

HONG WEN SCHOOL

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

商友會計師事務所

SHANGYEW PUBLIC ACCOUNTING CORPORATION

(Incorporating Gui Kim Young & Co.)


HONG WEN SCHOOL

STATEMENT BY SCHOOL MANAGEMENT COMMITTEE


In the opinion of the HONG WEN SCHOOL MANAGEMENT COMMITTEE

- a) The receipts, expenditure and investment monies and the acquisition and disposal of assets have been carried out in accordance with the Rules and Regulations issued by the Ministry of Education;
- b) Donations and other receipts of the School were used for approved projects and the purposes intended and the operating rules of the Education Central Fund have been complied with;
- c) The financial statements are drawn up so as to give a true and fair view of the financial position of the School as at 31 December 2014 and of the income and expenditure, changes in accumulated and other funds and cash flows of the School for the financial year ended on that date; and
- d) The accounting and other records have been properly kept in accordance with the Rules and Regulations issued by the Ministry of Education.


On behalf of the Hong Wen School Management Committee:



NG KIM CHOON PBM
Chairman



NG TIAN LEE / BBM (L)
Secretary



JESSIE TAY GIOK CHAI
Treasurer

11 March 2016
SINGAPORE

商友會計師事務所

SHANGYEW PUBLIC ACCOUNTING CORPORATION

Incorporated with limited liability

(Incorporating Gui Kim Young & Co.)

Co. Reg. No. 200609211Z

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Directors:

Gui Kim Young FCA 魏钧扬

Lim Siong Sheng FCA 林双盛

Ng Kuan Mei CA 伍锦美

HONG WEN SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE SCHOOL MANAGEMENT COMMITTEE

We have audited the accompanying balance sheet as at 31 December 2014 and the income, expenditure and cash flow statement for the year then ended. These financial statements are the responsibility of management of the school. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards 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 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 management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with Singapore Financial Reporting Standards and so as to give a true and fair view of the financial position of the School as at 31 December 2014 and of the income and expenditures, changes in accumulated and other funds and cash flows of the School for the year ended on that date; and
- (b) the accounting and other records have been properly kept in accordance to Rules and Regulations issued by the Ministry of Education, including the rules for the Education Central Fund, as well as of any agreement signed with the Ministry of Education.

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

- (i) the receipt, expenditure and investment of monies; and
- (ii) the acquisition and disposal of assets by the school;


have not been carried out in accordance to Rules and Regulations issued by the Ministry of Education, including the rules for the Education Central Fund, as well as of any agreement signed with the Ministry of Education; nor that

- (iii) the donations and other receipts of the school were not used for approved projects and the purposes intended.

The total fund-raising and sponsorship expense for the financial year does not exceed 30% of the total gross receipts from fund-raising and sponsorships.

Other matters

The financial statements of the School for the financial year ended 31 December 2013 was audited by another firm of auditor who expressed an unmodified opinion on those financial statements on 2 October 2014.


SHANGYEW PUBLIC ACCOUNTING CORPORATION
Public Accountants And
Chartered Accountants

HONG WEN SCHOOL

BALANCE SHEET AS AT 31 DECEMBER 2014

	<u>Note</u>	<u>31.12.2014</u>	<u>31.12.2013</u> (restated)	<u>1.1.2013</u> (restated)
		S\$	S\$	S\$
NON-CURRENT ASSET				
Property, plant and equipment	3	20,255,616	20,808,948	21,657,041
CURRENT ASSETS				
Other receivables	4	5,052	1,578	2,581
Cash with Director of Education	5	60,637	49,023	33,731
Cash and cash equivalents	6	2,778,021	2,651,385	2,630,351
		<u>2,843,710</u>	<u>2,701,986</u>	<u>2,666,663</u>
LESS: CURRENT LIABILITY				
Other payables	7	192,323	22,769	5,270
		<u>192,323</u>	<u>22,769</u>	<u>5,270</u>
NET CURRENT ASSETS		2,651,387	2,679,217	2,661,393
NON-CURRENT LIABILITY				
Deferred capital grants	8	(18,224,454)	(18,718,758)	(19,498,706)
NET ASSETS		<u><u>4,682,549</u></u>	<u><u>4,769,407</u></u>	<u><u>4,819,728</u></u>
TOTAL FUND				
<u>Unrestricted fund</u>				
Accumulated fund		81,481	178,135	238,617
<u>Restricted fund</u>				
School fund	9	60,637	49,023	33,731
Building fund	10	4,500,000	4,500,000	4,500,000
Support for school-based financial assistance scheme	11	3,715	9,370	15,527
Advance collection - P1 orientation	12	928	1,006	3,916
Alumni fund for needy students	13	1,851	1,851	1,851
Held in trust by school	14	6,052	5,942	5,633
School fund for needy pupils	15	18,499	14,694	11,067
Innovation award fund	16	9,386	9,386	9,386
		<u>4,601,068</u>	<u>4,591,272</u>	<u>4,581,111</u>
		<u><u>4,682,549</u></u>	<u><u>4,769,407</u></u>	<u><u>4,819,728</u></u>

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

HONG WEN SCHOOL

INCOME AND EXPENDITURE STATEMENT FOR THE FINANCIAL
YEAR ENDED 31 DECEMBER 2014

	<u>2014</u>	<u>2013</u>
	S\$	S\$
INCOME		
Donations		
- Tax deductible	21,500	59,700
- Non-tax deductible	92	28,000
Amortisation of capital grants	789,780	779,948
Fixed deposit interest received	29,405	28,472
Rental of after school care	32,208	23,058
Rental of school hall	25,130	26,170
Rental of tuckshop stalls	630	720
Sale of Captiva ! ticket	-	7,000
Sale of dolls	25	57
Sale of t-shirt	14	3,514
Parking fee received	720	720
Other income	700	600
	<u>900,204</u>	<u>957,959</u>
LEE: EXPENDITURE		
Art exhibition	1,325	5,600
Audit fees	3,500	3,500
AVA expenses	4,129	-
Bank charges	291	194
Captiva ! concert expenses	-	19,893
Chinese calligraphy	5,279	5,365
Classroom decoration	1,560	983
CCA expenses	42,105	15,625
CME expenses	1,275	-
Depreciation of property, plant and equipment	889,984	878,567
Excursion and camps	-	100
Furniture and furnishing	-	11,409
Insurance	2,006	2,006
Miscellaneous expenses	12,841	15,376
Postages	51	-
Prize giving expenses	6,422	7,229
Pupil welfare	-	12,940
Staff innovation award	2,000	2,140
Staff welfare	18,392	32,684
Telephone expenses	898	-
Upkeep of premises	4,800	4,830
	<u>996,858</u>	<u>1,018,441</u>
DEFICIT AFTER INCOME TAX TRANSFERRED TO ACCUMULATED FUND	<u><u>(96,654)</u></u>	<u><u>(60,482)</u></u>

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

HONG WEN SCHOOL

STATEMENT OF CHANGES IN ACCUMULATED FUND
AND OTHER FUNDS FOR THE FINANCIAL
YEAR ENDED 31 DECEMBER 2014

	Accumulated fund	School fund	Building fund	Support for Sch-based FAS	Advance collection-P1 orientation	Alumni fund for needy students	Held in trust by school	School fund for needy pupils	Innovation award fund	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
At 1.1.2013	238,617	33,731	4,500,000	15,527	3,916	1,851	5,633	11,067	9,386	4,819,728
Surplus/(Deficit) for the year	(60,482)	15,292	-	(6,157)	(2,910)	-	309	3,627	-	(50,321)
At 31.12.2013	178,135	49,023	4,500,000	9,370	1,006	1,851	5,942	14,694	9,386	4,769,407
Surplus/(Deficit) for the year	(96,654)	11,614	-	(5,655)	(78)	-	110	3,805	-	(86,858)
At 31.12.2014	81,481	60,637	4,500,000	3,715	928	1,851	6,052	18,499	9,386	4,682,549

(5)

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

HONG WEN SCHOOL

STATEMENT OF CASH FLOWS FOR THE FINANCIAL
YEAR ENDED 31 DECEMBER 2014

	<u>2014</u> S\$	<u>2013</u> S\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit before income tax	(96,654)	(60,482)
Adjustment for:		
Depreciation of property, plant and equipment	889,984	878,567
Amortisation of capital grants	(789,780)	(779,948)
Fixed deposit interest received	(29,405)	(28,472)
	(25,855)	9,665
(Increase) / Decrease in working capital:-		
Other receivables	(3,474)	1,003
Other payables	169,554	17,499
Support for school-based financial assistance schemes	(5,655)	(6,157)
Advance collection-P1 orientation	(78)	(2,910)
Held in trust by school	110	309
School fund for needy pupil	3,805	3,627
Cash generated from operation	138,407	23,036
Net cash inflow from operating activities	138,407	23,036
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(336,652)	(30,474)
Capital grants received for purchase of property, plant and equipment	295,476	-
Fixed deposit interest received	29,405	28,472
Net cash outflow from investing activities	(11,771)	(2,002)
Net increase in cash and cash equivalents	126,636	21,034
Cash and cash equivalents at beginning of year	2,651,385	2,630,351
Cash and cash equivalents at end of year (Note 6)	<u>2,778,021</u>	<u>2,651,385</u>

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

HONG WEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

These notes form an integral part of the accompanying financial statements.

1. GENERAL

The school is situated at 30 Towner Road, Singapore 327829.

These financial statements were authorised for issue in accordance with a resolution of the HONG WEN SCHOOL MANAGEMENT COMMITTEE (the "SMC") on 11 March 2016.

The principal activity of the School is to provide primary level education.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies adopted in the preparation of these financial statements:

a. Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements are presented in Singapore Dollars, which is the functional currency of the School.

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

The preparation of financial statements in conformity with the Rules and Regulations issued by the Ministry of Education and FRS requires management to exercise its judgment in the process of applying the School's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

b. Property, plant and equipment

(i) Measurement

(aa) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment loss, if any.

(bb) Component of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

HONG WEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

(ii) Depreciation

Property, plant and equipment are depreciated on a straight line basis so as to write off their cost over the estimated useful lives as follows:-

School building	30 years
Furniture and fittings	10 years
AV equipment	10 years
Software	5 years
Office equipment	5 years

No depreciation provided on the Peri school upgrading under development. The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the income and expenditure statement when the changes arise.

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

(iii) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the school and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in the income and expenditure statement when incurred.

(iv) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the income and expenditure statement.

c. Financial assets

(i) Classification

Financial assets are classified as either loans and receivables, financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. The School determines the classification of its financial assets at initial recognition. The designation of financial assets at fair value through profit or loss is irrevocable.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial asset not at fair value through profit or loss, directly attributable transaction costs. The School determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial year-end, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

HONG WEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

The School does not have the following financial assets: financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets.

(aa) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing more than 12 months after the balance sheet date which are classified as non-current assets.

The School classifies the following financial assets as loans and receivables:

- Receivables
- Cash with Director of Education
- Cash and cash equivalents

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the School commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the School has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in income and expenditure statement. Any amount in the fair value reserve relating to that asset is transferred to income and expenditure statement.

(iii) Initial measurement

Loans and receivables are initially recognised at fair value plus transaction costs.

(iv) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method less impairment losses. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(v) Impairment

The School assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired and recognises an allowance for impairment when such evidence exists.

(aa) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the income and expenditure statement.

The allowance for impairment loss account is reduced through the income and expenditure statement in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

d. Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

e. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and highly liquid investments which are readily convertible and which are subject to an insignificant risk of cash risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents form an integral part of the cash management of the School.

f. Impairment of assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that an asset may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is included in income and expenditure statement.

g. Financial liabilities

Financial liabilities are initially recognised at fair value, plus directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities, gains and losses are recognised in the income and expenditure statement when the liabilities are derecognised or impaired, through the amortization process.

h. Payables

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

HONG WEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

i. Operating leases - lessor

Leases where the School retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note (k)(ii). Contingent rents are recognised as revenue in the period in which they are earned.

j. Related parties

A related party is a person or entity that is related to the reporting entity.

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

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary corporation and fellow subsidiary corporation is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) The 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).

k. Revenue Recognition

(i) Donation received

Donation received is recognised on a cash basis.

(ii) Rental income

Rental income is recognised on a straight-line basis over the lease term.

(iii) Interest income

Interest income is recognised using the effective interest method.

HONG WEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

l. Grants

Grants are recognised as income on an accrual basis and only when there is reasonable assurance that the School will comply with the conditions attached to the grants, and the grants would be received.

Operating grant is grant received or receivable from the Ministry of Education (the "MOE") to meet the current year's operating expenses and is taken to the income and expenditure statement.

Where the grants are utilised for the purchase of depreciable assets, the grant amount is taken to the deferred capital grant account if the assets are capitalised, or to income and expenditure statement if the assets are expensed off in the year of purchase.

The deferred capital grant is recognised in income and expenditure statement over the periods necessary to match the depreciation of the property, plant and equipment financed by the related grant. On disposal of an item of the property, plant and equipment, the balance of the related grant is recognised in income and expenditure statement to match the carrying amount of the property, plant and equipment disposed.

m. Funds

(i) Unrestricted fund

Income and expenditure relating to the main activities of the School are accounted for through the Accumulated Fund.

(ii) Restricted funds

Income and expenditure relating to funds set up for contributions received and expenditure incurred for specific purposes are accounted for through the Restricted Funds.

n. Fair value of financial assets and liabilities

The carrying amounts of current financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes to the financial statements.

HONG WEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

3. PROPERTY, PLANT AND EQUIPMENT

	School Building S\$	Peri school upgrading S\$	Furniture & fittings S\$	AV equipment S\$	Software S\$	Office equipment S\$	Total S\$
<u>Cost</u>							
At 1.1.2014	25,622,842	-	69,183	69,553	3,763	5,150	25,770,491
Additions	273,948	62,704	-	-	-	-	336,652
At 31.12.2014	25,896,790	62,704	69,183	69,553	3,763	5,150	26,107,143
<u>Accumulated depreciation</u>							
At 1.1.2014	4,912,943	-	26,786	16,672	2,052	3,090	4,961,543
Charge for the year	874,327	-	6,918	6,956	753	1,030	889,984
At 31.12.2014	5,787,270	-	33,704	23,628	2,805	4,120	5,851,527
<u>Net book value</u>							
At 31.12.2014	20,109,520	62,704	35,479	45,925	958	1,030	20,255,616

	School Building S\$	Peri school upgrading S\$	Furniture & fittings S\$	AV equipment S\$	Software S\$	Office equipment S\$	Total S\$
<u>Cost</u>							
At 1.1.2013	25,592,882	-	69,183	69,553	3,249	5,150	25,740,017
Additions	29,960	-	-	-	514	-	30,474
At 31.12.2013	25,622,842	-	69,183	69,553	3,763	5,150	25,770,491
<u>Accumulated depreciation</u>							
At 1.1.2013	4,050,031	-	19,868	9,717	1,300	2,060	4,082,976
Charge for the year	862,912	-	6,918	6,955	752	1,030	878,567
At 31.12.2013	4,912,943	-	26,786	16,672	2,052	3,090	4,961,543
<u>Net book value</u>							
At 31.12.2013	20,709,899	-	42,397	52,881	1,711	2,060	20,808,948

HONG WEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

4. OTHER RECEIVABLES	<u>2014</u>	<u>2013</u>
	S\$	S\$
MOE capital grant receivable	2,541	-
Other receivable	-	(903)
Rental receivable	330	300
Deposit	1,410	1,410
Prepayment	771	771
	<u>5,052</u>	<u>1,578</u>

The carrying amounts of other receivables approximate their fair values.

5. CASH WITH DIRECTOR OF EDUCATION	<u>2014</u>	<u>2013</u>
	S\$	S\$
Cash with Director of Education	<u>60,637</u>	<u>49,023</u>

The carrying amount of cash with director of education approximate their fair values.

6. CASH AND CASH EQUIVALENTS	<u>2014</u>	<u>2013</u>
	S\$	S\$
Cash at banks	219,661	122,430
Fixed deposits	2,558,360	2,528,955
	<u>2,778,021</u>	<u>2,651,385</u>

The carrying amount of cash and cash equivalents approximate their fair values.

7. OTHER PAYABLES	<u>2014</u>	<u>2013</u>
	S\$	S\$
Purchase of property, plant and equipment	183,463	-
Rental deposit received	4,880	4,880
Rental received in advance	-	2,440
Accrued operating expenses	3,980	15,449
	<u>192,323</u>	<u>22,769</u>

The carrying amounts of other payables approximate their fair values.

8. DEFERRED CAPITAL GRANTS	<u>2014</u>	<u>2013</u>
	S\$	S\$
At beginning of year	18,718,758	19,498,706
Grant received	295,476	-
Grant utilised	(789,780)	(779,948)
At end of year	<u>18,224,454</u>	<u>18,718,758</u>

Capital grants received from MOE for the school building have been capitalised under Deferred capital grants. The deferred capital grants will be recognised in the Income and Expenditure statement over the remaining lease period to match the depreciation charge of the building costs.

HONG WEN SCH

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2014

9. SCHOOL FUND		<u>2014</u>	<u>2013</u>
		S\$	S\$
Receipts			
Miscellaneous fees		205,757	206,006
Other income		151,589	221,548
Edusave capitation grant		66,200	66,850
Grants/subsidies received		292,948	273,501
Project grants		1,032,911	1,132,206
		<u>1,749,405</u>	<u>1,900,111</u>
Less: Payments			
Machine and equipment		37,879	20,270
Teaching materials/fees		82,634	87,168
ECA/Other activities		2,764	6,735
Maintenance and improvements		8,656	7,753
Administrative cost		273,955	321,892
Pupil related expenditure		88,720	81,291
Project expenses		1,229,162	1,371,290
Others		14,021	(11,580)
		<u>1,737,791</u>	<u>1,884,819</u>
Surplus for the year		<u>11,614</u>	<u>15,292</u>
At beginning of the year		<u>49,023</u>	<u>33,731</u>
At end of the year		<u><u>60,637</u></u>	<u><u>49,023</u></u>
10. BUILDING FUND		<u>2014</u>	<u>2013</u>
		S\$	S\$
At beginning of the year		<u>4,500,000</u>	<u>4,500,000</u>
At end of year		<u><u>4,500,000</u></u>	<u><u>4,500,000</u></u>
11. SUPPORT FOR SCHOOL-BASED FINANCIAL ASSISTANCE SCHEME		<u>2014</u>	<u>2013</u>
		S\$	S\$
Receipts			
Grants received from MOE		630	-
Less: Payments			
Meals allowances		1,382	1,416
School programme		-	271
Textbook and stationery		1,699	1,380
Transport		3,204	3,090
		<u>6,285</u>	<u>6,157</u>
Deficit for the year		<u>(5,655)</u>	<u>(6,157)</u>
At beginning of the year		<u>9,370</u>	<u>15,527</u>
At end of the year		<u><u>3,715</u></u>	<u><u>9,370</u></u>

The MOE grant is to provide financial assistance to needy Singapore students during the economic downturn.

HONG WEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

12. ADVANCE COLLECTION - P1 ORIENTATION

	<u>2014</u> S\$	<u>2013</u> S\$
Receipts		
Collection from students	2,660	30
Less: Payments		
Catering food	1,484	1,680
Name tag	1,254	1,260
	2,738	2,940
Deficit for the year	(78)	(2,910)
At beginning of the year	1,006	3,916
At end of the year	928	1,006

Collection from P1 parents is to pay for the canteen food expenses during 1st week of school for P1 pupils.

13. ALUMNI FUND FOR NEEDY STUDENTS

	<u>2014</u> S\$	<u>2013</u> S\$
At beginning of the year	1,851	1,851
At end of the year	1,851	1,851

To support needy students in school fees and related expenses by Alumni.

14. HELD IN TRUST BY SCHOOL

	<u>2014</u> S\$	<u>2013</u> S\$
Receipts		
Donation from students	7,310	6,309
Less: Payments		
Donation	7,200	6,000
Surplus for the year	110	309
At beginning of the year	5,942	5,633
At end of the year	6,052	5,942

Ang Pao money collected from students during Chinese New Year to be distributed to charity organisations.

HONG WEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

15. SCHOOL FUND FOR NEEDY PUPILS

	<u>2014</u> S\$	<u>2013</u> S\$
Receipts		
Donation received from The Singapore Teachers' Co-operative Society Ltd	1,800	-
Coupon sales	8,653	8,951
	10,453	8,951
Less: Payments		
Dinner for staff and student	1,464	1,125
Food stall and games	2,663	2,842
Mid Autumn festival expenses	220	446
Printing charges	321	200
School fees	1,980	665
Text book and school attire	-	46
	6,648	5,324
Surplus for the year	3,805	3,627
At beginning of the year	14,694	11,067
At end of the year	18,499	14,694

Fund raised from Mid Autumn Celebrations used to support non Singaporean students in school fees and related expenses.

16. INNOVATION AWARD FUND

	<u>2014</u> S\$	<u>2013</u> S\$
At beginning of the year	9,386	9,386
At end of the year	9,386	9,386

Fund to support P3 and P4 (YIP) project and P5 Mathequarium to encourage Innovation by Alumni Association.

17. LEASE COMMITMENTS

The School leases out a school-based student care centre to an external party for a lease period of 3 years, Non-cancellable operating lease rentals are receivable as follows:

	<u>2014</u> S\$	<u>2013</u> S\$
Future minimum lease receipts:		
Within 1 year	36,384	32,208
After 1 year but within 5 years	70,336	-
	106,720	32,208

HONG WEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2014

18. CAPITAL COMMITMENTS	<u>2014</u>	<u>2013</u>
	S\$	S\$
Approved and contracted:		
Peri school upgrading	259,160	-
Less: Amount paid	<u>(32,784)</u>	<u>-</u>
At end of year	<u><u>226,376</u></u>	<u><u>-</u></u>

At the balance sheet date, the School has committed to enter into several contracts relating to the Peri school upgrading project.

19. FINANCIAL RISK MANAGEMENT

The main risks arising from the School's financial instruments are credit risk and liquidity risk and they are summarised below:

a. Credit risk

The maximum extent of the School's credit exposure is represented by the carrying amounts of cash and bank balances. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Cash are placed with reputable banks.

b. Liquidity risk

In the management of liquidity risk, the School monitors and maintains a level of cash and bank balances deemed adequate to finance the School's operations.

20. COMPARATIVE INFORMATION

Prior year comparatives were audited by another firm of Chartered Accountants. Certain comparative figures have been reclassified to conform with current year's presentation. The reclassification was as follows:

<u>Balance sheet</u>	<u>31.12.2013</u> (restated)	<u>31.12.2013</u> (previously reported)
	S\$	S\$
<i>Non-current asset</i>		
Property, plant and equipment	20,808,948	20,850,809
<i>Current liabilities</i>		
Other payables	(22,769)	(65,018)
<i>Non-current liabilities</i>		
Deferred capital grants	(18,718,758)	-
<i>Unrestricted fund</i>		
Accumulated fund	(178,135)	(679,502)

