

ETONHOUSE COMMUNITY FUND LIMITED
(Public Company Limited by Guarantee)
Registration No. 201312095N
(Incorporated in Singapore)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2024
TOGETHER WITH DIRECTORS' STATEMENT
AND AUDITOR'S REPORT

ETONHOUSE COMMUNITY FUND LIMITED
(Incorporated in Singapore)

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The directors present their statement to the member together with the audited financial statements of EtonHouse Community Fund Limited (the "Company") for the financial year ended 31 December 2024.

In the opinion of the directors,

- (a) the financial statements of the Company as set out on pages 6 to 21 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2024 and of the financial activities, changes in funds and cash flows of the Company for the financial year then ended; and
- (b) 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.

The board of directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Oh Choo Ai	
Jagdeesh Kaur Sekhon	
Navin Amarasuriya	
Ng Zee Howe, Alex	
Kok Chee Yeong, Jared	
Koh Annie	
Ng Yi-Xian	
Zheng Renhao	(Appointed on 1 February 2024)
Tan Lee Thong	(Appointed on 30 September 2024)
Kuruneruge Pradeepa Saliya De Silva	(Appointed on 20 February 2025)

Under Article 9 of its Memorandum of Association, the member of the Company guarantees to contribute a sum not exceeding \$100 to the assets of the Company in the event the Company is being wound up. The Company has a sole member, EtonHouse International Holdings Pte. Ltd.

Directors' interests in shares or debentures

The Company is limited by guarantee and has no share capital. Therefore, no director had interests in any shares or debentures of the Company or related corporations at the end of the financial year.

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

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was 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.

DIRECTORS' STATEMENT (Continued)

Share options

As the Company is limited by guarantee and it has no share capital, the statutory information required to be disclosed under Section 201(12) of the Companies Act 1967 does not apply.

Independent auditors

The independent auditors, Crowe Horwath First Trust LLP, have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors



OH CHOO AI
Director



NG ZEE HOWE, ALEX
Director

30 April 2025

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
ETONHOUSE COMMUNITY FUND LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of EtonHouse Community Fund Limited (the "Company") set out on pages 6 to 21, which comprise the statement of financial position of the Company as at 31 December 2024, the statement of financial activities, statement of changes in funds and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information.

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 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 2024 and of the financial activities, 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ETONHOUSE COMMUNITY FUND LIMITED (Continued)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, the Charities 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.

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:

- 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
ETONHOUSE COMMUNITY FUND LIMITED (Continued)**

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

Report on Other Legal and Regulatory Requirements

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

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

- 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
- The Company has not complied the requirements of Regulations 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Cheng Sam Tai, Catherine.

A handwritten signature in black ink that reads "Crowe Horwath First Trust LLP".

Crowe Horwath First Trust LLP
Public Accountants and
Chartered Accountants
Singapore

30 April 2025

ETONHOUSE COMMUNITY FUND LIMITED
(Incorporated in Singapore)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024
(Amounts in Singapore dollars)

	Note	2024 \$	2023 \$
Member's Guarantee			
Member of \$100	4	100	100
ASSETS			
Non-current assets			
Equipment	5	2,292	487
Intangible asset	6	74,533	89,868
		76,825	90,355
Current assets			
Other receivable, deposit and prepayments	7	93,492	29,598
Cash and bank balances	8	3,704,226	4,373,523
		3,797,718	4,403,121
TOTAL ASSETS		3,874,543	4,493,476
LIABILITIES			
Non-current liabilities			
Other payable and accruals	9	28,761	-
		28,761	-
Current liabilities			
Other payable and accruals	9	134,194	112,678
Due to related companies (non-trade)	10	248,872	1,435
		383,066	114,113
TOTAL LIABILITIES		411,827	114,113
NET ASSETS		3,462,716	4,379,363
FUNDS			
Represented by:			
Restricted funds		-	-
Unrestricted funds		3,462,716	4,379,363
TOTAL FUNDS		3,462,716	4,379,363

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

ETONHOUSE COMMUNITY FUND LIMITED
(Incorporated in Singapore)

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024
(Amounts in Singapore dollars)

	2024			2023		
	Restricted funds	Unrestricted funds	Total funds	Restricted funds	Unrestricted funds	Total funds
	\$	\$	\$	\$	\$	\$
Incoming resources						
Donation income (Note 12)	-	244,433	244,433	-	1,763,914	1,763,914
Interest income	-	111,214	111,214	-	72,563	72,563
Government grant income (Note 13)	-	30,752	30,752	-	258,022	258,022
Total incoming resources	-	386,399	386,399	-	2,094,499	2,094,499
Resources expended						
Charitable activities (Note 14)	-	(1,078,323)	(1,078,323)	-	(634,913)	(634,913)
Governance cost	-	(11,997)	(11,997)	-	(15,624)	(15,624)
Other expenditures (Note 15)	-	(212,726)	(212,726)	-	(380,149)	(380,149)
Total resources expended	-	(1,303,046)	(1,303,046)	-	(1,030,686)	(1,030,686)
Net (deficit) / surplus for the year	-	(916,647)	(916,647)	-	1,063,813	1,063,813

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

ETONHOUSE COMMUNITY FUND LIMITED
(Incorporated in Singapore)

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024
(Amounts in Singapore dollars)

	Restricted funds	Unrestricted funds	Total funds
	\$	\$	\$
Balance at 1 January 2023	-	3,315,550	3,315,550
Total surplus for the year	-	1,063,813	1,063,813
Balance at 31 December 2023	-	4,379,363	4,379,363
Balance at 1 January 2024	-	4,379,363	4,379,363
Total deficit for the year	-	(916,647)	(916,647)
Balance at 31 December 2024	-	3,462,716	3,462,716

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

ETONHOUSE COMMUNITY FUND LIMITED
(Incorporated in Singapore)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024
(Amounts in Singapore dollars)

	Note	2024 \$	2023 \$
Cash flows from operating activities			
(Deficit)/Surplus after tax		(916,647)	1,063,813
Adjustments for:			
Depreciation of equipment	5	1,495	649
Amortisation of intangible assets	6	37,267	-
Interest income		(111,214)	(72,563)
Operating (deficit)/surplus before working capital changes		(989,099)	991,899
Other receivable, deposit and prepayments		(68,463)	91,123
Amount due to related parties		247,437	(9,919)
Other payable and accruals		50,277	90,758
Cash (used in) / generated from operations		(759,848)	1,163,861
Interest received		115,783	60,634
Net cash (used in) / from operating activities		(644,065)	1,224,495
Cash flows from investing activities			
Purchase of equipment		(3,300)	-
Purchase of intangible asset		(21,932)	(89,868)
Net cash used in investing activities		(25,232)	(89,868)
Cash flows from financing activities			
Payment on behalf by a related company		-	7,202
Repayment to a related company		-	(5,767)
Net cash from financing activities		-	1,435
Net (decrease) / increase in cash and bank balances		(669,297)	1,136,062
Cash and bank balances at beginning of year		4,373,523	3,237,461
Cash and bank balances at end of year	8	3,704,226	4,373,523

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

ETONHOUSE COMMUNITY FUND LIMITED
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024
(Amounts in Singapore dollars)

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

1. GENERAL INFORMATION

EtonHouse Community Fund Limited (the "Company"), incorporated in Singapore, is a public company limited by guarantee and registered as a charity under the Singapore Charities Act 1994. The address of the Company's registered office is at 8 Stevens Road, Singapore 257819.

The principal activities of the Company are philanthropy in childhood education and related charitable and humanitarian work. On 19 November 2024, the Company's status as an Institution of Public Character ("IPC") under the Charities Act 1994 (the "Charities Act") was renewed until 12 July 2026.

The Company has Memorandum and Articles of Association as its governing instrument.

Ms. Lim Cheok Hui has appointed as chief executive officer on 2 January 2024.

The financial statements for the financial year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 30 April 2025.

2. BASIS OF PREPARATION

2.1. Basis of measurement

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the Singapore Financial Reporting Standards ("FRS").

The preparation of the financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. There were no significant critical accounting estimates and assumptions used, or critical judgment applied.

2.2. Functional and presentation currency

The financial statements are presented in Singapore dollars ("S\$"), which is the functional currency of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. MATERIAL ACCOUNTING POLICY

Restricted funds

The restricted funds are funds which are available to be used for specific purpose and programs.

Unrestricted funds

The unrestricted funds are funds which are available to be used at the discretion of the governing board members in furtherance of the Company's objects.

Donations

Donations are recognised as and when the Company's entitlement to such income is established with no significant uncertainty and amounts can be measured with sufficient reliability, which generally coincide with the receipt of the amounts due in full or by instalments. Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

Government grants

Government grants are recognised at their fair value when there is reasonable assurance that the grant will be received and that the Company will comply with. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is amortised to profit or loss on a systematic basis over the expected useful life of the relevant asset.

4. MEMBER'S GUARANTEE

The Company is limited by guarantee whereby each member of the Company undertakes to meet the debts and liabilities of the Company in the event of its liquidation, to an amount not exceeding \$100 (2023: \$100) per member.

As at 31 December 2024, the Company has 1 member (2023: 1 member). The member is an entity controlled by certain directors of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. EQUIPMENT

	Computer
	\$
Cost	
As at 1 January 2023 and 31 December 2023	4,697
As at 1 January 2024	4,697
Additions	3,300
As at 31 December 2024	7,997
Accumulated depreciation	
As at 1 January 2023	3,561
Charge for the year	649
As at 31 December 2023	4,210
As at 1 January 2024	4,210
Charge for the year	1,495
As at 31 December 2024	5,705
Net carrying amount	
As at 31 December 2024	2,292
As at 31 December 2023	487

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. INTANGIBLE ASSET

	Computer software
	\$
Cost	
As at 1 January 2023	-
Additions	89,868
As at 31 December 2023	89,868
As at 1 January 2024	89,868
Additions	21,932
As at 31 December 2024	111,800
Accumulated amortisation	
As at 1 January 2023 and 31 December 2023	-
Charge for the year	37,267
As at 31 December 2024	37,267
Net carrying amount	
As at 31 December 2024	74,533
As at 31 December 2023	89,868

Computer software relates to a software acquired by the Company to automate its charity activity. The computer software will be fully amortised in 3 years.

7. OTHER RECEIVABLE, DEPOSIT AND PREPAYMENTS

	2024	2023
	\$	\$
Fixed deposits interest receivables	7,360	11,929
Deposit	1,915	1,915
Prepayments	84,217	15,754
	93,492	29,598

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. CASH AND BANK BALANCES

	2024 \$	2023 \$
Bank balances	210,210	623,221
Fixed deposits (Note A)	3,494,016	3,750,302
	<u>3,704,226</u>	<u>4,373,523</u>

Note A

Fixed deposits have an average maturity period of 30 - 90 days (2023: 30 - 90 days) and yield interest income at interest rate of 2.86% - 3.02% (2023: 3.73% - 3.79%) per annum.

9. OTHER PAYABLES AND ACCRUALS

	2024 \$	2023 \$
Other payables	38,125	2,656
Deferred government grant income		
- Non-current	28,761	-
- Current	28,761	86,285
	<u>57,522</u>	<u>86,285</u>
Accrued expenses	67,308	23,737
	<u>162,955</u>	<u>112,678</u>

Deferred government grant income refers to a grant received which will be amortised over 3 years, based on the expected useful life of intangible asset in Note 6.

10. DUE TO RELATED COMPANIES (NON-TRADE)

These balances are unsecured, interest-free and repayable on demand.

11. TAX EXEMPT DONATIONS

The Company received tax exempt donations amounting to \$157,187 (2023: \$1,553,617) during the financial year.

12. DONATION INCOME

In accordance with Charities (Institution of a Public Character) Regulations, the Company is required to disclose fund-raising appeals with gross receipts of more than \$1,000,000.

There are no fund-raising appeals with gross receipts of more than \$1,000,000 during the reporting year ended 31 December 2024.

During the year, the Company received \$121,383 (2023: \$668,016) donation income from a related company as disclosed in Note 16.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. GOVERNMENT GRANT INCOME

	2024	2023
	\$	\$
Other credit scheme	1,991	8,022
Tote Board Grant	28,761	250,000
	<u>30,752</u>	<u>258,022</u>

14. CHARITABLE ACTIVITIES

	2024		
	<u>Direct Costs</u>	<u>Support Costs</u>	<u>Total</u>
	\$	\$	\$
Pre-school support	454,656	94,044	548,700
Teacher Everywhere and Joyful Learning	62,464	291,605	354,069
Other programmes	93,292	82,262	175,554
	<u>610,412</u>	<u>467,911</u>	<u>1,078,323</u>

	2023		
	<u>Direct Costs</u>	<u>Support Costs</u>	<u>Total</u>
	\$	\$	\$
Pre-school support	249,566	83,953	333,519
Teacher Everywhere and Joyful Learning	32,101	87,451	119,552
Other programmes	108,383	73,459	181,842
	<u>390,050</u>	<u>244,863</u>	<u>634,913</u>

15. OTHER EXPENDITURES

	2024	2023
	\$	\$
Administrative support fee	97,150	104,941
Community outreach expenses	27,484	14,998
Depreciation and amortisation	38,762	649
Fund-raising expenses	-	255,870
Office overheads	49,330	3,691
	<u>212,726</u>	<u>380,149</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. RELATED PARTY INFORMATION

Some of the arrangements with related parties and the effects of these bases determined between the parties are reflected elsewhere in this report. Details of transactions between the Company and other related parties are disclosed below:

	2024	2023
	\$	\$
Donation income from a related company	121,383	668,016
Donation income from key management personnel	5,360	54,200
Students' sponsorship to related companies	(298,926)	(226,990)
Expenses paid on behalf by related companies	(161,544)	(7,244)

These related companies comprise mainly companies which are controlled or jointly controlled by the Company's key management personnel and their close family members.

17. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, credit risk and liquidity risk. The Company's policies for managing each of these risks are summarised below.

It is the Company's policy not to trade in derivative contracts.

(i) Interest rate risk

The Company's exposure to interest rate risk relates primarily to fixed deposits placed with financial institution as disclosed in Note 8.

(ii) Credit risk

Credit risk is limited to the risk arising from bank balances at the reporting date. No other financial assets carry a significant exposure to credit risk.

There had been no significant increase in credit risk since initial recognition. Bank balances are placed with reputable financial institutions with high credit ratings.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies (Continued)

(ii) Credit risk (Continued)

Expected Credit Losses

The management assess that there are no material ECL on cash and bank balances.

The management considers the bank balances that are deposited with the financial institutions with high credit rating to be low credit risk financial assets. There had been no significant increase in credit risk since initial recognition.

(iii) Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and bank balances deemed adequate by management to finance the Company's activities.

The financial liabilities of the Company as at 31 December 2024 are repayable on demand or settled within 1 year from the reporting date.

Funds management

The funds of the Company comprise solely of the charity funds. Disbursement and usage of charity funds are restricted to the purpose of meeting the Company's charitable objectives. Where a donor has specified the purpose of the donation, the disbursement and usage of these charity funds shall be used for that purpose. The Company aims to safeguard these funds through appropriate operating policies.

The Company's overall strategy remains unchanged from 2023.

18. FAIR VALUES DISCLOSURES

The Company has no financial assets and liabilities carried at fair value in 2024 and 2023.

The carrying amounts of cash and bank balances, other payable, and amounts due to related companies are reasonable approximation of fair values due to their relatively short-term nature.

19. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

Equipment

All items of equipment are initially recorded at cost. The cost of an item of equipment initially recognised includes its purchase price and any cost that is 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. The cost of an item of equipment including subsequent expenditure is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

Equipment (Continued)

After initial recognition, equipment is stated at cost less accumulated depreciation and any accumulated impairment loss. All items of equipment are depreciated using the straight-line method to write-off the cost of the assets over their estimated useful lives as follows:

	<u>Useful life</u> <u>(Years)</u>
Computer	3

The estimated useful life and depreciation method are reviewed, and adjusted as appropriate, at each reporting date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of equipment. Fully depreciated assets are retained in the financial statements until they are no longer in use.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss within "Other operating income / (expenses)".

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost, which includes the purchase price and other directly attributable cost of preparing the asset for its intended use. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

Acquired computer software licences

Computer software licences was acquired separately and is amortised on a straight-line basis over its finite useful life of 3 years.

Financial assets and liabilities

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial assets or financial liabilities are initially recognised at fair value plus, in the case of financial assets or liabilities not at fair value through profit or loss, directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

Financial assets and liabilities (Continued)

(ii) Classification and subsequent measurement

Financial assets

Financial assets are classified and subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, at the following categories:

- Amortised costs
- Fair value through Other Comprehensive Income (FVOCI) – Debt investments
- FVOCI – Equity investments
- Fair value through profit or loss (FVPL)

Financial assets are not reclassified after initial recognition unless the Company changes its business model for managing financial assets, in which case such reclassification will be applied prospectively from the reclassification date.

Financial assets at amortised costs

Unless designated at FVPL, financial assets are measured at amortised costs if:

- It is held within a business model with an objective to hold the assets to collect contractual cash flows; and
- Its contractual cash flows comprise of solely principal and interest on the principal amount outstanding

These assets, mainly amount due from a related company and bank balances, are subsequently measured at amortised costs using the effective interest rate method, which is reduced by impairment losses. Interest income, foreign exchange differences, and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

As at the reporting date, the Company does not have other categories of financial assets except for financial assets at amortised costs.

Financial liabilities

Financial liabilities are subsequently measured at amortised costs unless it is held for trading (including derivative liabilities), or designated as financial liabilities at FVPL on initial recognition to significantly reduce accounting mismatch or when a group of financial liabilities are managed whose performance is evaluated on a fair value basis.

Financial liabilities at amortised costs are subsequently measured at amortised costs using the effective interest rate method. Interest expense and foreign exchange differences are recognised in profit or loss. These financial liabilities mainly comprise other payables and accruals and amount due to related companies.

The Company does not have financial liabilities at FVPL.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

Financial assets and liabilities (Continued)

(iii) Derecognition

Financial assets

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial assets. On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the derecognition date and the sum of the consideration received is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the marketplace concerned.

Financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires. The Company also derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount of the financial liabilities extinguished, or transferred and the consideration paid (including non-cash transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Interest income

Interest income is recognised on time-proportioned basis using the effective interest method.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

20. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

The Company has not adopted the new or revised standards and interpretations that have been issued but not yet effective. The directors expect that the adoption of the other standards and interpretations will have no material impact on the financial statements in the period of initial application.