

Chew Whye Lee & Co.

Certified Public Accountants

Chew Whye Lee CPA

Block 209, New Upper Changi Road #03-635
Bedok Town Centre, Singapore 460209
Tel: 6448 7073 (3 Lines) Fax: 6445 2628
GST Reg. No.M9-0001285-P


周懷禮特許會計師
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Report of the auditors to the trustees

We have audited the accompanying balance sheet of Kampung Senang Charity And Education Foundation as at 30th September 2006, and the income statement and cash flow statement for the year ended on that date. These financial statements are the responsibility of the council members. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standard on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the council members, as well as evaluating the overall financial statements' presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements are properly drawn up in accordance with the Charities Act (Cap. 37) and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the society as at 30th September 2006 and of the results and cash flows of the society for the year ended on that date.

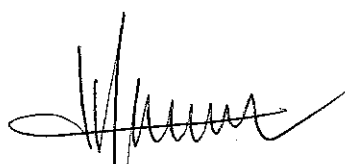


CHEW WHYE LEE & CO.
Certified Public Accountants

Singapore, 26th December 2006

Balance sheet

	NOTE	2006 S\$	2005 S\$
ASSETS			
Non-Current Assets			
Plant and equipment	3	129,216	40,480
Current Assets			
Other receivables	4	11,179	8,333
Cash and cash equivalents	5	434,065	285,224
		445,244	293,557
Total Assets		574,460	334,037
FUND AND LIABILITIES			
Accumulated Fund			
Balance brought forward		261,060	73,321
Surplus		103,632	187,739
		364,692	261,060
Current Liabilities			
Provisions and other liabilities	6	209,768	72,977
Total Fund And Liabilities		574,460	334,037



 VICE PRESIDENT



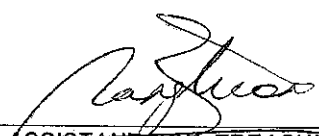
 ASSISTANT HON. TREASURER

Kampung Senang Charity And Education Foundation
Financial statements for the year ended 30th September 2006

Income statement

	2006 S\$	2005 S\$
INCOME		
Charity events	25,526	101,324
Donation	504,166	456,875
Elderly care	32,954	20,380
General grant and subsidies	168,456	108,539
HSPC activities	59,348	39,899
Interest from bank	1,419	323
Membership fees	17,100	8,650
Organic food support	84,247	20,737
Others	114,780	47,039
Student activities	79,631	38,679
Student care	152,086	151,306
	1,239,713	993,751
Less EXPENDITURE		
Accountancy fee	1,800	1,800
Advertising and marketing costs	13,044	10,173
Audit fee	1,500	2,394
Bank charges	1,482	816
Charity show and other activities costs	88,652	33,166
Computer expenses	4,803	4,223
Courses	8,939	1,306
CPF, FWL and SDL	50,551	33,172
Depreciation of plant and equipment	63,747	44,226
Donation	-	19,234
Expendable equipment	17,307	9,086
Farming cost	2,518	3,119
General expenses	5,297	1,621
Insurance	1,678	5,417
Lecturing	63,531	65,205
Legal and professional fees	5,250	-
Licence and permit expenses	1,346	1,639
Meals	44,388	42,979
Medical fees	3,083	2,653
Organic food cost	30,038	38,233
Postages	2,738	1,990
Printing and stationery	20,092	9,474
Recreation cost	3,233	12,187
Rental of bus	15,000	9,780
Rental of centre	58,044	42,137
Repairs and maintenance	4,329	4,628
Staff benefits	12,255	7,776
Staff salaries	431,896	304,522
Subsistence aid	6,904	7,219
Sundry direct cost	45,046	3,789
Telephone charges	8,231	6,517
Upkeep of motor vehicle	30,070	23,363
Upkeep of premise	31,172	10,519
Utilities	13,911	9,934
Volunteers' allowances	44,206	31,715
	1,136,081	806,012
Surplus for the year transferred to accumulated fund	<u>103,632</u>	<u>187,739</u>


 VICE PRESIDENT


 ASSISTANT HON. TREASURER

See accompanying notes to financial statements.

Cash flow statement

	NOTE	2006 S\$	2005 S\$
Cash Flows From Operating Activities			
Cash receipts from customers		1,239,713	993,751
Cash paid to suppliers		(938,389)	(785,237)
Net Cash From Operating Activities		301,324	208,514
Cash Flows From Investing Activities			
Purchase of plant and equipment		(152,483)	(9,932)
Net Cash Used In Investing Activities		(152,483)	(9,932)
Net Cash From Financing Activities		-	-
Net increase in cash and cash equivalents		148,841	198,582
Cash and cash equivalents at beginning of year		285,224	86,642
Cash And Cash Equivalents At End Of Year	5	<u>434,065</u>	<u>285,224</u>

Notes to the financial statements

1. General information

The society (Ref. No. ROS 312/1998WEL) is registered under the Societies Act Cap. 311, as well as a Charity under the Charities Act, 1994.

The registered office and principal place of activities of the society are located at :

- (i) Blk 840 Tampines Street 82, #01-111, Singapore 520840.
- (ii) Blk 254 Tampines Street 21, #01-464, Singapore 521254.
- (iii) Blk 221 Hougang Street 21, #01-90, Singapore 530221.
- (iv) 17J Jalan Hock Chye, Singapore 538203.
- (v) Blk 106 Aljunied Crescent, #01-205, Singapore 380106.

The principal activities of the society are to operate day care and activities centres for senior citizens, children and their families.

2. Summary of significant accounting policies

(a) Basis of preparation

During the year, the society adopted the following revised FRSs which are relevant to its operations, for annual financial periods beginning on or after 1st January 2005.

FRS 1 (revised)	Presentation of Financial Statements
FRS 8 (revised)	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10 (revised)	Events After the Balance Sheet Date
FRS 16 (revised)	Property, Plant and Equipment
FRS 17 (revised)	Leases
FRS 19 (revised)	Employee Benefits
FRS 32 (revised)	Financial Instruments : Disclosure and Presentation
FRS 36 (revised)	Impairment of Assets
FRS 39 (revised)	Financial Instruments : Recognition and Measurement

(b) Statement of compliance

The financial statements of the society have been prepared in accordance with the provisions of the Society Act, and the Rules made thereunder and Singapore Financial Reporting Standards.

(c) Critical accounting judgements and key sources of estimation uncertainty

The society's accounting policies and use of estimates are integral to the reported results. Certain accounting estimates require exercise of management's judgement in determining the appropriate methodology for valuation of assets and liabilities. The society believes its estimates for determining the valuation of its assets and liabilities are appropriate.

(c) Critical accounting judgements and key sources of estimation uncertainty – cont'd

The key assumptions concerning the future, and the key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 5 years. The carrying amount of the society's plant and equipment as at 30th September 2006 was S\$129,216 (2005 : S\$40,480). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

(d) Functional currency

The functional currency of the society is Singapore dollars. As income and expenditures are denominated primarily in Singapore dollars and receipts from operations are usually retained in Singapore dollars, the directors are of the opinion that the Singapore dollar reflects the economic substance of the underlying events and circumstances relevant to the society.

(e) Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation.

The society computes depreciation utilising the straight-line method based on the estimated useful lives of the relevant assets as follows :

General equipment	33.33%
Computers	33.33%
Furniture and fittings	33.33%
Motor vehicles	20%
Renovation	33.33%

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

(f) Other receivables

Receivables are recognised and stated at original cost less an amount for any uncollectible amounts. Bad receivables are written off and specific allowances are made for those receivables considered to be doubtful.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits, and highly liquid investments which are readily convertible to cash and which are subject to an insignificant risk of changes in value.

(h) Impairment of assets

The carrying amounts of the society's assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is defined as the higher of value in use and net selling price.

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

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(i) Other payables

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(j) Provisions

Provisions are recognised when the society has a present obligation (legal or constructive) as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

(k) Leases

Finance leases

Where assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the present value of the total rental payable during the periods of the leases and the corresponding lease commitments are included under liabilities. The excess of the lease payments over the recorded lease obligations is treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Operating leases

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

Kampung Senang Charity And Education Foundation
Financial statements for the year ended 30th September 2006

(l) Employee benefits

(i) Employee leave entitlement

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the society pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current or preceding years. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

(m) Taxation

Income tax is payable as provided for in Section 13 of the Income Tax Act.

(n) Income recognition

All income is taken on cash basis.

(o) Financial instruments

Financial instruments held for activities are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in the income statement.

3. Plant and equipment

	General Equipment S\$	Computers S\$	Furniture and Fittings S\$	Motor Vehicles S\$	Renovation S\$	Total S\$
Cost						
As at 01/10/05	72,840	16,714	60,159	98,274	-	247,987
Additions	24,793	3,421	16,907	42,605	64,757	152,483
As at 30/09/06	<u>97,633</u>	<u>20,135</u>	<u>77,066</u>	<u>140,879</u>	<u>64,757</u>	<u>400,470</u>
Accumulated depreciation						
As at 01/10/05	67,337	13,959	56,341	69,870	-	207,507
Depreciation for the year	12,369	2,518	8,918	18,354	21,588	63,747
As at 30/09/06	<u>79,706</u>	<u>16,477</u>	<u>65,259</u>	<u>88,224</u>	<u>21,588</u>	<u>271,254</u>
Depreciation for 2005	<u>15,018</u>	<u>2,970</u>	<u>16,182</u>	<u>10,056</u>	-	<u>44,226</u>
Carrying value						
As at 30/09/06	<u>17,927</u>	<u>3,658</u>	<u>11,807</u>	<u>52,655</u>	<u>43,169</u>	<u>129,216</u>
As at 30/09/05	<u>5,503</u>	<u>2,755</u>	<u>3,818</u>	<u>28,404</u>	-	<u>40,480</u>

4. Other receivables

	2006 S\$	2005 S\$
Sundry receivable	-	2,400
Prepayment	-	289
Deposit	11,179	5,644
	<u>11,179</u>	<u>8,333</u>

5. Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts :

	2006 S\$	2005 S\$
Cash and bank balances	<u>434,065</u>	<u>285,224</u>

6. Provisions and other liabilities

	2006 S\$	2005 S\$
Current		
Other creditors	130,434	19,170
Accruals	79,334	53,807
	<u>209,768</u>	<u>72,977</u>

7. Financial risk management

The main risks arising from the society's financial instruments arise from credit risk, liquidity risk and other risk. The society's policies for managing each of these risks are summarised below :

(a) Credit risk

The society is exposed to credit risk in the event that counterparties fail to perform their obligations, resulting in a financial loss to the society. The society has no major concentration of credit risk.

The carrying amount of financial assets recorded in the financial statements represents the society's maximum exposure to credit risk.

(b) Liquidity risk

In the management of liquidity risk, the society monitors and maintains a level of cash and bank balances deemed adequate to finance the society's operations and to mitigate the effects of fluctuations in short-term cash flows.

7. Financial risk management – cont'd

(c) Other risk

The society is not exposed to interest rate risks as it does not have interest bearing asset and liability.

It has no foreign currency risk as it transacts solely in Singapore dollars.

8. Financial instruments

Fair value

The carrying amounts of the financial assets and financial liabilities as reflected in the balance sheet approximate to their fair values.