

Directors' Statement and Audited Consolidated Financial Statements

LUTHERAN COMMUNITY CARE SERVICES LIMITED

Registration No. 200207586Z
(A public company limited by guarantee)
(Incorporated in Singapore)

AND ITS SUBSIDIARY

For the Financial Year Ended
31 December 2025

LUTHERAN COMMUNITY CARE SERVICES LIMITED AND ITS SUBSIDIARY
(A public company limited by guarantee)

General Information

Directors

Lau Peng Soon (Liu Bingshun)
Loh Kah Choon
Lee Henry
Oey Bie Lan @ Hwie Kiaw @ Lanny Widjaja
Seow Chun Yann (Xiao Junyan)
Tan Shi Song
Tan Wei Ling, Joyce (Chen Weiling, Joyce)

Secretary

Lau Peng Soon (Liu Bingshun)

Registered office

3779 Jalan Bukit Merah
#02-01 Bukit Merah Community Hub
Singapore 159462

Auditor

Jia Yue (S) LLP

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LUTHERAN COMMUNITY CARE SERVICES LIMITED AND ITS SUBSIDIARY
(A public company limited by guarantee)

Directors' Statement
For the Financial Year Ended 31 December 2025

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Lutheran Community Care Services Limited (the Company) and its subsidiary (collectively, the Group) and the audited financial statements of the Company for the financial year ended 31 December 2025.

1. Opinion of the directors

In the opinion of the directors:

- (a) the financial statements of the Group and the Company are drawn up in accordance with the provisions of the Charities Act 1994 and other relevant regulations, the Companies Act 1967 and Financial Reporting Standards in Singapore so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and the financial performance, changes in funds and cash flows of the Group and the Company for the financial year ended on that date; 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.

2. Directors

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

Lau Peng Soon (Liu Bingshun)
Loh Kah Choon
Lee Henry
Oey Bie Lan @ Hwie Kiaw @ Lanny Widjaja
Seow Chun Yann (Xiao Junyan)
Tan Shi Song
Tan Wei Ling, Joyce (Chen Weiling, Joyce)

3. Arrangements to enable directors to acquire benefits

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 any other body corporate.

4. Other matters

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.

LUTHERAN COMMUNITY CARE SERVICES LIMITED AND ITS SUBSIDIARY
(A public company limited by guarantee)

Directors' Statement (Cont'd)
For the Financial Year Ended 31 December 2025

5. Auditor

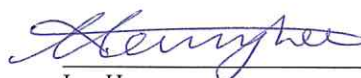
Jia Yue (S) LLP has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors



Oey Bie Lan @ Hwie Kiaw
@ Lanny Widjaja
Director

Singapore
30 April 2026



Lee Henry

Director

INDEPENDENT AUDITOR'S REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

TO THE MEMBERS OF LUTHERAN COMMUNITY CARE SERVICES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lutheran Community Care Services Limited (the Company) and its subsidiary (collectively, the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2025, and the statements of profit or loss and other comprehensive income, statements of changes in funds and statements of cash flows of the Group and 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 of the Group and the Company are properly drawn up in accordance with the provisions of the Charities Act 1994 and other relevant regulations (the Charities Act and Regulations), the Companies Act 1967 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2025 and of the financial performance, changes in funds and cash flows of the Group and 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 Group 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 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 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

TO THE MEMBERS OF LUTHERAN COMMUNITY CARE SERVICES LIMITED

Report on the Audit of the Financial Statements (Cont'd)

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 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group'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 Group'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 Group'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 Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

TO THE MEMBERS OF LUTHERAN COMMUNITY CARE SERVICES LIMITED

Report on the Audit of the Financial Statements (Cont'd)

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

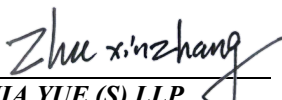
Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore of which we are the auditor has been properly kept in accordance with the provisions of the Act.

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

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

The engagement partner on the audit resulting in this independent auditors' report is Zhu Xinzhang.


JIA YUE (S) LLP
Public Accountants and
Chartered Accountants

Singapore
30 April 2026

LUTHERAN COMMUNITY CARE SERVICES LIMITED AND ITS SUBSIDIARY
(A public company limited by guarantee)

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Financial Year Ended 31 December 2025

Group	Note	2025		Total	2024
		Unrestricted S\$	Restricted S\$		Total S\$
Revenue	4	2,203,144	756,162	2,959,306	2,384,327
Other items of income					
Other income	5	240,394	—	240,394	246,850
Other items of expense:					
Amortisation of intangible asset	11	2,723	7,142	9,865	9,415
Depreciation of plant and equipment	10	19,725	48,503	68,228	69,454
Employee benefits expense	6	657,615	1,348,801	2,006,416	1,967,912
Fund raising event expenses		120,108	—	120,108	105,702
Programme expenses		175,399	71,218	246,617	232,033
Finance costs	7	3,728	—	3,728	6,707
Other expenses	8	75,008	31,144	106,152	129,567
Profit (Loss) before income tax		1,389,232	(750,646)	638,586	110,387
Income tax expense	9(a)	—	—	—	—
Profit (loss) for the financial year, representing total comprehensive income (loss) for the financial year		<u>1,389,232</u>	<u>(750,646)</u>	<u>638,586</u>	<u>110,387</u>

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

LUTHERAN COMMUNITY CARE SERVICES LIMITED AND ITS SUBSIDIARY
(A public company limited by guarantee)

Statement of Profit or Loss and Other Comprehensive Income
For the Financial Year Ended 31 December 2025

Company	Note	2025			2024
		Unrestricted S\$	Restricted S\$	Total S\$	Total S\$
Revenue	4	2,023,284	756,162	2,779,446	2,190,293
Other items of income					
Other income	5	240,309	–	240,309	246,725
Other items of expense:					
Amortisation of intangible asset	11	2,723	7,142	9,865	9,415
Depreciation of plant and equipment	10	18,490	48,503	66,993	69,145
Employee benefits expense	6	517,287	1,348,801	1,866,088	1,804,614
Fund raising event expenses		120,108	–	120,108	105,702
Programme expenses		175,399	71,218	246,617	231,860
Finance costs	7	3,728	–	3,728	6,707
Other expenses	8	36,762	31,144	67,906	100,043
Profit (loss) before income tax		1,389,096	(750,646)	638,450	109,532
Income tax expense	9(a)	–	–	–	–
Profit (loss) for the financial year, representing total comprehensive income (loss) for the financial year		<u>1,389,096</u>	<u>(750,646)</u>	<u>638,450</u>	<u>109,532</u>

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

LUTHERAN COMMUNITY CARE SERVICES LIMITED AND ITS SUBSIDIARY
(A public company limited by guarantee)

Statements of Financial Position
As at 31 December 2025

		Group		Company	
	Note	2025	2024	2025	2024
		S\$	S\$	S\$	S\$
ASSETS					
Non-current assets					
Property, plant and equipment	10	49,515	112,557	47,354	109,161
Intangible asset	11	9,175	19,040	9,175	19,040
Investment in a subsidiary	12	—	—	1,772	1,772
		<u>58,690</u>	<u>131,597</u>	<u>58,301</u>	<u>129,973</u>
Current assets					
Cash and bank balances	13	2,422,744	1,682,350	2,403,342	1,666,314
Trade and other receivables	14	89,509	310,297	100,199	321,642
		<u>2,512,253</u>	<u>1,992,647</u>	<u>2,503,541</u>	<u>1,987,956</u>
TOTAL ASSETS		<u><u>2,570,943</u></u>	<u><u>2,124,244</u></u>	<u><u>2,561,842</u></u>	<u><u>2,117,929</u></u>
LIABILITIES					
Non-current liabilities					
Lease liabilities	17(b)	—	43,058	—	43,058
		<u>—</u>	<u>43,058</u>	<u>—</u>	<u>43,058</u>
Current liabilities					
Trade and other payables	15	76,074	205,922	69,491	201,989
Lease liabilities	17(b)	45,798	64,779	45,798	64,779
		<u>121,872</u>	<u>270,701</u>	<u>115,289</u>	<u>266,768</u>
TOTAL LIABILITIES		<u><u>121,872</u></u>	<u><u>313,759</u></u>	<u><u>115,289</u></u>	<u><u>309,826</u></u>
NET ASSETS		<u><u>2,449,071</u></u>	<u><u>1,810,485</u></u>	<u><u>2,446,553</u></u>	<u><u>1,808,103</u></u>
FUNDS					
General reserve funds		2,577,111	2,174,540	2,574,593	2,172,158
Restricted funds	16	(128,040)	(364,055)	(128,040)	(364,055)
TOTAL FUNDS		<u><u>2,449,071</u></u>	<u><u>1,810,485</u></u>	<u><u>2,446,553</u></u>	<u><u>1,808,103</u></u>

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

LUTHERAN COMMUNITY CARE SERVICES LIMITED AND ITS SUBSIDIARY
(A public company limited by guarantee)

Consolidated Statement of Changes in Funds
For the Financial Year Ended 31 December 2025

Group	General reserve funds S\$	Restricted funds S\$	Total S\$
2025			
Balance at 1 January 2025	2,174,540	(364,055)	1,810,485
Total comprehensive income (loss) for the financial year	1,389,232	(750,646)	638,586
Transfer of deficit balance of restricted funds upon completion of programmes (Note 16)	(986,661)	986,661	—
Balance at 31 December 2025	<u>2,577,111</u>	<u>(128,040)</u>	<u>2,449,071</u>
2024			
Balance at 1 January 2024	2,109,978	(409,880)	1,700,098
Total comprehensive income (loss) for the financial year	321,396	(211,009)	110,387
Transfer of deficit balance of restricted funds upon completion of programmes (Note 16)	(256,834)	256,834	—
Balance at 31 December 2024	<u>2,174,540</u>	<u>(364,055)</u>	<u>1,810,485</u>

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

LUTHERAN COMMUNITY CARE SERVICES LIMITED AND ITS SUBSIDIARY
(A public company limited by guarantee)

Statement of Changes in Funds
For the Financial Year Ended 31 December 2025

Company	General reserve funds S\$	Restricted funds S\$	Total S\$
2025			
Balance at 1 January 2025	2,172,158	(364,055)	1,808,103
Total comprehensive income (loss) for the financial year	1,389,096	(750,646)	638,450
Transfer of deficit balance of restricted funds upon completion of programmes (Note 16)	(986,661)	986,661	—
Balance at 31 December 2025	<u>2,574,593</u>	<u>(128,040)</u>	<u>2,446,553</u>
2024			
Balance at 1 January 2024	2,108,451	(409,880)	1,698,571
Total comprehensive income (loss) for the financial year	320,541	(211,009)	109,532
Transfer of deficit balance of restricted funds upon completion of programmes (Note 16)	(256,834)	256,834	—
Balance at 31 December 2024	<u>2,172,158</u>	<u>(364,055)</u>	<u>1,808,103</u>

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

LUTHERAN COMMUNITY CARE SERVICES LIMITED AND ITS SUBSIDIARY
(A public company limited by guarantee)

Consolidated Statement of Cash Flows
For the Financial Year Ended 31 December 2025

	Note	Group	
		2025	2024
		S\$	S\$
Cash flows from operating activities			
Profit before tax		638,586	110,387
Adjustments for:			
Depreciation of plant and equipment	10	68,228	69,454
Amortisation of intangible asset	11	9,865	9,415
Interest income from fixed deposits	5	(25,342)	(37,649)
Interest expense	7	3,728	6,707
Operating cash flow before working capital changes		695,065	158,314
Change in working capital:			
Trade and other receivables		210,288	(134,609)
Trade and other payables		(129,848)	149,258
Net cash generated from operating activities		775,505	172,963
Cash flow from investing activities			
Purchase of plant and equipment	10	(11,053)	(7,182)
Subsidy for purchase of plant and equipment	10	5,867	—
Purchase of intangible assets		—	(13,150)
Subsidy for purchase of intangible assets		—	9,000
Fixed deposits		368,970	(42,748)
Net cash flow generated from (used in) investing activities		363,784	(54,080)
Cash flow from financing activities			
Interest paid		(3,728)	(6,707)
Payment of principal portion of lease liabilities		(62,039)	(59,059)
Net cash flow used in financing activities		(65,767)	(65,766)
Net increase in cash and cash equivalents		1,073,522	53,117
Cash and cash equivalents at the beginning of the financial year		431,848	378,731
Cash and cash equivalents at the end of the financial year	13	1,505,370	431,848

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

LUTHERAN COMMUNITY CARE SERVICES LIMITED AND ITS SUBSIDIARY
(A public company limited by guarantee)

Statement of Cash Flows
For the Financial Year Ended 31 December 2025

		Company	
	Note	2025	2024
		S\$	S\$
Cash flows from operating activities			
Profit before tax		638,450	109,532
Adjustments for:			
Depreciation of plant and equipment	10	66,993	69,145
Amortisation of intangible asset	11	9,865	9,415
Interest income from fixed deposits	5	(25,342)	(37,649)
Interest expense	7	3,728	6,707
Operating cash flow before working capital changes		693,694	157,150
Change in working capital:			
Trade and other receivables		210,943	(138,614)
Trade and other payables		(132,498)	149,396
Net cash generated from operating activities		772,139	167,932
Cash flow from investing activities			
Purchase of plant and equipment	10	(11,053)	(3,477)
Subsidy for purchase of plant and equipment	10	5,867	—
Purchase of intangible assets		—	(13,150)
Subsidy for purchase of intangible assets		—	9,000
Fixed deposits		368,970	(42,748)
Net cash flow generated from (used in) investing activities		363,784	(50,375)
Cash flow from financing activities			
Interest paid		(3,728)	(6,707)
Payment of principal portion of lease liabilities		(62,039)	(59,059)
Net cash flow used in financing activities		(65,767)	(65,766)
Net increase in cash and cash equivalents		1,070,156	51,791
Cash and cash equivalents at the beginning of the financial year		415,812	364,021
Cash and cash equivalents at the end of the financial year	13	1,485,968	415,812

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

LUTHERAN COMMUNITY CARE SERVICES LIMITED AND ITS SUBSIDIARY
(A public company limited by guarantee)

Notes to the Financial Statements
For the Financial Year Ended 31 December 2025

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

1. General Information

Lutheran Community Care Services Limited (the Company) is a public company limited by guarantee incorporated and domiciled in Singapore (Company Registration Number: 200207586Z). It is an approved charitable organisation under the Charities Act 1994, registered on 30 January 2003. The registered office is located at 3779 Jalan Bukit Merah, #02-01 Bukit Merah Community Hub, Singapore 159462.

The principal activities of the Company are providing care and ministering for the elderly and young in the community by way of counselling and mentoring programmes for the youths. The principal activities of the subsidiary are disclosed in Note 12 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

The Company is granted the Institute of Public Character (IPC) status and is qualified to issue tax deductible receipts for outright donations designated for its counselling and mentoring related programmes as stated in its objects of Constitution. This status is granted from 1 November 2025 to 31 October 2028.

2. Material Accounting Policy Information

2.1 Basis of preparation

The financial statements of the Group and the Company have been drawn up in accordance with the provisions of the Charities Act 1994 and other relevant regulations (the Charities Act and Regulations), the Companies Act 1967 (the Act) 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 are presented in Singapore dollar (SGD or S\$) which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest dollar unless otherwise indicated.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

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 Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2025.

The adoption of these standards did not have any material effect on the financial performance or position of the Group.

LUTHERAN COMMUNITY CARE SERVICES LIMITED AND ITS SUBSIDIARY
(A public company limited by guarantee)

Notes to the Financial Statements
For the Financial Year Ended 31 December 2025

2. Material Accounting Policy Information (Cont'd)

2.3 *Standard issued but not yet effective*

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 109 Financial Instruments and FRS 107 Financial Instruments:	
Disclosures: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvement to FRSs Volume 11	1 January 2026
FRS 118 Presentation and Disclosure in Financial Statements	1 January 2027
FRS 119 Subsidiaries and Small Entities without Public Accountability	1 January 2027

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 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the end of the reporting period. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2.5 *Foreign currency*

The financial statements are presented in Singapore Dollars (SGD or S\$), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

LUTHERAN COMMUNITY CARE SERVICES LIMITED AND ITS SUBSIDIARY
(A public company limited by guarantee)

Notes to the Financial Statements
For the Financial Year Ended 31 December 2025

2. Material Accounting Policy Information (Cont'd)

2.5 Foreign currency (Cont'd)

(a) Foreign currency transactions and balances

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.6 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 the 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 computed on a straight-line basis over the estimated useful lives of the assets as follows:

	<u>Useful lives</u>
Leasehold office	3 years
Furniture and fittings	3 years
Office equipments	3 years
Computers	3 years
Renovation	3 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use. The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2025

2. Material Accounting Policy Information (Cont'd)

2.6 *Plant and equipment (Cont'd)*

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.

2.7 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite which is 3 years.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition 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 profit or loss when the asset is derecognized.

2.8 *Impairment of non-financial assets*

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

An asset's recoverable amount is the higher of an assets 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 groups 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, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2025

2. Material Accounting Policy Information (Cont'd)

2.8 Impairment of non-financial assets (Cont'd)

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 unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses relating to goodwill cannot be reversed in future periods.

2.9 Subsidiary

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In the Company's separate financial statements, investments in subsidiary are accounted for at cost less impairment losses.

2.10 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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

Trade receivables are measured at the amount of consideration to which the Group 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

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income (FVOCI) and FVPL.

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

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2. Material Accounting Policy Information (Cont'd)

2.10 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

Subsequent measurement (Cont'd)

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

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 and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group 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 fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss 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.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2025

2. Material Accounting Policy Information (Cont'd)

2.11 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group 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 trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group 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 debtor's ability to pay.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.12 *Cash and cash equivalents*

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

2.13 *Provisions*

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

Notes to the Financial Statements
For the Financial Year Ended 31 December 2025

2. Material Accounting Policy Information (Cont'd)

2.13 Provisions (Cont'd)

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

2.14 Government grants

Government grants are recognised when there is reasonable assurance that the grants will be received and all attaching conditions will be complied with.

Grants relating to assets is presented in the statement of financial position by deducting the grant in arriving at the carrying value of the asset. The grant is then recognised in profit or loss over the useful life of the depreciable asset by way of a reduced depreciation charge.

Government grants related to income that are receivable as compensation for expenses or losses incurred, shall be recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for the purpose of giving immediate financial support to the Group with no future related costs, are recognised in profit or loss in the period in which they become receivable.

2.15 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore company in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlements

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

Notes to the Financial Statements
For the Financial Year Ended 31 December 2025

2. Material Accounting Policy Information (Cont'd)

2.16 Leases

The Group 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.

(a) As lessee

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

Right-of-use assets

The Group 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 Group 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.

Lease liabilities

At the commencement date of the lease, the Group 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 Group and payments of penalties for terminating the lease, if the lease term reflects the Group 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 Group 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 Group's lease liabilities are disclosed in Note 17.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2025

2. Material Accounting Policy Information (Cont'd)

2.16 Leases (Cont'd)

(a) As lessee (Cont'd)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of the premises (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Group's investment properties is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.17 Revenue recognition

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

Revenue is recognised when the Group 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 over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Donations and income from fund raising activities are recognised as and when the Group entitlement to such income is established with certainty and the amount can be measured with sufficient reliability. This normally coincides with the receipt of the donation and income from the fund raising activities. Donations received in advance for future fund raising activities are deferred and recognised as incoming resources as and when the fund raising activities are held;

The accounting policies for government grants related to income are stated in Note 2.14.

Programme fee is recognised when services are rendered and accepted by customers.

Interest income is recognised as the interest accrues based on the effective interest method.

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2. Material Accounting Policy Information (Cont'd)

2.18 Income Tax

The Company has been registered as a Charity under the Singapore Charities Act and is exempted from income tax under the provisions of the Income Tax Act 1947.

The subsidiary has been registered as a private company under the Singapore Companies Act and the following accounting policies relating to taxation are applied:

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided, using the liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.19 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event(s) not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

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2. Material Accounting Policy Information (Cont'd)

2.19 Contingencies (Cont'd)

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.20 Funds

The General reserve funds are unrestricted funds which are available to be used for any of the Group's purposes and in which the accumulated profits or losses of subsidiary of the Company are allocated.

Fund balances restricted by fund providers are so indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the Management.

Restricted funds are distinguished from unrestricted funds and may only be utilized in accordance with the purposes established by the source of such funds or through the terms of an appeal and are in contrast with unrestricted funds over which the Management retains full control to use in the furtherance of the general objectives of the Group and which have not been designated for specific purposes. An expense resulting from the operating activities of a fund that is directly attributable to the fund is charged to that fund.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2025

3. Significant Accounting Estimates and Judgements

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

3.1 Judgements made in applying accounting policies

Management is of the opinion that any instances of application of judgements on the Group's accounting policies are not expected to have a significant effect of the amounts recognised in the financial statements.

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 Group 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 Group. Such changes are reflected in the assumptions when they occur.

Leases – estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

The net carrying amount of right-of-use asset and lease liabilities at 31 December 2024 and the annual depreciation charge and interest expenses on lease liabilities for the financial year ended 31 December 2024 are disclosed in Note 17. Any changes in the incremental borrowing rate would affect the net carrying amount of right-of-use asset and lease liabilities, and the depreciation charge and interest expenses on lease liabilities for the financial year.

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4. Revenue

	Group		Company	
	2025	2024	2025	2024
	S\$	S\$	S\$	S\$
Donation income - unrestricted				
- Lutheran Church in Singapore and its member congregations	110,500	100,000	110,500	100,000
- The subsidiary	—	—	2,500	24,000
- Third parties	255,212	219,576	255,212	219,576
	365,712	319,576	368,212	343,576
Donation income relating to programmes - restricted (Note 16)	90,410	123,990	90,410	123,990
Income from fund raising activities	388,550	437,636	388,550	437,636
Programme fees	835,930	720,262	643,070	492,232
Professional fees charged to the subsidiary	—	—	10,500	9,996
Government grants relating to programmes - unrestricted				
- Enhanced Fund-Raising Programme	612,952	52,800	612,952	52,800
- Transformation Support Scheme	—	(6,168)	—	(6,168)
	612,952	46,632	612,952	46,632
Government grants relating to programmes - restricted (Note 16)	665,752	736,231	665,752	736,231
	2,959,306	2,384,327	2,779,446	2,190,293

The total amount of tax-deductible donations received for financial year ended 31 December 2025 is S\$573,140 (2024: S\$564,551).

5. Other Income

	Group		Company	
	2025	2024	2025	2024
	S\$	S\$	S\$	S\$
Government grants				
- Professional conversion programmes grant	71,625	59,996	71,625	59,996
- VCF/SSG/SFC	82,583	96,704	82,583	96,704
- SG60 towards sustainability fund	30,000	—	30,000	—
- Our Singapore fund -circles of life	1,668	—	1,668	—
- Wage credit scheme	10,250	6,446	10,250	6,446
- Customer management system grant	—	10,096	—	10,096
- Data protection essentials grant	—	9,792	—	9,792
- Cyber security essentials grant	—	8,040	—	8,040
- Others	17,812	14,735	17,812	14,735
	213,938	205,809	213,938	205,809
Interest income from fixed deposits	25,342	37,649	25,342	37,649
Miscellaneous income	1,114	3,392	1,029	3,267
	240,394	246,850	240,309	246,725

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6. Employee Benefits Expense

	Group		Company	
	2025	2024	2025	2024
	S\$	S\$	S\$	S\$
Salaries	1,562,803	1,549,902	1,452,157	1,421,705
Bonus	120,641	124,776	112,207	114,059
CPF contribution	271,136	258,056	252,626	235,742
Allowances	8,179	9,314	7,765	8,834
Medical expenses	10,294	6,188	9,170	5,798
Welfare	4,906	415	4,906	415
Staff training expenses	7,447	7,860	7,447	7,860
Staff insurance	11,871	12,353	10,671	11,153
Staff ex-gratia payment	5,000	-	5,000	-
Provision of unutilised leave	4,139	(952)	4,139	(952)
	<u>2,006,416</u>	<u>1,967,912</u>	<u>1,866,088</u>	<u>1,804,614</u>

7. Finance Costs

	Group and Company	
	2025	2024
	S\$	S\$
Interest expenses on lease liabilities (Note 17(b))	<u>3,728</u>	<u>6,707</u>

8. Other Expenses

	Group		Company	
	2025	2024	2025	2024
	S\$	S\$	S\$	S\$
Associate counsellor fee	30,380	34,505	30,380	34,505
Lease expenses (Note 17(c))	3,467	2,066	(2,261)	(3,382)
Legal and professional fee	17,273	41,476	11,753	35,798
Impairment on other receivables (Note 14)	12,767	-	-	-
Office expenses	10,863	17,278	6,866	9,521
Subscription	153	125	153	125
Telecommunication expenses	4,403	3,367	2,396	2,035
Transportation and travelling expenses	5,169	7,222	275	272
Utilities	6,929	7,289	6,029	6,689
Others	14,748	16,239	12,315	14,480
	<u>106,152</u>	<u>129,567</u>	<u>67,906</u>	<u>100,043</u>

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9. Income Tax

(a) *Income tax expense*

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial year ended 31 December 2025 and 31 December 2024 were as follows:

	Group		Company	
	2025	2024	2025	2024
	S\$	S\$	S\$	S\$
Profit before income tax	638,586	110,387	638,450	109,532
Income tax using the statutory tax rate of 17%	108,560	18,765	108,537	18,620
Adjustments:				
- Not-deductible expenses	403,276	394,168	404,822	395,673
- Income not subject to tax	(511,149)	(408,514)	(513,359)	(414,293)
- Tax deduction for donation	(1,063)	(10,200)	—	—
- Exempt amount	376	5,781	—	—
	—	—	—	—

(b) *Unrecognised deferred tax assets*

	Group	
	2025	2024
	S\$	S\$
Unutilised donation carried forward	27,511	27,135

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

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10. Property, Plant and Equipment

Group	Leasehold office S\$	Furniture & Fittings S\$	Office equipment S\$	Computer S\$	Renovation S\$	Total S\$
<i>Cost</i>						
As 1 January 2024	183,033	63,770	39,881	98,770	409,357	794,811
Additions	–	–	–	7,182	–	7,182
Write off	–	–	–	–	–	–
At 31 December 2024	183,033	63,770	39,881	105,952	409,357	801,993
At 1 January 2025	183,033	63,770	39,881	105,952	409,357	801,993
Additions	–	–	–	5,186	–	5,186
Write off	–	(47,439)	(36,213)	(34,784)	(14,995)	(133,431)
As at 31 December 2025	183,033	16,331	3,668	76,354	394,362	673,748
<i>Accumulated depreciation</i>						
As 1 January 2024	20,336	63,733	39,469	87,087	409,357	619,982
Depreciation charge	61,011	37	225	8,181	–	69,454
Write off	–	–	–	–	–	–
At 31 December 2024	81,347	63,770	39,694	95,268	409,357	689,436
At 1 January 2025	81,347	63,770	39,694	95,268	409,357	689,436
Depreciation charge	61,011	–	187	7,030	–	68,228
Write off	–	(47,439)	(36,213)	(34,784)	(14,995)	(133,431)
As at 31 December 2025	142,358	16,331	3,668	67,514	394,362	624,233
<i>Carrying amount</i>						
At 31 December 2024	101,686	–	187	10,684	–	112,557
At 31 December 2025	40,675	–	–	8,840	–	49,515

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10. Property, Plant and Equipment (Cont'd)

Company	Leasehold office S\$	Furniture & Fittings S\$	Office equipment S\$	Computer S\$	Renovation S\$	Total S\$
<i>Cost</i>						
As 1 January 2024	183,033	63,770	39,881	98,770	409,357	794,811
Additions	–	–	–	3,477	–	3,477
Write off	–	–	–	–	–	–
At 31 December 2024	183,033	63,770	39,881	102,247	409,357	798,288
At 1 January 2025	183,033	63,770	39,881	102,247	409,357	798,288
Additions	–	–	–	5,186	–	5,186
Write off	–	(47,439)	(36,213)	(34,784)	(14,995)	(133,431)
As at 31 December 2025	183,033	16,331	3,668	72,649	394,362	670,043
<i>Accumulated depreciation</i>						
As 1 January 2024	20,336	63,733	39,469	87,087	409,357	619,982
Depreciation charge	61,011	37	225	7,872	–	69,145
Write off	–	–	–	–	–	–
At 31 December 2024	81,347	63,770	39,694	94,959	409,357	689,127
At 1 January 2025	81,347	63,770	39,694	94,959	409,357	689,127
Depreciation charge	61,011	–	187	5,795	–	66,993
Write off	–	(47,439)	(36,213)	(34,784)	(14,995)	(133,431)
As at 31 December 2025	142,358	16,331	3,668	65,970	394,362	622,689
<i>Carrying amount</i>						
At 31 December 2024	101,686	–	187	7,288	–	109,161
At 31 December 2025	40,675	–	–	6,679	–	47,354

Right-of-use assets acquired under leasing arrangements are presented as leasehold office. Details of such leased assets are disclosed in Note 17.

During the financial year 2025, the Group and the Company incurred cash outflows of S\$11,053 for the acquisition of plant and equipment, partially offset by government subsidies received amounting to S\$5,867.

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11. Intangible Asset

	Group & Company	
	2025	2024
	S\$	S\$
Software		
<i>Cost</i>		
At 1 January	65,975	61,825
Addition	–	4,150
Written off	(36,380)	–
At 31 December	<u>29,595</u>	<u>65,975</u>
<i>Accumulated amortisation</i>		
At 1 January	46,935	37,520
Amortisation	9,865	9,415
Written off	(36,380)	–
At 31 December	<u>20,420</u>	<u>46,935</u>
<i>Net carrying amount</i>		
At 31 December	<u>9,175</u>	<u>19,040</u>

The intangible asset relates to case and donor management system acquired by the Group, which are amortised on a straight-line basis over 3 years.

12. Investment in a Subsidiary

	Company	
	2025	2024
	S\$	S\$
Unlisted equity shares, at cost	1	1
Capital contribution to the subsidiary	<u>1,771</u>	<u>1,771</u>
	<u>1,772</u>	<u>1,772</u>

On 27 February 2019, the Company had an investment of S\$1.00 to incorporate an entity in Singapore named Steppingstones Pte. Ltd. (the subsidiary). Upon incorporation of the subsidiary, the Company directly held its 100% equity interest of the subsidiary, therefore it became a wholly owned subsidiary of the Company. The capital contribution to the subsidiary relates to an unsecured interest-free loan borrowed by the subsidiary in a certain period and total amount of deemed loan interests under market interest rate was recorded as capital contribution to the subsidiary.

Name of subsidiary	Principal activities	Principal places of business	Proportion of ownership	
			2025	2024
Steppingstones Pte. Ltd. ¹	Social services for children and youth as well as charitable and other supporting activities for humanitarian work	Singapore	100%	100%

¹Audited by Jia Yue (S) LLP.

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13. Cash and Bank Balances

	Group		Company	
	2025	2024	2025	2024
	S\$	S\$	S\$	S\$
Cash at bank	1,505,370	431,848	1,485,968	415,812
Fixed deposits	917,374	1,250,502	917,374	1,250,502
Cash and bank balances	2,422,744	1,682,350	2,403,342	1,666,314

The fixed deposits are for a tenure of 3 to 12 months which has been deposited for the purpose of earning interests.

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

	Group		Company	
	2025	2024	2025	2024
	S\$	S\$	S\$	S\$
Cash and bank balances	2,422,744	1,682,350	2,403,342	1,666,314
Fixed deposits	(917,374)	(1,250,502)	(917,374)	(1,250,502)
Cash and cash equivalents	1,505,370	431,848	1,485,968	415,812

14. Trade and Other Receivables

	Group		Company	
	2025	2024	2025	2024
	S\$	S\$	S\$	S\$
Trade receivables	760	17,421	760	17,421
Accrued incomes	—	94,282	—	94,282
Grant receivables	54,123	133,919	54,123	133,919
Deposits	10,346	37,870	10,346	37,870
Prepayments	17,665	11,390	17,665	10,855
Amount due from the subsidiary	—	—	13,913	14,809
Others	6,615	15,415	3,392	12,486
	89,509	310,297	100,199	321,642

Trade receivables are non-interest bearing and are normally settled on 30-day terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Accrued incomes are unbilled trade receivables. The amount due from the subsidiary is non-trade in nature, unsecured, non-interest bearing and receivable on demand.

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14. Trade and Other Receivables (Cont'd)

The movement in allowance for expected credit losses (ECL) of other receivables computed based on lifetime ECL was as follows:

	Group	
<i>Movement on ECL allowance on other receivables</i>	2025	2024
	S\$	S\$
Balance at beginning of the year	—	—
Provision for expected credit losses (Note 8)	12,767	—
Written off	(12,767)	—
At the end of the financial year	—	—

The ECL allowance on other receivables related to the medical and adoption expenses paid by the Group on behalf of the birth parents, which later became unrecoverable when the adoption was aborted by the birth parents who were in severe financial difficulties to make any reimbursement to the Group. As a result, the other receivables were impaired and written off by the management due to no realistic prospect of recovery at the reporting date.

15. Trade and Other Payables

	Group		Company	
	2025	2024	2025	2024
	S\$	S\$	S\$	S\$
Trade payables	—	—	—	—
Accrued expenses	16,450	13,500	11,720	9,600
Advance receipts	20,189	156,363	20,189	156,363
Provision of unutilised leave	23,315	19,176	23,315	19,176
Others	16,120	16,883	14,267	16,850
	76,074	205,922	69,491	201,989

Trade payables are non-interest bearing and are normally settled on 30-day terms. Accrued expenses are expected to be settled in the next 12 months. Advance receipts mainly relate to fund received in advance from government and social service agencies to fund various programmes carried out by the Group.

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16. Restricted Funds

Group & Company	At 1 January S\$	Income S\$	Disbursement S\$	Transfer to general funds S\$	At 31 December S\$
<u>2025</u>					
Tote Board Social Service Fund (TBSSF) - The Builder's Project (April 2022 to March 2023)	(99,485)	–	–	99,485	–
Community Chest Grant (CCG) - The Builder's Project (April 2023 to March 2025)	(107,346)	49,554	(466,833)	524,625	–
Community Chest Grant (CCG) - The Builder's Project (April 2025 to December 2026)	–	235,123	(311,866)	–	(76,743)
President's Challenge - 2022 Project Up (July 2022 to June 2025)	(120,767)	230,129	(352,382)	243,020	–
President's Challenge - 2024 Kinship Circle programme (July 2024 to July 2026)	(6,793)	68,052	(78,615)	–	(17,356)
FMAS Trampoline Fund - 2024 Project Kaleidoscope (September 2024 to July 2025)	(16,059)	10,150	(38,962)	44,871	–
FMAS Trampoline Fund - 2025 Project Kaleidoscope (October 2025 to September 2026)	–	5,001	(62,515)	–	(57,514)
National Youth Fund - Circle Up (June 2025 to June 2026)	–	26,923	(3,350)	–	23,573
Inmates' Families Support Fund - 2024 Project Rekindle (January 2024 to December 2024)	(13,605)	40,820	(101,875)	74,660	–
Donation from third parties - Train and Place Project	–	90,410	(90,410)	–	–
	(364,055)	756,162	(1,506,808)	986,661	(128,040)
<u>2024</u>					
Tote Board Social Service Fund (TBSSF) - The Builder's Project (April 2022 to March 2023)	(99,485)	–	–	–	(99,485)
Community Chest Grant (CCG) - The Builder's Project (April 2023 to March 2025)	(52,784)	196,571	(251,133)	–	(107,346)
President's Challenge - 2022 Project Up (July 2022 to June 2025)	(777)	460,464	(580,454)	–	(120,767)
President's Challenge - 2021 Bridge to Hope (March 2021 to February 2023)	(116,351)	–	–	116,351	–
President's Challenge - 2024 Kinship Circle programme (July 2024 to July 2026)	–	34,026	(40,819)	–	(6,793)
Charity Support Fund (January 2022 to December 2023)	(5,417)	–	–	5,417	–
Yellow Ribbon Fund - My Journey (December 2022 to November 2023)	(135,066)	–	–	135,066	–
FMAS Trampoline Fund - 2024 Project Kaleidoscope (September 2024 to July 2025)	–	4,350	(20,409)	–	(16,059)
Inmates' Families Support Fund - 2024 Project Rekindle (January 2024 to December 2024)	–	40,820	(54,425)	–	(13,605)
Donation from third parties - Train and Place Project	–	123,990	(123,990)	–	–
	(409,880)	860,221	(1,071,230)	256,834	(364,055)

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16. Restricted Funds (Cont'd)

- (a) Community Chest funding of S\$313,497 was awarded for the period April 2025 to March 2026 in support of the Builders Project which is a programme run in partnership with the National Council of Social Service (NCSS) seeking to bring Restorative Practices to schools through engaging students, teachers and parents. An additional funding package will be released at the start of year 2026 to support programme delivery from April 2026 to December 2026.
- (b) President's Challenge Fund - 2024 Kinship Circle amounting to S\$102,078 is disbursed from July 2024 - June 2026. The fund is used to offer individuals who have experienced intimate partner violence (IPV) a possibility of reconnection as the basis of healing.
- (c) FMAS Trampoline Fund - 2025 Project Kaleidoscope amounting to \$20,000 will be disbursed from October 2025 to November 2026. The fund is administered by the Majority Trust and is used to support families with children diagnosed with Attention Deficit Hyperactivity Disorder (ADHD). The aim is to boost caregiver confidence in caring for children with ADHD and foster resilience within the family unit.
- (d) The National Youth Fund Grant, administered by the National Youth Council (NYC), supports up to 80% of the project expenditure for Circle Up, capped at S\$50,000, whichever is lower. The grant is provided on the condition that it is used to offset the project deficit. Project Circle Up aims to build connected youth communities by creating safe spaces for young people to engage in vulnerable conversations about aspirations, wellbeing, and relationship violence.

17. Leases

Group as a lessee

The Group has a lease contract for office premises. The lease has tenure of three years. The Group's obligations under the lease are secured by the lessor's title to the leased asset. The lease contract includes an extension option which is further discussed below. The Group also has certain leases of office equipment with low value. The Group applies the 'lease of low-value assets' recognition exemptions for these leases.

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

The carrying amounts of the lease asset and depreciation during the year are disclosed in Note 10.

(b) ***Lease liabilities***

The carrying amounts of lease liabilities and the movements during the financial year are disclosed as follows:

	1 January 2025	Cash flows	Non-cash changes			31 December 2025
Group & Company			Acquisition	Accretion of interests	Other	
	S\$	S\$	S\$	S\$	S\$	S\$
-Current	64,779	(65,767)	—	3,728	43,058	45,798
-Non-current	43,058	—	—	—	(43,058)	—
	107,837	(65,767)	—	3,728	—	45,798

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17. Leases (Cont'd)

Group as a lessee (Cont'd)

(b) *Lease liabilities (Cont'd)*

Group & Company	1 January 2024	Cash flows	Non-cash changes			31 December 2024
			Acquisition	Accretion of interests	Other	
	S\$	S\$	S\$	S\$	S\$	S\$
-Current	61,774	(65,766)	—	6,707	62,064	64,779
-Non-current	105,096	—	—	—	(62,038)	43,058
	166,870	(65,766)	—	6,707	26	107,837

The maturity analysis of lease liabilities is disclosed in Note 20(b).

(c) *Amounts recognised in profit or loss*

	Group		Company	
	2025 S\$	2024 S\$	2025 S\$	2024 S\$
Depreciation of right-of-use assets (Note 10)	61,011	61,011	61,011	61,011
Interest expense on lease liabilities	3,728	6,707	3,728	6,707
Lease expense not capitalized in lease liabilities:				
- Expense relating to low-value lease (Note 8)	3,467	2,066	(2,261)	(3,382)
Total amount recognised in profit or loss	68,206	69,784	62,478	64,336

(d) *Total cash outflow*

During the financial year, the Group has total cash outflow for leases of S\$69,234 (2024: S\$67,552).

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18. Significant Related Party Transactions

Key management personnel are the senior officer having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The following matters for key management compensation are for 3 (2024: 2) senior officers of the Group. Remuneration of key management personnel is set in alignment with the National Council of Social Service salary guidelines for the social service.

	Group & Company	
	2025	2024
	S\$	S\$
Salaries, bonus and allowance	307,920	198,795
CPF contribution	48,433	27,826
	<u>356,353</u>	<u>226,621</u>

19. Financial Instruments

(a) Fair value of financial instruments

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, other than in a forced or liquidation sale.

(i) Fair value of financial instruments that are carried at fair value

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

Fair value hierarchy

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group 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 use 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. The Group does not have any financial instruments that are carried at fair value as at the reporting date.

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19. Financial Instruments (Cont'd)

(a) Fair value of financial instruments (Cont'd)

- (ii) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

Cash and bank balances, other receivable and other payables

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

Trade receivables and trade payables

The carrying amounts of these receivables and payables approximate their fair values as they are subject to normal trade credit terms.

(b) Category of financial instruments

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

	Group		Company	
	2025	2024	2025	2024
	S\$	S\$	S\$	S\$
<i>Financial assets measured at amortised cost</i>				
Trade and other receivables ¹	71,844	298,907	82,534	310,787
Cash and bank balances	2,422,744	1,682,350	2,403,342	1,666,314
	<u>2,494,588</u>	<u>1,981,257</u>	<u>2,485,876</u>	<u>1,977,101</u>
<i>Financial liabilities measured at amortised cost</i>				
Trade and other payables ²	32,570	30,383	25,987	26,450
Lease liabilities	45,798	107,837	45,798	107,837
	<u>78,368</u>	<u>138,220</u>	<u>71,785</u>	<u>134,287</u>

¹ Excludes prepayments.

² Excludes advance receipts and provision of unutilised leave.

Further quantitative disclosures are included throughout these financial statements.

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20. Financial Risk Management

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk). The directors review and agree 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 Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk primarily arises from trade and other receivables and cash at bank. For trade and other receivables, the Group has adopted the policy of only dealing with creditworthy counterparties and has mitigated with ongoing monitoring over collections, the management believes that the risk of defaults is minimal and does not require collateral. For cash at bank, the Group minimises credit risk by placing its cash balances with a high credit quality financial institution.

The Group 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 Group 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 60 days, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

To minimise credit risk, the Group has developed and maintained the Group'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 Group's own trading records to rate its major customers and other debtors. The Group 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
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group 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 (except those debtors who are social institutions or government departments, never default on their obligation and got long term good relationship with the Group) in making contractual payment.

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20. Financial Risk Management (Cont'd)

(a) Credit risk (Cont'd)

The Group 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
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group 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 the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery. The Group's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

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 Group's performance to developments affecting a particular industry.

Exposure to credit risk

The Group has no significant concentration of credit risk. The Group has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Trade receivables

For trade receivables, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Company determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

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20. Financial Risk Management (Cont'd)

(a) Credit risk (Cont'd)

No ECL were recognised as at 31 December 2025 and 31 December 2024 as the management concluded that there has been no significant increase in the credit risk as at the reporting date due to their business model and historical experiences.

(b) Liquidity risk

Liquidity risk relates to the risk that the Group and the Company will encounter difficulties in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company manage its liquidity risk by monitoring and maintaining an adequate level of cash and cash equivalents deemed adequate by the Management to finance its activities and to mitigate the effects of fluctuations in cash flows.

Analysis of financial instruments by remaining contractual maturities

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

Group	Carrying amount S\$	Contractual cash flows S\$	One year or less S\$	One to five years S\$
2025				
Financial assets:				
Trade and other receivables ¹	71,844	71,844	71,844	—
Cash and cash equivalents	2,422,744	2,422,744	2,422,744	—
	<u>2,494,588</u>	<u>2,494,588</u>	<u>2,494,588</u>	<u>—</u>
Financial liabilities:				
Trade and other payables ²	32,570	32,570	32,570	—
Lease liabilities	45,798	43,844	43,844	—
	<u>78,368</u>	<u>76,414</u>	<u>76,414</u>	<u>—</u>
Total net undiscounted financial assets (liabilities)	<u>2,416,220</u>	<u>2,418,174</u>	<u>2,418,174</u>	<u>—</u>
2024				
Financial assets:				
Trade and other receivables ¹	298,907	298,907	298,907	—
Cash and cash equivalents	1,682,350	1,682,350	1,682,350	—
	<u>1,981,257</u>	<u>1,981,257</u>	<u>1,981,257</u>	<u>—</u>
Financial liabilities:				
Trade and other payables ²	30,383	30,383	30,383	—
Lease liabilities	107,837	109,610	65,766	43,844
	<u>138,220</u>	<u>139,993</u>	<u>96,149</u>	<u>43,844</u>
Total net undiscounted financial assets (liabilities)	<u>1,843,037</u>	<u>1,841,264</u>	<u>1,885,108</u>	<u>(43,844)</u>

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20. Financial Risk Management (Cont'd)

(b) Liquidity risk (Cont'd)

<u>Company</u>	Carrying amount S\$	Contractual cash flows S\$	One year or less S\$	One to five years S\$
2025				
Financial assets:				
Trade and other receivables ¹	82,534	82,534	82,534	—
Cash and cash equivalents	2,403,342	2,403,342	2,403,342	—
	<u>2,485,876</u>	<u>2,485,876</u>	<u>2,485,876</u>	<u>—</u>
Financial liabilities:				
Trade and other payables ²	25,987	25,987	25,987	—
Lease liabilities	45,798	43,844	43,844	—
	<u>71,785</u>	<u>69,831</u>	<u>69,831</u>	<u>—</u>
Total net undiscounted financial assets (liabilities)	<u>2,414,091</u>	<u>2,416,045</u>	<u>2,416,045</u>	<u>—</u>
2024				
Financial assets:				
Trade and other receivables ¹	310,787	310,787	310,787	—
Cash and cash equivalents	1,666,314	1,666,314	1,666,314	—
	<u>1,977,101</u>	<u>1,977,101</u>	<u>1,977,101</u>	<u>—</u>
Financial liabilities:				
Trade and other payables ²	26,450	26,450	26,450	—
Lease liabilities	107,837	109,610	65,766	43,844
	<u>134,287</u>	<u>136,060</u>	<u>92,216</u>	<u>43,844</u>
Total net undiscounted financial assets (liabilities)	<u>1,842,814</u>	<u>1,841,041</u>	<u>1,884,885</u>	<u>(43,844)</u>

¹ Excludes prepayment.

² Excludes advance receipts and provision of unutilised leave.

Further quantitative disclosures are included throughout these financial statements.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2025

20. Financial Risk Management (Cont'd)

(c) **Market risk**

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

(i) ***Interest rate risk***

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

The Group and the Company have no significant interest-bearing assets or liabilities, therefore its income and operating cash flows are substantially independent of changes in market interest rates.

(ii) ***Foreign currency risk***

During the current financial year, the Group and the Company activities are denominated in Singapore dollar which is its functional currency and does not have transactional currency exposures arising from revenue or expenses that are denominated in a currency other than its functional currency. As such, the Group and the Company do not expose to currency risk.

21. Fund Management

The Group's objectives when managing its funds are to safeguard and maintain adequate working capital to continue as a going concern. The directors consider the accumulated fund as the capital of the Group and no changes were made to the Group's fund management objectives during the financial years ended 31 December 2025 and 31 December 2024.

22. Authorisation of Financial Statements

The financial statements for the financial year ended 31 December 2025 were approved by the directors and authorised for issue on 30 April 2026.

LUTHERAN COMMUNITY CARE SERVICES LIMITED AND ITS SUBSIDIARY

(A public company limited by guarantee)

**Supplementary Income and Expenditure Account
For the Financial Year Ended 31 December 2025**

This Schedule contains additional information that has been prepared from the books and records of the Group and the Company and does not form part of the audited consolidated financial statements.

Group	2025			2024
	Unrestricted S\$	Restricted S\$	Total S\$	Total S\$
Income				
Donation income	365,712	90,410	456,122	443,566
Income from fund raising activities	388,550	–	388,550	437,636
Programme fee	835,930	–	835,930	720,262
Government grants - unrestricted	612,952	–	612,952	46,632
Government grants - restricted	–	665,752	665,752	736,231
	2,203,144	756,162	2,959,306	2,384,327
Add: Other incomes				
Government grants	213,938	–	213,938	205,809
Interest income from fixed deposits	25,342	–	25,342	37,649
Miscellaneous income	1,114	–	1,114	3,392
	240,394	–	240,394	246,850
Less: Operating expenses				
Amortisation	2,723	7,142	9,865	9,415
Associate counsellor fee	30,380	–	30,380	34,505
Bank charges	449	610	1,059	925
CPF contributions	88,235	182,901	271,136	258,056
Depreciation	19,725	48,503	68,228	69,454
Fund raising event expenses	120,108	–	120,108	105,702
General expenses	102	269	371	60
Insurance	1,746	3,163	4,909	3,840
Internship expense	–	–	–	4,800
Impairment on other receivables	12,767	–	12,767	–
Interest expenses on lease liabilities	3,728	–	3,728	6,707
Lease expenses	1,130	2,337	3,467	2,066
Legal and professional fees	8,764	8,509	17,273	41,476
Office expenses	5,892	4,971	10,863	17,278
Programme expenses	175,399	71,218	246,617	232,033
Repair and maintenance	968	967	1,935	684
Salaries, bonuses and allowances	535,253	1,160,509	1,695,762	1,673,726
Skill development levy	1,088	2,233	3,321	3,257
Staff benefits and other related expenses	34,127	5,391	39,518	36,130
Stationery, printing and postage	928	1,675	2,603	2,619
Subscription	42	111	153	125
Telecommunication expenses	2,668	1,735	4,403	3,367
Transportation and travelling expense	4,970	199	5,169	7,222
Training expenses	550	–	550	54
Utilities	2,564	4,365	6,929	7,289
	1,054,306	1,506,808	2,561,114	2,520,790
Surplus (Deficit) for the financial year	1,389,232	(750,646)	638,586	110,387

LUTHERAN COMMUNITY CARE SERVICES LIMITED AND ITS SUBSIDIARY

(A public company limited by guarantee)

**Supplementary Income and Expenditure Account (Cont'd)
For the Financial Year Ended 31 December 2025**

Company	2025			2024
	Unrestricted S\$	Restricted S\$	Total S\$	Total S\$
Income				
Donation income from third parties	365,712	90,410	456,122	443,566
Donation income from the subsidiary	2,500	—	2,500	24,000
Income from fund raising activities	388,550	—	388,550	437,636
Programme fee	643,070	—	643,070	492,232
Professional fees charged to the subsidiary	10,500	—	10,500	9,996
Government grants - unrestricted	612,952	—	612,952	46,632
Government grants - restricted	—	665,752	665,752	736,231
	2,023,284	756,162	2,779,446	2,190,293
Add: Other incomes				
Government grants	213,938	—	213,938	205,809
Interest income from fixed deposits	25,342	—	25,342	37,649
Miscellaneous income	1,029	—	1,029	3,267
	240,309	—	240,309	246,725
Less: Operating expenses				
Amortisation	2,723	7,142	9,865	9,415
Associate counsellor fee	30,380	—	30,380	34,505
Bank charges	233	610	843	770
CPF contributions	69,725	182,901	252,626	235,742
Depreciation	18,490	48,503	66,993	69,145
Fund raising event expenses	120,108	—	120,108	105,702
General expenses	102	269	371	60
Insurance	1,206	3,163	4,369	3,480
Internship expense	—	—	—	4,800
Interest expenses on lease liabilities	3,728	—	3,728	6,707
Lease expenses	(4,598)	2,337	(2,261)	(3,382)
Legal and professional fees	3,244	8,509	11,753	35,798
Office expenses	1,895	4,971	6,866	9,521
Programme expenses	175,399	71,218	246,617	231,860
Repair and maintenance	368	967	1,335	84
Salaries, bonuses and allowances	415,759	1,160,509	1,576,268	1,534,812
Skill development levy	851	2,233	3,084	2,986
Staff benefits and other related expenses	31,803	5,391	37,194	34,060
Stationery, printing and postage	638	1,675	2,313	2,300
Subscription	42	111	153	125
Telecommunication expenses	661	1,735	2,396	2,035
Transportation and travelling expense	76	199	275	272
Utilities	1,664	4,365	6,029	6,689
	874,497	1,506,808	2,381,305	2,327,486
Surplus (Deficit) for the financial year	1,389,096	(750,646)	638,450	109,532