

BRIGHTON CONNECTION

UNIQUE ENTITY NUMBER : T05SS0234C

**STATEMENT BY THE MANAGEMENT  
COMMITTEE & FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MAY 2023

**LO HOCK LING & CO**

*Chartered Accountants Singapore*

盧鶴齡會計公司



# **BRIGHTON CONNECTION**

(Registered under the Societies Act, Chapter 311)

UNIQUE ENTITY NUMBER : T05SS0234C

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# BRIGHTON CONNECTION

## CORPORATE INFORMATION - 31 May 2023

### 1. GOVERNING INSTRUMENT

Constitution of Brighton Connection

### 2. UNIQUE ENTITY NUMBER OF THE SOCIETY

T05SS0234C

### 3. REGISTERED ADDRESS

1 Ubi Crescent, #03-03 Number One Building, Singapore 408563

### 4. MANAGEMENT COMMITTEE

<u>Name</u>	<u>Designation</u>
Wang Tiak Kweng	President
Sally Tan Mui Hoon	Secretary
Raymond Cheung Wai Man	Treasurer
Lee Jia Yan	Assistant Treasurer
Yeo Pei Qin	Member
Chow Shung Keat	Member
Lee Jia Yan	Member
Ng Siew Khim	Member
Seng Hon Peng	Member
Caroline Toh Li Ling	Member
Er Young Sing	Member

### 5. PRINCIPAL BANKER

DBS Bank Limited

### 6. AUDITORS

Lo Hock Ling & Co.  
Chartered Accountants Singapore

## BRIGHTON CONNECTION

(Registered under the Societies Act 1966)

### STATEMENT BY THE MANAGEMENT COMMITTEE

In our opinion, the financial statements set out on pages 6 to 25 are properly drawn up in accordance with the provisions of the Societies Act 1966, the Charities Act 1994 and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of Brighton Connection (the "Society") as at 31 May 2023 and of the financial performance, changes in funds and cash flows of the Society for the year ended on that date.

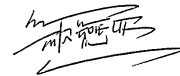
The Management Committee has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Management Committee



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Wang Tiak Kweng  
President



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Raymond Chueng Wai Man  
Treasurer

Singapore, 4 September 2023

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Brighton Connection (the "Society") set out on pages 6 to 25, which comprise the statement of financial position (balance sheet) as at 31 May 2023, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act 1966 (the "Societies Act"), the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Society as at 31 May 2023 and of the financial performance, changes in funds and cash flows of the Society for the year ended on that date.

### Basis for Opinion

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

### Other Information

Management is responsible for the other information. The other information comprises the information included in Corporate Information and the Statement by the Management Committee set out on pages 1 and 2 but does not include the financial statements and our auditor's report thereon.

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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

### Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Societies Act, Charities Act and Regulations and FRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

The responsibilities of the Management Committee include overseeing the Society's financial reporting process.

**Continued**

**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 Society'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 Society'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 Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Report on Other Legal and Regulatory Requirements**

In our opinion,

- (a) the accounting and other records required to be kept by the Society have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations; and
- (b) the fund-raising appeal held during the financial year has been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeal.

**Report on Other Legal and Regulatory Requirements (continued)**

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

- (a) the Society has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Society has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.



LO HOCK LING & CO.  
PUBLIC ACCOUNTANTS AND  
CHARTERED ACCOUNTANTS SINGAPORE

Singapore, 4 September 2023

# BRIGHTON CONNECTION

(Registered under the Societies Act 1966)

## Statement of Comprehensive Income for the year ended 31 May 2023

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
		\$	\$
Income			
Donations received			
- tax deductible		214,978	163,885
- non-tax deductible		95,892	1,692
Student care fees income, net		237,575	121,241
Other income	3	100,009	178,059
		648,454	464,877
Less: Expenditure			
Depreciation on property, plant and equipment	7	4,376	5,105
Depreciation on right-of-use assets	8	71,845	56,324
Employee benefits expense	4	514,898	483,082
Finance costs	5	2,766	4,247
Other expenses	6	163,622	129,013
		<u>757,507</u>	<u>677,771</u>
Deficit for the year		(109,053)	(212,894)
<u>Other Comprehensive Income</u>			
Other comprehensive income, net of tax		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(109,053)</u>	<u>(212,894)</u>

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



# BRIGHTON CONNECTION

(Registered under the Societies Act 1966)

## Statement of Financial Position as at 31 May 2023

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
		\$	\$
<u>ASSETS</u>			
<u>Non-Current Assets</u>			
Property, plant and equipment	7	5,997	9,523
Right-of-use assets	8	<u>31,876</u>	<u>103,721</u>
		<u>37,873</u>	<u>113,244</u>
<u>Current Assets</u>			
Receivables	9	32,070	62,383
Bank balances		<u>458,302</u>	<u>530,055</u>
		<u>490,372</u>	<u>592,438</u>
Total Assets		<u>528,245</u>	<u>705,682</u>
<u>FUNDS AND LIABILITIES</u>			
<u>Funds</u>			
Accumulated funds		<u>365,601</u>	<u>474,654</u>
Total Funds		<u>365,601</u>	<u>474,654</u>
<u>Non-Current Liabilities</u>			
Lease liabilities	10	<u>-</u>	<u>33,667</u>
<u>Current Liabilities</u>			
Lease liabilities	10	33,515	72,379
Payables	11	<u>129,129</u>	<u>124,982</u>
		<u>162,644</u>	<u>197,361</u>
Total Liabilities		<u>162,644</u>	<u>231,028</u>
Total Funds and Liabilities		<u>528,245</u>	<u>705,682</u>

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

# BRIGHTON CONNECTION

(Registered under the Societies Act 1966)

## Statement of Changes in Funds for the year ended 31 May 2023

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	Accumulated funds
	\$
Balance as at 1 June 2021	687,548
Total comprehensive loss for the year	<u>(212,894)</u>
Balance as at 31 May 2022	474,654
Total comprehensive loss for the year	<u>(109,053)</u>
Balance as at 31 May 2023	<u><u>365,601</u></u>

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

# BRIGHTON CONNECTION

(Registered under the Societies Act 1966)

## Statement of Cash Flows for the year ended 31 May 2023

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
		\$	\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Deficit for the year		(109,053)	(212,894)
Adjustments for:			
Bad debts written off	6	-	144
Depreciation on property, plant and equipment	7	4,376	5,105
Depreciation on right-of-use assets	8	71,845	56,324
Interest expense on lease liabilities	5	2,766	4,247
Discount and rebates on lease liabilities	3	-	(10,914)
		78,987	54,906
Operating deficit before working capital changes		(30,066)	(157,988)
Decrease/(increase) in receivables		30,313	(49,174)
Increase in payables		4,147	56,859
Net cash from/(used in) operating activities		4,394	(150,303)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Purchase of property, plant and equipment	7	(850)	(9,488)
Net cash used in investing activities		(850)	(9,488)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>			
Payment of principal portion of lease liabilities	10	(72,531)	(44,231)
Interest paid on lease liabilities	10	(2,766)	(4,247)
Net cash used in financing activities		(75,297)	(48,478)
Net decrease in cash and cash equivalents		(71,753)	(208,269)
Cash and cash equivalents at beginning of the year		530,055	738,324
Cash and cash equivalents at end of the year	12	458,302	530,055

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

# BRIGHTON CONNECTION

(Registered under the Societies Act 1966)

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## NOTES TO THE FINANCIAL STATEMENTS - 31 May 2023

The following notes form an integral part of the financial statements.

### 1. GENERAL INFORMATION

Brighton Connection (the “Society”) is registered in the Republic of Singapore under the Societies Act 1966. It is also a charity registered under the Charities Act 1994 and an Institution of a Public Character (“IPC”) registered with the Ministry of Social and Family Development. Its IPC status is valid for the period from 10 May 2022 to 9 February 2024.

The registered office of the Society is located at 1 Ubi Crescent, #03-03 Number One Building, Singapore 408563.

The principal activities of the Society are to provide community assistance to all kinds of people groups in the heartlands, particularly, the poor and underprivileged, and to operate a student care centre to promote intellectual, character and social development in youths and children, including but not limited to providing educational programmes, as well as mentoring, care and counseling programmes.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of Preparation

The Society presents its financial statements in Singapore dollars, which is also its functional currency.

These financial statements are prepared in accordance with the historical cost convention except as disclosed in the accounting policies below, and comply with Singapore Financial Reporting Standards (FRS), including related Interpretations promulgated by the Accounting Standards Committee, as required by the Societies Act 1966.

#### 2.2 Adoption of FRSs effective in financial year 2023

During the financial year, the Society adopted all the new and amended FRSs which are relevant to the Society and are effective for the current financial year.

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

#### 2.3 Significant Accounting Estimates and Judgments

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Society’s accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### *(A) Key sources of estimation uncertainty*

The key assumptions concerning the future and other 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 are discussed below.

# BRIGHTON CONNECTION

(Registered under the Societies Act 1966)

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Estimates and Judgments (continued)

#### (A) *Key sources of estimation uncertainty* (continued)

##### (i) *Depreciation on Property, Plant and Equipment*

The cost of property, plant and equipment is depreciated on a straight line basis over their estimated useful lives. Management's estimates of the useful lives of these property, plant and equipment are disclosed in note 2.8. Changes in the expected 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 carrying amounts of property, plant and equipment and the depreciation charges for the year are disclosed in note 7 to the financial statements.

##### (ii) *Expected Credit Losses on Receivables*

Expected credit losses (ECLs) are probability-weighted estimates of credit losses over the life of a financial instrument. In estimating ECLs to determine the probability of default of its debtors, the Society has used historical information, such as past credit loss experience. Where applicable, historical data are adjusted to reflect the effects of current conditions as well as management's assessment of future economic conditions based on observable market information, which involved significant estimates and judgement.

ECLs recognised on the Society's receivables as at balance sheet date are disclosed in note 9 to the financial statements.

##### (iii) *Leases*

###### *Incremental Borrowing Rate*

The Society 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 Society 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. Determining the incremental borrowing rate 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 Society estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

###### *Estimation of Lease Term*

When determining the lease term of a lease contract, management considers all relevant factors that create an economic incentive for the Society to exercise an extension option, including any expected changes in circumstances since the commencement date that is within its control and affects its ability to exercise or not to exercise an option to extend. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

# BRIGHTON CONNECTION

(Registered under the Societies Act 1966)

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant Accounting Estimates and Judgments (continued)

#### (B) *Critical judgments made in applying accounting policies*

In the process of applying the Society's accounting policies, the management has made certain judgments, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

#### *Impairment of Non-Financial Assets*

The carrying amounts of the Society's non-financial assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated based on the higher of the value in use and the asset's fair value less cost of disposal. Estimating the value in use requires critical judgment on the part of the management to make an estimate of the expected future cash flows from the continuing use of the assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

### 2.4 FRSs issued but not yet effective

The Society has not applied any new FRS that has been issued but is not yet effective. The Management Committee plans to adopt these FRSs in the first financial year commencing on or after their respective effective dates. The Management Committee does not expect the adoption of the new FRSs that have been issued but are not yet effective to have material impact on the financial statements in the period of initial application.

### 2.5 Revenue Recognition

Revenue is measured based on the consideration to which the Society 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 Society satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

#### (i) *Student Care Fees*

Student care fees are recognised as income in the month when services have been rendered and performance obligations have been fulfilled.

#### (ii) *Donations*

Donations are recognised as income upon receipt.

### 2.6 Government Grants

Government grants are recognised when there is reasonable assurance that the grant will be received and the conditions attached to the grant will be complied with. Grants related to income are recognised in profit or loss on a systematic basis over the periods in which the Society recognises as expenses the related costs for which the grants are intended to compensate.

# BRIGHTON CONNECTION

(Registered under the Societies Act 1966)

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.7 Employee Benefits

#### (i) *Defined Contribution Plans*

The Society makes contributions to the state provident fund (Central Provident Fund). Such contributions are recognised as compensation expenses in the same period as the employment that gave rise to the contributions.

#### (ii) *Short-term Compensated Absences*

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

### 2.8 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Depreciation is calculated on the straight line basis so as to write off the cost, less the residual value, of the assets over their estimated useful lives. The estimated useful lives are as follows:

Furniture and fittings	3 years
Office equipment	3 years
Renovations	3 years

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

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed and adjusted as appropriate, at each financial year-end.

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

### 2.9 Leases

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

#### As lessee

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

# BRIGHTON CONNECTION

(Registered under the Societies Act 1966)

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.9 Leases (continued)

#### *Right-of-use assets*

The Society 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. Where applicable, the cost of right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset on the site at which it is located. 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 Society at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in note 2.13.

#### *Lease liabilities*

At the commencement date of the lease, the Society recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

In calculating the present value of lease payments, the Society 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 to reflect 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 or a change in the assessment of an option to purchase the underlying asset.

#### *Short-term leases and leases of low-value assets*

Where applicable, the Society applies the short-term lease recognition exemption to its short-term leases (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 asset items 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.

### 2.10 Financial Assets

Financial assets are recognised on the balance sheet date when the Society becomes a contractual party to the contractual provisions of the financial instrument. Financial assets are derecognised when the rights to receive cash flows from the assets have ceased or expired.

#### A. *Classification*

The Society's financial assets are classified as amortised cost.

The basis of classification depends on the Society's business model and the contractual cash flow characteristics of the financial assets.



# BRIGHTON CONNECTION

(Registered under the Societies Act 1966)

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.10 Financial Assets (continued)

#### *B. At initial recognition*

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

Receivables that do not have a significant financing component are measured at their transaction price at initial recognition.

#### *C. At subsequent measurement*

The Society's financial assets, comprising receivables and cash and cash equivalents, are measured at amortised cost subsequent to initial recognition, as these represent contractual cash flows which are solely payments of principal and interest. A gain or loss on a financial asset that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

#### *D. Impairment of Financial Assets*

The Society assesses on forward looking basis the expected credit losses (ECLs) associated with its debt instruments carried at amortised cost, and recognises a loss allowance accordingly.

At each reporting date, the debt instruments are assessed to determine whether there is significant increase in credit risk on the debt instruments since initial recognition. If there is a significant increase in credit risk since initial recognition, lifetime expected credit losses will be calculated and recognised in the loss allowance. If credit risk on the debt instrument has not increased significantly since initial recognition, the loss allowance is measured based on 12-month expected credit losses. Adjustments to the loss allowance are recognised in profit or loss as an impairment gain or loss.

For fees receivables, the Society applies the simplified approach permitted by FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Society considers fees receivable to be in default when the amount is 90 days past due, and ECL is recognised accordingly. The receivable is written off when there is no reasonable expectation of recovery.

### 2.11 Receivables

Receivables that do not have a significant financing component are measured at their transaction price at initial recognition, and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses, as explained in note 2.10(D). Receivables with a short duration are not discounted.

# BRIGHTON CONNECTION

(Registered under the Societies Act 1966)

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.12 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank which is subject to insignificant risks of changes in value. Cash equivalents are stated at amounts at which they are convertible into cash.

### 2.13 Impairment of Non-Financial Assets

The carrying amounts of the Society's non-financial assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If 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. The recoverable amount is the greater of the asset's fair value less cost of disposal and its value in use. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

An impairment loss on a non-revalued asset is recognised in profit or loss. An impairment loss on a revalued asset is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. 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.

### 2.14 Financial Liabilities

Financial liabilities consist of payables and lease liabilities.

Financial liabilities are recognised on the balance sheet when the Society becomes a party to the contractual provisions of the financial instrument.

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 to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities at fair value through profit or loss, including derivatives, which are measured at fair value. Financial liabilities with a short duration are not discounted.

A financial liability is derecognised when the contractual obligation is discharged or cancelled or expires. For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

### 2.15 Income Tax

As a registered charity under the Charities Act, Cap. 37, the Society is exempt from income tax under Section 13(1)(zm) of the Income Tax Act 1947.

# BRIGHTON CONNECTION

(Registered under the Societies Act 1966)

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.16 Related Parties

A related party is defined as follows:

- A. A person or a close member of that person's family is related to the Society if that person:
  - (i) Has control or joint control over the Society;
  - (ii) Has significant influence over the Society; or
  - (iii) Is a member of the key management personnel of the Society.
  
- B. An entity is related to the Society if any of the following conditions applies:
  - (i) The entity and the Society are members of the same group.
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Society or an entity related to the Society. If the Society is itself such a plan, the sponsoring employers are also related to the Society.
  - (vi) The entity is controlled or jointly controlled by a person identified in (A).
  - (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Society or to the parent of the Society.

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(Registered under the Societies Act 1966)

## 3. OTHER INCOME

	<u>2023</u>	<u>2022</u>
	\$	\$
Discount and rebates on lease liabilities	-	10,914
Donations-in-kind	-	15,620
Government grants		
- Jobs Support Scheme	-	6,214
- Transformation Support Scheme	1,563	55,095
- Other grants	52,842	39,486
Student care fee assistance grants	42,060	49,390
Miscellaneous income	3,544	1,340
	<u>100,009</u>	<u>178,059</u>

## 4. EMPLOYEE BENEFITS EXPENSE

	<u>2023</u>	<u>2022</u>
	\$	\$
Salaries and related costs	440,519	416,156
Employer's contributions to Central Provident Fund	74,379	66,926
Total employee benefits expense	<u>514,898</u>	<u>483,082</u>

### Key management personnel compensation

The total employee benefits expense include compensation of key management personnel as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
Salaries and related costs	87,014	78,745
Employer's contribution to Central Provident Fund	13,049	13,392
	<u>100,063</u>	<u>92,137</u>

## 5. FINANCE COSTS

	<u>2023</u>	<u>2022</u>
	\$	\$
Interest expense on lease liabilities (note 10)	2,766	4,247

## BRIGHTON CONNECTION

(Registered under the Societies Act 1966)

### 6. OTHER EXPENSES

Included in other expenses are the following items:

	<u>2023</u>	<u>2022</u>
	\$	\$
Bad debts writte off	-	144
Donated assets received written off	-	15,620
Meal expenses	58,788	30,936
Programme expenses	25,065	15,018

### 7. PROPERTY, PLANT AND EQUIPMENT

	<u>Furniture and fittings</u>	<u>Office equipment</u>	<u>Renovations</u>	<u>Total</u>
	\$	\$	\$	\$
<u>Cost</u>				
At 1 June 2021	1,846	16,409	56,360	74,615
Additions	-	9,488	-	9,488
At 31 May 2022 and 1 June 2022	1,846	25,897	56,360	84,103
Additions	-	850	-	850
At 31 May 2023	1,846	26,747	56,360	84,953
<u>Accumulated depreciation</u>				
At 1 June 2021	1,846	12,934	54,695	69,475
Charge for the year	-	3,440	1,665	5,105
At 31 May 2022 and 1 June 2022	1,846	16,374	56,360	74,580
Charge for the year	-	4,376	-	4,376
At 31 May 2023	1,846	20,750	56,360	78,956
<u>Carrying amount</u>				
At 31 May 2023	-	5,997	-	5,997
At 31 May 2022	-	9,523	-	9,523

# BRIGHTON CONNECTION

(Registered under the Societies Act 1966)

## 8. RIGHT-OF-USE ASSETS

	<u>Operating premises</u>
	\$
<u>Cost</u>	
At 1 June 2021	123,633
Addition	60,452
At 31 May 2022 and 1 June 2022	184,085
Additions	-
At 31 May 2023	184,085
<u>Accumulated depreciation</u>	
At 1 June 2021	24,040
Depreciation for the year	56,324
At 31 May 2022 and 1 June 2022	80,364
Depreciation for the year	71,845
At 31 May 2023	152,209
<u>Carrying amount</u>	
At 31 May 2023	31,876
At 31 May 2022	103,721

## 9. RECEIVABLES

	<u>2023</u>	<u>2022</u>
	\$	\$
Student fees receivables	1,747	2,631
<u>Allowance for expected credit losses</u>		
Balance at beginning of the year	-	(1,767)
Bad debts written off against allowance	-	1,767
Balance at end of the year	-	-
	1,747	2,631
Deposits	7,025	7,037
Grant receivable	10,072	42,742
Prepayments	-	2,358
Other receivables	13,226	7,615
	32,070	62,383

Receivables are unsecured, non-interest bearing and are normally settled within 90 days or on demand.

# BRIGHTON CONNECTION

(Registered under the Societies Act 1966)

## 9. RECEIVABLES (continued)

### Impairment loss on financial assets

Impairment loss on financial assets recognised in profit or loss during the year are as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
Bad debts written off	-	144

## 10. LEASE LIABILITIES

	<u>2023</u>		<u>2022</u>	
	Contractual lease <u>liabilities</u>	Present value of lease <u>liabilities</u>	Contractual lease <u>liabilities</u>	Present value of lease <u>liabilities</u>
	\$	\$	\$	\$
Lease liabilities payable:				
- within 1 year	33,750	33,515	75,127	72,379
- after 1 year but not later than 5 years	-	-	33,925	33,667
	33,750	33,515	109,052	106,046
Less: Amounts representing interest	(235)	-	(3,006)	-
	<u>33,515</u>	<u>33,515</u>	<u>106,046</u>	<u>106,046</u>

The Society leases operating premises with lease periods of 2 years and 3 years. The leases have varying terms and provides renewal options.

There is no externally imposed covenant on the lease arrangements.

# BRIGHTON CONNECTION

(Registered under the Societies Act 1966)

## 10. LEASE LIABILITIES (continued)

### Reconciliation of changes in liabilities arising from financing activities

Movements in lease liabilities arising from financing cash flows during the year are as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
Lease liability at beginning of the year	106,046	100,739
Additional lease liabilities during the year	<u>-</u>	<u>60,452</u>
	106,046	161,191
<u>Non-cash movements</u>		
Add: Accretion of interest (note 5)	2,766	4,247
Less: Discount and rebates on lease liabilities	-	(10,914)
<u>Cash movements</u>		
Less:		
Payment of lease liabilities during the year		
- Principal portion	72,531	44,231
- Interest	2,766	4,247
	<u>(75,297)</u>	<u>(48,478)</u>
Lease liabilities at end of the year	<u>33,515</u>	<u>106,046</u>

## 11. PAYABLES

	<u>2023</u>	<u>2022</u>
	\$	\$
Accruals	89,859	76,874
Refundable student deposits	22,818	17,136
Student fees received in advance	7,689	7,837
Provision for unutilised leave	7,449	20,397
Non-trade payables	<u>1,314</u>	<u>2,738</u>
	<u>129,129</u>	<u>124,982</u>

Payables are unsecured, non-interest bearing and are normally settled within 90 days or on demand.

## 12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows comprise bank balances as shown in the statement of financial position.

## 13. RELATED PARTY DISCLOSURES

The Society is governed by the Management Committee which is the final authority and has overall responsibility for policy making and determination of all activities. Members of the Management Committee are volunteers and do not receive monetary remuneration from the Society for their contribution, except for reimbursement of out-of-pocket expenses.



# BRIGHTON CONNECTION

(Registered under the Societies Act 1966)

## 13. RELATED PARTY DISCLOSURES (continued)

The Society has in place a conflict of interests policy in its code of conduct. All members of the Management Committee and key management personnel are required to declare their interests yearly.

Significant transactions between the Society and its related parties, not otherwise disclosed in the financial statements, are as follows:

With entities in which certain members of the management committee have significant influence:

	<u>2023</u>	<u>2022</u>
	\$	\$
Donations received		
- Tax deductible	-	12,000
- Non-tax deductible	3,227	18,290

The donations were given by the related parties on a freewill basis.

None of the Management Committee members received remuneration from the Society in the financial years ended 31 May 2022 and 2023.

None of the Society's paid staff received annual remuneration exceeding \$100,000 each for the financial years ended 31 May 2022 and 2023.

There are no paid staff who are close members of the family belonging to the key management personnel or the management committee member of the Society, and whose remuneration each exceeds \$50,000 during the year.

Key management personnel comprise of the Executive Director. The remuneration of key management personnel are included under employee benefits expenses as disclosed in note 4.

## 14. FINANCIAL RISK MANAGEMENT

The Society is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks are credit risk and liquidity risk. The management reviews and agrees on policies for managing each of these risks and they are summarised below:

### 14.1 Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of counterparties to settle their financial and contractual obligations to the Society as and when they fall due.

#### (i) *Risk management*

The Society's exposure to credit risk arises from cash balances with bank, receivables and other financial assets. The Society mitigates credit risks by transacting with high credit rating counterparties and financial institutions which are regulated.

At the balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

# BRIGHTON CONNECTION

(Registered under the Societies Act 1966)

## 14. FINANCIAL RISK MANAGEMENT (continued)

### 14.1 Credit risk (continued)

#### (ii) *Recognition of expected credit losses (ECL)*

The Society's financial assets that are subject to credit losses where the expected credit loss model has been applied are fees receivable. The Society assesses on forward looking basis the expected credit losses on its receivables, and recognises a loss allowance in accordance with FRS 109.

The Society categorises a receivable for potential write-off when a debtor fails to make contractual payments for debts more than 90 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debt has no realistic prospect of recovery.

Based on the management's assessment, all known bad debts have been written off and there is no significant ECL on the remaining trade receivables as at the balance sheet date.

### 14.2 Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting financial obligations due to shortage of funds.

The Society monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Society's operations and to mitigate the effects of fluctuations in cash flows.

The table below summarises the maturity profile of the Society's financial liabilities at balance sheet date based on contractual undiscounted payments.

	<u>Within 1 year</u>	<u>After 1 year but not later than 5 years</u>	<u>Total</u>
	\$	\$	\$
<u>2023</u>			
Lease liabilities	33,750	-	33,750
Other payables	113,991	-	113,991
	<u>147,741</u>	<u>-</u>	<u>147,741</u>
<u>2022</u>			
Lease liabilities	75,127	33,925	109,052
Other payables	96,748	-	96,748
	<u>171,875</u>	<u>33,925</u>	<u>205,800</u>

# BRIGHTON CONNECTION

(Registered under the Societies Act 1966)

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## 15. FAIR VALUE OF ASSETS AND LIABILITIES

The Society does not have any asset and liability that are measured at fair value.

Cash and cash equivalents, receivables and payables are measured at amortised cost. Financial instruments with a short duration are not discounted.

Lease liabilities, measured at amortised cost, are discounted using incremental borrowing rates which approximate market rates as at the balance sheet date.

## 16. FINANCIAL INSTRUMENTS BY CATEGORY

The aggregate carrying amounts of financial instruments by category are as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
Financial assets at amortised cost	490,372	590,080
Financial liabilities at amortised cost	147,506	202,794

## 17. RESERVES MANAGEMENT

The reserves management objective of the Society is to safeguard the Society's ability to continue as a going concern and to maintain an optimal reserve in order to support its principal activities.

The Society is not subject to externally imposed reserves requirements.

There were no changes to the Society's approach to reserves management since the previous financial year.

## 18. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Society for the year ended 31 May 2023 were authorised for issue by the Management Committee on 4 September 2023.

# BRIGHTON CONNECTION

(Registered under the Societies Act 1966)

## Detailed Statement of Income and Expenditure for the year ended 31 May 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
<u>Income</u>		
Donations received		
- tax deductible	214,978	163,885
- non-tax deductible	95,892	1,692
Donations-in-kind	-	15,620
Government grants	54,405	100,795
Student care fee assistance grants	42,060	49,390
Student care fees income	237,575	121,241
Miscellaneous income	3,544	1,340
Discount and rebates on lease liabilities	-	10,914
	<u>648,454</u>	<u>464,877</u>
<u>Less: Expenditure</u>		
Accounting fee	3,290	3,200
Audit fee	5,336	5,450
Bad debts written off	-	144
Bank charges	274	1,297
Central Provident Fund contributions	74,379	66,926
Computer and software expenses	-	236
Depreciation on property, plant and equipment	4,376	5,105
Depreciation on right-of-use assets	71,845	56,324
Donated assets received written off	-	15,620
Fines and penalties	-	(63)
General expenses	260	-
Insurance	2,384	4,296
Interest expense on lease liabilities	2,766	4,247
License fee	4,152	50
Meal expenses	58,788	30,936
Medical expenses	-	278
Membership fee	-	139
Payroll services	4,580	3,916
Printing and stationery	4,552	6,810
Platform fee	3,376	-
Programme expenses	25,065	15,018
Repairs and maintenance	16,130	14,461
Salaries and allowance	440,519	416,156
Skills development levy	925	809
Staff welfare	13,429	13,291
Stamp duty fee	-	501
Subscription fee	298	693
Training expenses	2,214	-
Transport fee	100	106
Utilities	18,113	11,352
Website development and marketing expenses	356	473
	<u>757,507</u>	<u>677,771</u>
Deficit for the year	<u>(109,053)</u>	<u>(212,894)</u>

This Statement is prepared for the Management's use only and does not form part of the statutory audited financial statements.

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