

**SPACES COUNSELING AND
COMMUNITY LIMITED**

Company Registration Number: 200402955N

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2021

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SPACES COUNSELING AND COMMUNITY LIMITED

Company Registration No.: 200402955N

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

The directors are pleased to present their statement to the members together with the audited financial statements of Spaces Counseling and Community Limited (the "Company") for the financial year ended 31 December 2021.

1 OPINION OF THE DIRECTORS

In the opinion of the directors,

- (i) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and the financial activities, changes in funds and cash flows of the Company for the financial year then ended; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2 DIRECTORS

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

Toh Leh Lim
Choong Chee Hong
Chen Lingshen

3 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

4 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The Company is limited by guarantee and has no share capital. None of the directors holding office at the end of the financial year had any interest in the share capital of the Company that is required to be reported pursuant to Section 201(6)(g) of the Singapore Companies Act 1967.

5 SHARE OPTIONS

As the Company is limited by guarantee and does not have a share capital, matters relating to the issue of shares or share options are not applicable.

SPACES COUNSELING AND COMMUNITY LIMITED

Company Registration No.: 200402955N

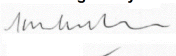
DIRECTORS' STATEMENT

For the financial year ended 31 December 2021


6 AUDITOR

Helmi Talib LLP has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors

DocuSigned by:

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TOH LEH LIM
Director

DocuSigned by:

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CHOONG CHEE HONG
Director

Date: 2 June 2022

Helmi Talib LLP



Registration No. (UEN): T20LL1986E
Chartered Accountants of Singapore
An Independent Member Firm of IAPA

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SPACES COUNSELING AND COMMUNITY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Spaces Counseling and Community Limited (the "Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of financial activities, statement of changes in funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations"), and Financial Reporting Standards in Singapore ("FRSs"), so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and of the financial performance, changes in funds and cash flows of the Company for the financial 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 Directors' Statement set out on pages 1 to 2.

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.

Other Matter

The financial statements of the Company for the financial year ended 31 December 2020 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements on 10 December 2021.



Helmi Talib LLP

Responsibilities of Management and those Charged with Governance 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 and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the 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.

Those charged with governance are responsible for 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:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
- 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 Board of 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.

Helmi Talib LLP

Report on Other Legal and Regulatory Requirements

In our opinion, 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.

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

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

DocuSigned by:

Helmi Talib LLP

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HELMI TALIB LLP
Public Accountants and
Chartered Accountants

Singapore

Date: 2 June 2022

Partner-in-charge
PAB No.

Mari Jane Tiburcio
01780

SPACES COUNSELING AND COMMUNITY LIMITED

Company Registration No.: 200402955N

STATEMENT OF FINANCIAL ACTIVITIES

For the financial year ended 31 December 2021

	Note	<u>2021</u> \$	<u>2020</u> \$
<u>INCOME</u>			
Income from generated funds			
- Voluntary income		220,142	108,081
Income from charitable activities		213,159	226,172
Other income		15,409	56,588
Total income	5	<u>448,710</u>	<u>390,841</u>
<u>EXPENDITURE</u>			
Cost of charitable activities		335,201	306,730
Governance and administrative costs		26,312	21,583
Finance cost	6	939	2,039
Total expenditure	5	<u>362,452</u>	<u>330,352</u>
Net income for the year		86,258	60,489
<u>RECONCILIATION OF FUNDS</u>			
Total funds brought forward		<u>477,597</u>	<u>417,108</u>
Total funds carried forward		<u>563,855</u>	<u>477,597</u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

SPACES COUNSELING AND COMMUNITY LIMITED

Company Registration No.: 200402955N

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	<u>2021</u> \$	<u>2020</u> \$
<u>ASSETS</u>			
<u>Current assets</u>			
Cash and cash equivalents	7	586,379	502,198
Receivables	8	<u>10,826</u>	<u>16,867</u>
Total current assets		<u>597,205</u>	<u>519,065</u>
<u>Non-current asset</u>			
Plant and equipment	9	<u>11,234</u>	<u>49,936</u>
Total non-current asset		<u>11,234</u>	<u>49,936</u>
Total assets		<u>608,439</u>	<u>569,001</u>
<u>LIABILITIES AND FUNDS</u>			
<u>Liabilities</u>			
<u>Current liabilities</u>			
Payables	10	33,090	41,249
Lease liability	12(b)	<u>11,494</u>	<u>38,661</u>
Total current liabilities		<u>44,584</u>	<u>79,910</u>
<u>Non-current liability</u>			
Lease liability	12(b)	<u>-</u>	<u>11,494</u>
Total non-current liability		<u>-</u>	<u>11,494</u>
Total liabilities		<u>44,584</u>	<u>91,404</u>
<u>Funds</u>			
<u>Unrestricted funds</u>			
Accumulated funds		<u>563,855</u>	<u>477,597</u>
Total funds		<u>563,855</u>	<u>477,597</u>
Total liabilities and funds		<u>608,439</u>	<u>569,001</u>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

SPACES COUNSELING AND COMMUNITY LIMITED*Company Registration No.: 200402955N***STATEMENT OF CHANGES IN FUNDS***For the financial year ended 31 December 2021*

	Unrestricted funds				Total accumulated funds
	<u>Oogachaga</u>	<u>Spaces Counseling</u>	<u>A Nation in Concert</u>	<u>Sometimes Light</u>	
	\$	\$	\$	\$	\$
At 31 December 2019	395,596	1,624	17,413	2,475	417,108
Net income/(loss) for the financial year	66,446	(272)	(90)	(5,595)	60,489
At 31 December 2020	462,042	1,352	17,323	(3,120)	477,597
Net income/(loss) for the financial year	86,695	(284)	(153)	-	86,258
At 31 December 2021	548,737	1,068	17,170	(3,120)	563,855

The accompanying accounting policies and explanatory notes
form an integral part of these financial statements.

SPACES COUNSELING AND COMMUNITY LIMITED

Company Registration No.: 200402955N

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	Note	<u>2021</u> \$	<u>2020</u> \$
Cash flows from operating activities			
Net income for the financial year		86,258	60,489
Adjustments for:			
Depreciation of plant and equipment	9	38,702	41,502
Interest expense on lease liability	6,12(c)	939	2,039
Total adjustments to profit or loss		39,641	43,541
Total operating cash flows before changes in working capital		125,899	104,030
Changes in working capital			
Decrease/(increase) in receivables		6,041	(2,720)
(Decrease)/increase in payables		(8,159)	23,418
Total changes in working capital		(2,118)	20,698
Net cash flows from operating activities		123,781	124,728
Cash flows from investing activity			
Purchase of plant and equipment	9	-	(2,957)
Cash flows used in investing activity		-	(2,957)
Cash flows from financing activities			
Payment of principal portion of lease liability		(38,661)	(37,861)
Interest expense paid on lease liability		(939)	(2,039)
Cash flows used in financing activities		(39,600)	(39,900)
Net increase in cash and cash equivalents		84,181	81,871
Cash and cash equivalents at the beginning of financial year		502,198	420,327
Cash and cash equivalents at the end of financial year		586,379	502,198

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

SPACES COUNSELING AND COMMUNITY LIMITED

Company Registration No.: 200402955N

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

1 GENERAL INFORMATION

Spaces Counseling and Community Limited (the “Company”) is registered and domiciled in Singapore with its registered office and principal place of business at 57B Pagoda Street, Singapore 059216.

The principal activities of the Company are those of counseling and community works and training courses for healthcare, education, community and social services.

The Company is a public company limited by guarantee. The Company is incorporated on 12 March 2004 and registered under the Charities Act, Chapter 37 since 25 September 2004.

The financial statements of the Company for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on the date of the Directors’ Statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been drawn up in accordance with the provisions of the Companies Act 1967 (the “Act”), the Charities Act and other relevant regulations (the “Charities Act and Regulations”) and Financial Reporting Standards in Singapore (“FRSs”). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements of the Company are presented in Singapore Dollar (“SGD” or “\$”) which is also the Company’s functional currency.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards and interpretations which are relevant to the Company and are effective for annual periods beginning on or after 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

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SPACES COUNSELING AND COMMUNITY LIMITED

Company Registration No.: 200402955N

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.3 Standards issued but not yet effective**

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

	<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to FRS 16	: Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to FRS 37	: Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)	1 January 2022
Various	: Annual Improvements to FRSs 2018 –2020	1 January 2022
Amendments to FRS 1	: Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)	1 January 2023
Amendments to FRS 1	: Presentation of Financial Statements and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 8	: Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)	1 January 2023

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

2.4 Plant and equipment

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

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

	<u>Years</u>
Computer	1
Furniture and fittings	5
Office equipment	5
Renovation	3
Office premises	Over the remaining lease term

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

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

SPACES COUNSELING AND COMMUNITY LIMITED

Company Registration No.: 200402955N

NOTES TO THE FINANCIAL STATEMENTSFor the financial year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.5 Impairment of non-financial assets**

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

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

Impairment losses are recognised in profit or loss.

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

2.6 Financial instruments**(a) Financial assets****Initial recognition and measurement**

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

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (the "FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Receivables are measured at the amount of consideration to which the Company 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.

Subsequent measurement***Amortised cost***

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 the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

SPACES COUNSELING AND COMMUNITY LIMITED*Company Registration No.: 200402955N***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2021*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.6 Financial instruments (Continued)****(b) Financial liabilities****Initial recognition and measurement**

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

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

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in 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. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.7 Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company 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-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company 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 which could affect debtors' ability to pay.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

SPACES COUNSELING AND COMMUNITY LIMITED*Company Registration No.: 200402955N***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2021***2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.8 Cash and cash equivalents**

Cash and cash equivalents comprise of cash at banks which are subject to an insignificant risk of changes in value.

2.9 Provisions

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

2.10 Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the currency applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.11 Employee benefits**(a) Defined contribution plans**

As required by law, the Company contributes to the employees' Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to CPF are recognised as compensation expenses in the same period as the employment that gives rise to the contribution.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

2.12 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

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

SPACES COUNSELING AND COMMUNITY LIMITED*Company Registration No.: 200402955N***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2021*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.12 Leases (Continued)***As lessee (Continued)**Right-of-use assets*

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

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.5 to the financial statements. The Company's right-of-use assets are presented within plant and equipment (see Note 9 to the financial statements).

Lease liabilities

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

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Company's lease liabilities are included in Note 12(b) to the financial statements.

2.13 Funds

The accumulated funds are used for the general purposes of the Company as set out in its governing document. It is unrestricted and is for the purpose of meeting the expenditure in accordance with the objectives of the Company.

SPACES COUNSELING AND COMMUNITY LIMITED*Company Registration No.: 200402955N***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2021*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.14 Income**

Income is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Income is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of income recognised is the amount allocated to the satisfied performance obligation.

(a) Income from counseling fees and programme income

Income from services is recognised when the services have been performed and rendered.

(b) Donations

Donations are recognised when received.

2.15 Recognition of expenditures

Expenditures are recognised in the statement of financial activities once the services have been received unless the expenditure qualifies for capitalisation as assets such as plant and equipment. Expenditure on performance-related grants are recognised to the extent the specified service has been provided. Expenditures in the statement of financial activities are classified under the costs of generating funds, charitable activities' expenses and governance costs.

(a) Classification**(i) Charitable activities expenses**

All resources applied in undertaking activities to meet the Company's charitable objectives are classified under charitable activities expenses.

(ii) Governance and administrative costs

This includes costs of governance arrangements that relate to the general running of the Company as opposed to the direct management functions inherent in generating funds, service delivery and programme or project work. These activities provide the governance infrastructure, which allows the charity to operate, and to generate the information required for public accountability. They include the strategic planning processes that contribute to future development of the Company.

(b) Allocation of costs

Where appropriate, expenditures that are specifically identifiable to each cost classification are allocated directly to the type of costs incurred.

2.16 Taxes

As a registered charity under the Charities Act, Cap 37, the Company is exempted from income tax under Section 13 (1)(zm) of the Income tax Act, Cap 134.

SPACES COUNSELING AND COMMUNITY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Company made judgments, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Judgments made in applying accounting policies

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

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Government funding receivables

The Company has recognised its receivables from government agencies on the basis that the Company will meet and comply with all the regulatory requirements of the funding agreements and the full amount fund allocated will be received by the Company. The management has relied on past experiences, knowledge and judgement in making these estimates. The carrying amount of the assets arising from the government funding receivables at the end of the reporting period is disclosed in Note 8 to the financial statements.

4 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year.

(a) Significant related party transactions

	<u>2021</u> \$	<u>2020</u> \$
<i>Subsidiary</i>		
Advances	97,630	4,830

(b) Compensation of key management personnel

The directors and executive director are the key management personnel. The executive have received the following compensation during the financial year:

	<u>2021</u> \$	<u>2020</u> \$
Salaries and bonus	74,900	72,225
Employer's CPF contributions	11,829	12,278
	86,729	84,503

The directors of the Company did not receive any monetary remuneration in 2021 and 2020.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5 DETAILED STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds				Total funds
	Oogachaga	Spaces Counseling	A Nation In Concert	Sometimes Light	
	\$	\$	\$	\$	\$
2021					
<u>INCOME</u>					
Income from generated funds					
<u>Voluntary income</u>					
- Donation	220,142	-	-	-	220,142
Income from charitable activities					
Education programme grants	153,758	-	-	-	153,758
Counseling fees	31,600	-	-	-	31,600
Room rental fee income	27,801	-	-	-	27,801
Programme income	-	-	-	-	-
	<u>213,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,159</u>
Other income					
Job Support Scheme	15,329	-	-	-	15,329
Other income	80	-	-	-	80
	<u>15,409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,409</u>
TOTAL INCOME	<u>448,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>448,710</u>
<u>EXPENDITURES</u>					
Cost of charitable activities					
<u>Staff costs</u>					
Staff salaries, bonus and benefits	204,244	-	-	-	204,244
CPF contributions	34,733	-	-	-	34,733
Staff training	2,079	-	-	-	2,079
Medical fees	1,240	-	-	-	1,240
Skill development levy	449	-	-	-	449
	<u>242,745</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>242,745</u>
<u>Facilities costs</u>					
Depreciation (Note 9)	38,702	-	-	-	38,702
Office supplies	2,843	-	-	-	2,843
Internet and telephone	2,471	-	-	-	2,471
Utilities	1,174	-	-	-	1,174
Postage and courier	663	-	-	-	663
	<u>45,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,853</u>
<u>Programme Costs</u>					
Counseling	27,416	-	-	-	27,416
Advertising and publicity	10,540	-	-	-	10,540
Professional service	3,017	-	-	-	3,017
Programme expense	2,903	-	-	-	2,903
Insurance	1,711	-	-	-	1,711
Training	859	-	-	-	859
Transportation	157	-	-	-	157
	<u>46,603</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,603</u>
Total cost of charitable activities	<u>335,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>335,201</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5 DETAILED STATEMENT OF FINANCIAL ACTIVITIES (Continued)

	Unrestricted funds				Total funds
	Oogachaga	Spaces	A Nation In	Sometimes	
	<u>Oogachaga</u>	<u>Counseling</u>	<u>Concert</u>	<u>Light</u>	<u>funds</u>
	\$	\$	\$	\$	\$
2021 (Continued)					
EXPENDITURES (Continued)					
Governance and administrative costs					
<u>Governance cost</u>					
Audit fees	3,424	-	-	-	3,424
<u>Administrative costs</u>					
Accounting services	7,380	-	-	-	7,380
Website	4,720	-	-	-	4,720
Bank charges	303	135	91	-	529
Cleaning	660	-	-	-	660
IT fees	-	149	-	-	149
Entertainment and refreshment	77	-	-	-	77
Admin fees	-	-	62	-	62
Other costs	9,311	-	-	-	9,311
	<u>22,451</u>	<u>284</u>	<u>153</u>	<u>-</u>	<u>22,888</u>
Total governance and administrative costs	<u>25,875</u>	<u>284</u>	<u>153</u>	<u>-</u>	<u>26,312</u>
Finance cost					
Interest expense on lease liability (Note 6)	939	-	-	-	939
TOTAL EXPENDITURE	<u>362,015</u>	<u>284</u>	<u>153</u>	<u>-</u>	<u>362,452</u>
NET INCOME/(LOSS) FOR THE FINANCIAL YEAR	<u>86,695</u>	<u>(284)</u>	<u>(153)</u>	<u>-</u>	<u>86,258</u>

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SPACES COUNSELING AND COMMUNITY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5 DETAILED STATEMENT OF FINANCIAL ACTIVITIES (Continued)

	Unrestricted funds				Total funds
	Oogachaga	Spaces	A Nation In	Sometimes	
	\$	\$	\$	\$	\$
2020					
<u>INCOME</u>					
Income from generated funds					
<u>Voluntary income</u>					
- Donation	108,081	-	-	-	108,081
Income from charitable activities					
Education programme grants	181,817	-	-	-	181,817
Counseling fees	28,235	-	-	-	28,235
Room rental fee income	16,120	-	-	-	16,120
	<u>226,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>226,172</u>
Other income					
Job Support Scheme	49,988	-	-	-	49,988
Rental concessions	5,376	-	-	-	5,376
Property tax rebates	1,224	-	-	-	1,224
	<u>56,588</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,588</u>
TOTAL INCOME	<u>390,841</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>390,841</u>
<u>EXPENDITURES</u>					
Cost of charitable activities					
<u>Staff costs</u>					
Staff salaries, bonus and benefits	198,172	-	-	-	198,172
CPF contributions	32,836	-	-	-	32,836
Staff training	1,018	-	-	-	1,018
Skill development levy	405	-	-	-	405
Medical fees	130	-	-	-	130
	<u>232,561</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,561</u>
<u>Facilities costs</u>					
Depreciation (Note 9)	41,502	-	-	-	41,502
Office supplies	6,060	-	-	-	6,060
Internet and telephone	3,035	-	-	-	3,035
Utilities	1,135	-	-	-	1,135
Postage and courier	200	-	-	-	200
	<u>51,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,932</u>
<u>Programme Costs</u>					
Counseling costs	9,990	-	-	-	9,990
Programme expense	7,230	-	-	-	7,230
Advertising and publicity	4,589	-	-	-	4,589
Insurance	428	-	-	-	428
	<u>22,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,237</u>
Total cost of charitable activities	<u>306,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>306,730</u>

SPACES COUNSELING AND COMMUNITY LIMITED

Company Registration No.: 200402955N

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5 DETAILED STATEMENT OF FINANCIAL ACTIVITIES (Continued)

	Unrestricted funds				Total funds
	Oogachaga	Spaces	A Nation	Sometimes	
	\$	\$	\$	\$	\$
2020 (Continued)					
<u>EXPENDITURES</u> (Continued)					
Governance and administrative costs					
<u>Governance cost</u>					
Audit fees	4,494	-	-	-	4,494
<u>Administrative costs</u>					
Accounting fees	7,380	-	-	-	7,380
Donation	-	-	-	5,200	5,200
Website	1,051	-	-	-	1,051
Bank charges	216	251	90	395	952
Repair and maintenance	279	21	-	-	300
Entertainment and refreshment	19	-	-	-	19
General expenses	2,187	-	-	-	2,187
	<u>11,132</u>	<u>272</u>	<u>90</u>	<u>5,595</u>	<u>17,089</u>
Total governance and administrative	<u>15,626</u>	<u>272</u>	<u>90</u>	<u>5,595</u>	<u>21,583</u>
Finance cost					
Interest expense on lease liability (Note 6)	2,039	-	-	-	2,039
<u>TOTAL EXPENDITURE</u>	<u>324,395</u>	<u>272</u>	<u>90</u>	<u>5,595</u>	<u>330,352</u>
NET INCOME/(LOSS) FOR THE FINANCIAL YEAR	<u>66,446</u>	<u>(272)</u>	<u>(90)</u>	<u>(5,595)</u>	<u>60,489</u>

6 FINANCE COST

	<u>2021</u>	<u>2020</u>
	\$	\$
Interest expense on lease liability (Note 12c)	<u>939</u>	<u>2,039</u>

7 CASH AND CASH EQUIVALENTS

	<u>2021</u>	<u>2020</u>
	\$	\$
Cash at banks	<u>586,379</u>	<u>502,198</u>

Cash at banks are held in non-interest bearing account.

For the purpose of the statement of cash flows, cash and cash equivalents are comprised of the balances as shown above.

Cash and cash equivalents are denominated in Singapore Dollar.

SPACES COUNSELING AND COMMUNITY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

8 RECEIVABLES

	<u>2021</u>	<u>2020</u>
	\$	\$
Deposits	10,600	10,600
Prepayments	226	1,140
Government grant receivables	-	5,127
	<u>10,826</u>	<u>16,867</u>
Total receivables (excluding prepayments)	10,600	15,727
Add: Cash and cash equivalents (Note 7)	<u>586,379</u>	<u>502,198</u>
Total financial assets carried at amortised cost	<u>596,979</u>	<u>517,925</u>

Government grant receivables also include JSS which pertains to the committed amounts made by the IRAS that aims to provide wage support to employers due to the COVID-19 pandemic. The related grant income and deferred grant income is presented under other income and payables in Notes 5 and 10 to the financial statements.

Expected credit losses

The Company has not recognised an allowance for ECLs for receivables as at 31 December 2021 and 2020, as these are considered to be low credit risk and have low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligation if demanded in the near term.

Receivables are denominated in Singapore Dollar.

9 PLANT AND EQUIPMENT

	<u>Computer</u>	<u>Furniture and fittings</u>	<u>Office equipment</u>	<u>Renovation</u>	<u>Office premises</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$
Cost						
At 1 January 2020	11,936	15,264	8,574	4,826	125,684	166,284
Additions	2,808	-	149	-	-	2,957
Disposals	(9,226)	(11,769)	(6,701)	(4,826)	-	(32,522)
Adjustment	-	-	-	9,045	-	9,045
At 31 December 2020, 1 January 2021 and 31 December 2021	<u>5,518</u>	<u>3,495</u>	<u>2,022</u>	<u>9,045</u>	<u>125,684</u>	<u>145,764</u>
Accumulated depreciation						
At 1 January 2020	11,936	15,262	7,596	4,826	38,183	77,803
Charge for the financial year	2,808	-	511	-	38,183	41,502
Disposals	(9,226)	(11,769)	(6,701)	(4,826)	-	(32,522)
Adjustment	-	-	-	9,045	-	9,045
At 31 December 2020 and 1 January 2021	<u>5,518</u>	<u>3,493</u>	<u>1,406</u>	<u>9,045</u>	<u>76,366</u>	<u>95,828</u>
Charge for the financial year	-	2	517	-	38,183	38,702
At 31 December 2021	<u>5,518</u>	<u>3,495</u>	<u>1,923</u>	<u>9,045</u>	<u>114,549</u>	<u>134,530</u>
Net carrying amount						
At 31 December 2020	-	2	616	-	49,318	49,936
At 31 December 2021	-	-	99	-	11,135	11,234

SPACES COUNSELING AND COMMUNITY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

9 PLANT AND EQUIPMENT (Continued)

Leasehold building comprises of a right-of-use asset acquired under a leasing arrangement which comprises of lease contract for its office premise. Details of such leased asset are disclosed in Note 12 to the financial statements.

10 PAYABLES

	<u>2021</u>	<u>2020</u>
	\$	\$
Accrued operating expenses	23,791	26,495
Provision for unutilised leaves	9,299	9,299
Deferred grant income	-	5,455
	<u>33,090</u>	<u>41,249</u>
Total payables (excluding provision for unutilised leaves)	23,791	31,950
Add: Lease liability (Note 12b)	<u>11,494</u>	<u>50,155</u>
Total financial liabilities carried at amortised cost	<u>35,285</u>	<u>82,105</u>

Payables are denominated in Singapore Dollar.

11 FUNDS

The unrestricted fund represents the accumulated income for meeting the expenditure in accordance with the objective of the Company.

Unrestricted funds comprise of the following:

(a) Oogachaga

This is for the counseling and support related to sexuality issues for lesbian, gay, bisexual, transgender and questioning communities as well as those who seek understanding on sexuality and sexual health issues.

(b) A Nation in Concert

This is an all-inclusive platform for all people to showcase their talents and abilities, embrace diversity, celebrate lives and foster the spirit of sharing and giving.

(c) Sometimes Light

This focus on providing corporate training services and motivational course as well as leadership development and training programs.

SPACES COUNSELING AND COMMUNITY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

12 LEASES

The Company has lease contract for its office premises, with varying terms and renewal options included in the agreement. The Company's obligations for its office premise lease are secured by the lessor's title to the leased asset. The Company is restricted from assigning and subleasing the leased asset.

- (a) Carrying amounts of right-of-use asset presented within the property, plant and equipment and disclosed in Note 9 to the financial statements

	<u>Office premises</u> \$
At 1 January 2020	87,501
Charge for the financial year	<u>(38,183)</u>
At 31 December 2020 and 1 January 2021	49,318
Charge for the financial year	<u>(38,183)</u>
At 31 December 2021	<u>11,135</u>

- (b) Lease liability

The carrying amounts of lease liability as at 31 December 2021 and 2020 are disclosed below.

	<u>2021</u> \$	<u>2020</u> \$
<u>Lease liability</u>		
Current	11,494	38,661
Non-current	-	11,494
	<u>11,494</u>	<u>50,155</u>

A reconciliation of liability arising from financing activities is as follows:

	<u>1.1.2021</u> \$	<u>Cash flows</u> \$	<u>Non-cash changes</u>		<u>31.12.2021</u> \$
			<u>Interest</u> \$	<u>Others</u> \$	
<u>Lease liability</u>					
Current	38,661	(39,600)	939	11,494	11,494
Non-current	11,494	-	-	(11,494)	-
	<u>50,155</u>	<u>(39,600)</u>	<u>939</u>	<u>-</u>	<u>11,494</u>

	<u>1.1.2020</u> \$	<u>Cash flows</u> \$	<u>Non-cash changes</u>		<u>31.12.2020</u> \$
			<u>Interest</u> \$	<u>Others</u> \$	
<u>Lease liability</u>					
Current	37,861	(39,900)	2,039	38,661	38,661
Non-current	50,155	-	-	(38,661)	11,494
	<u>88,016</u>	<u>(39,900)</u>	<u>2,039</u>	<u>-</u>	<u>50,155</u>

Lease liability is denominated in Singapore Dollar.

SPACES COUNSELING AND COMMUNITY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

12 LEASES (Continued)

- (c) Amounts recognised in profit or loss

	<u>2021</u>	<u>2020</u>
	\$	\$
Depreciation of right-of-use asset (Note 9)	38,183	38,183
Interest expense on lease liability (Note 6)	939	2,039
Rental concession (Note 5)	-	(5,376)
Total amounts recognised in profit or loss	<u>39,122</u>	<u>34,846</u>

- (d) Total net cash flows

The Company had total cash outflows for its lease of \$39,600 (2020: \$34,524).

13 RESERVES POSITION AND POLICY

The Company's reserves position for financial years ended 31 December 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>	<u>Increase</u>
	\$	\$	%
Unrestricted funds (reserves), representing total funds	<u>563,855</u>	<u>477,597</u>	18%
Total annual operating expenditure			
- Spent out of unrestricted fund, representing total annual operating expenditure	<u>362,452</u>	<u>330,352</u>	10%
Ratio of reserves to annual operating expenditure	1.56	1.45	

The Board of Directors has examined the Company's requirements for reserves to provide financial stability and the means for the development of the Company's principal activity. The current strategy is to build reserves through planned operating surpluses. The reserves are needed to meet the working capital requirements of the Company and the Board of Directors are confident that at this level they would be able to continue the current activities of the Company in the event of a significant drop in funding.

The Company's reserves detailed policy is as follows:

- The Company regards its unrestricted fund/accumulated fund as its reserves.
- The Company shall set aside sufficient reserves to provide financial stability to the organisation and the means for the development of its principal activities.
- The Company shall maintain its reserves at a level which is equivalent to a year's annual operating expenses in view of the 18 months' lead time for grants to be approved and disbursed. The Board of Directors regularly reviews the level of reserves to ensure that they are adequate to fulfil the Company's continuing obligations.

The Company intends to use the reserves in the following manner in the next 12 months:

- cover the necessary operational expenses to carry out our charitable work;
- conduct fundraising activities to raise more funds;
- ensure our partners and stakeholders that we are financially stable to continue our charitable work; and
- meet any administrative cost required to maintain our charitable status.

SPACES COUNSELING AND COMMUNITY LIMITED*Company Registration No.: 200402955N***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2021***14 FINANCIAL RISK MANAGEMENT**

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

The Company reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

Credit risk

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

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company.

The Company has adopted a policy of only dealing with creditworthy counterparties. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 30 days or there is significant difficulty of the counterparty.

To minimise credit risk, the Company has developed and maintained the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating;
- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; or
- Significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtors in the Company and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Company determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor;
- A breach of contract, such as a default or past due event; or
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

The Company categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for receivables.

Receivables

The Company's receivables comprise mainly of deposits and government funding receivables. These receivables are considered to be low credit risk as these have low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligation if demanded in the near term.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

The Company has no significant concentration of credit risk (2020: Nil). The carrying amount of these financial assets, as stated in the statement of financial position, represents the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Liquidity risk

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

The Company monitors and maintains a level of cash and bank balances deemed adequate by the Management Committee to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

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SPACES COUNSELING AND COMMUNITY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14 FINANCIAL RISK MANAGEMENT (Continued)**Liquidity risk (Continued)**Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2021			
	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>One year or less</u>	<u>One to five years</u>
	\$	\$	\$	\$
<u>Financial assets</u>				
Cash and cash equivalents	586,379	586,379	586,379	-
Receivables (excluding prepayments)	10,600	10,600	10,600	-
Total undiscounted financial assets	<u>596,979</u>	<u>596,979</u>	<u>596,979</u>	<u>-</u>
<u>Financial liabilities</u>				
Payables (excluding provision for unutilised leaves)	23,791	23,791	23,791	-
Lease liability (Note 12b)	11,494	11,550	11,550	-
Total undiscounted financial liabilities	<u>35,285</u>	<u>35,341</u>	<u>35,341</u>	<u>-</u>
Total net undiscounted financial assets	<u>561,694</u>	<u>561,638</u>	<u>561,638</u>	<u>-</u>
	2020			
	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>One year or less</u>	<u>One to five years</u>
	\$	\$	\$	\$
<u>Financial assets</u>				
Cash and cash equivalents	502,198	502,198	502,198	-
Receivables (excluding prepayments)	15,727	15,727	15,727	-
Total undiscounted financial assets	<u>517,925</u>	<u>517,925</u>	<u>517,925</u>	<u>-</u>
<u>Financial liabilities</u>				
Payables (excluding provision for unutilised leaves)	31,950	31,950	31,950	-
Lease liability (Note 12b)	50,155	51,150	39,600	11,550
Total undiscounted financial liabilities	<u>82,105</u>	<u>83,100</u>	<u>71,550</u>	<u>11,550</u>
Total net undiscounted financial assets/ (liabilities)	<u>435,820</u>	<u>434,825</u>	<u>446,375</u>	<u>(11,550)</u>

SPACES COUNSELING AND COMMUNITY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

15 FAIR VALUE OF ASSETS AND LIABILITIES

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

(a) Fair value hierarchy

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that are inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities not measured at fair value

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents, receivables and payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

Lease liability

The carrying amount of this balance approximates its fair value at the end of the reporting period as this obligation is computed at prevailing market interest rate and estimated using a present valuation techniques.

There have been no transfers between Level 1 and 2 during the financial years ended 31 December 2021 and 2020.

The Company has no fair value measurement recognised in the statement of financial position as at 31 December 2021 and 2020.

16 IMPACT OF COVID-19

The Coronavirus Disease (COVID-19) outbreak and the measures taken to contain the spread of the pandemic have created a high level of uncertainty to global economic prospects. However, this has not significantly impacted the Group's operations and its financial performance subsequent to the financial year end.