89,250

The contract liabilities represents mainly contribution from Giving Circle, where individuals donate into a pooled fund set aside to meet the needs of a specific group of people or for a specific need.

The company actively and regularly reviews and manages the monies received to ensure that the monies are disseminated to the selected beneficiaries to accomplish the goals of helping the company's beneficiaries.

20. Financial instruments: information on financial risks

20A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	2022 $	2021 $
Financial assets:		
Financial assets at amortised cost	1,779,175	1,378,106
Financial liabilities:		
Financial liabilities at amortised cost	145,004	196,168

Further quantitative disclosures are included throughout these financial statements.

20B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However these are not documented in formal written documents. The following guidelines are followed: All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following acceptable market practices.

20. Financial instruments: information on financial risks (cont'd)

20B. Financial risk management (cont'd)

There have been no changes to the exposures to risks; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

20C. Fair values of financial instruments

The analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

20D. Credit risk on financial assets

Financial assets are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses ("ECL") on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance.

Under this approach, the financial assets move through the three stages as their credit quality changes.

However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables, an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

As at the end of the reporting year, there were no amounts that were impaired.

Other receivables are normally with no fixed terms and therefore there is no maturity.

20. Financial instruments: information on financial risks (cont'd)

20E. Liquidity risk – financial liabilities maturity analysis

Liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

	Less than 1 year	2 – 3 years	Total
Non-derivative financial liabilities:	$	$	$
2022:			
Gross lease liabilities	48,000	32,000	80,000
Other payables	68,229	–	68,229
At end of the year	116,229	32,000	148,229

	Less than 1 year	2 – 3 years	Total
Non-derivative financial liabilities:	$	$	$
2021:			
Gross lease liabilities	48,000	80,000	128,000
Other payables	76,445	–	76,445
At end of the year	124,445	80,000	204,445

21. Changes and adoption of financial reporting standards

For the current reporting year, certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. These applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

22. New or amended standards in issue but not yet effective

For the future reporting years, certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

FRS No.	Title	Effective date for periods beginning on or after
FRS 1	Classification of Liabilities as Current or Non-current – Amendments to	1 Jan 2024