FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED (30 JUNE 2021)

EXTRAORDINARY PEOPLE LIMITED

EXTRAORDINARY PEOPLE LIMITED
(Co. Reg. No. 201719854W)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2021

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EXTRAORDINARY PEOPLE LIMITED
(A company limited by guarantee and not having a share capital)

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of the Company for the financial year ended 30 June 2021.

In the opinion of the directors:

(i) the financial statements set out on pages 5 to 26 are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50, the Charities Act, Chapter 37 and other relevant regulations and Financial Reporting Standards in Singapore so as to give a true and fair view of the financial position of the Company at 30 June 2021 and of the financial performance, changes in funds, and cash flows of the Company for the financial year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Wee Wei Ling
Ng Kim Tean
Leong Wai Leng
Lee Chuen Neng
Wee Boo Kuan

Arrangement to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Other matters

As the Company is limited by guarantee and does not have a share capital, matters relating to the issue of shares, debentures or share options are not applicable.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Wee Wei Ling Director	Wee Boo Kuan Director

2 December 2021

600 North Bridge Road
#05-01 Parkview Square
Singapore 188778

T: +65 6336 2828
www.bakertilly.sg

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXTRAORDINARY PEOPLE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Extraordinary People Limited (the "Company") as set out on pages 5 to 26, which comprise the statement of financial position as at 30 June 2021, and the statement of financial activities and statement of cash flows for the financial 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 Companies Act, Chapter 50 (the "Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 30 June 2021 and of the financial performance, changes in funds and cash flows of the Company for the financial year ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information obtained at the date of the auditor's report is the Directors' Statement as set out on page 1 and the Annual Report for the financial year ended 30 June 2021, 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 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.

bakertilly

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXTRAORDINARY PEOPLE LIMITED (cont'd)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, the Charities Act and Regulations and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

bakertilly

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXTRAORDINARY PEOPLE LIMITED (cont'd)

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

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

(i) the Company has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and

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

Baker Tilly

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

2 December 2021

EXTRAORDINARY PEOPLE LIMITED
(A company limited by guarantee and not having a share capital)

STATEMENT OF FINANCIAL ACTIVITIES
For the financial year ended 30 June 2021

		Unrestricted	Restricted						
	Note	General fund $	Performing arts fund $	Sponsor a star fund $	Extraordinary apprenticeship programme $	Extraordinary care programme $	Community Chest fund $	Invictus fund $	Total funds $
Income									
Donations	5	1,021,488	–	311,972	–	–	50,000	–	**1,383,460**
Rendering of services		412,281	–	–	–	–	–	–	**412,281**
Government grants		879,190	–	–	150,000	–	–	50,000	**1,079,190**
Other income		59,909	–	–	–	–	–	–	**59,909**
Total incoming resources		2,372,868	–	311,972	150,000	–	50,000	50,000	**2,934,840**
Less expenditure									
Conductor and training fees		5,505	–	–	–	–	–	–	**5,505**
Depreciation	7	244,934	77,928	–	–	–	–	–	**322,862**
Employee benefits expense	4	1,005,297	43,785	93,581	19,771	–	35,712	50,000	**1,248,146**
Entertainment expenses		368	–	–	–	–	–	–	**368**
Event expenses		35,487	–	–	–	–	–	–	**35,487**
Other operating expenses		144,400	4,374	–	–	–	–	–	**148,774**
Professional fees		70,167	–	–	–	–	–	–	**70,167**
Rental expenses - short-term lease		2,264	–	–	–	–	–	–	**2,264**
Therapy resources		17,943	–	–	–	–	–	–	**17,943**
Interest expense	21	16,079	–	–	–	–	–	–	**16,079**
Financial Assistance		–	–	119,954	86,870	–	–	–	**206,824**
Total resources expended		1,542,444	126,087	213,535	106,641	–	35,712	50,000	**2,074,419**
Net surplus/(deficit) for the financial year		830,424	(126,087)	98,437	43,359	–	14,288	–	**860,421**
Fund at the beginning of financial year		(135,098)	141,025	–	118,202	3,121	–	–	**127,250**
Fund at the end of financial year		695,326	14,938	98,437	161,561	3,121	14,288	–	**987,671**

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

EXTRAORDINARY PEOPLE LIMITED
(A company limited by guarantee and not having a share capital)

STATEMENT OF FINANCIAL ACTIVITIES (cont'd)
For the financial year ended 30 June 2020

		← Unrestricted →	←		Restricted	→	
	Note	General fund $	Performing arts fund $	Sponsor a star fund $	Extraordinary apprenticeship programme $	Extraordinary care programme $	(Restated) Total funds $
Income							
Donations	5	1,310,465	73,985	118,043	155,546	–	1,658,039
Rendering of services		174,335	10,345	–	120	3,121	187,921
Government grants		283,674	–	–	–	–	283,674
Other income		617	–	–	–	–	617
Total incoming resources		1,769,091	84,330	118,043	155,666	3,121	2,130,251
Less expenditure							
Conductor and training fees		250	12,090	–	–	–	12,340
Depreciation	7	410,955	85,263	–	–	–	496,218
Employee benefits expense	4	1,232,836	86,648	118,043	37,423	–	1,474,950
Entertainment expenses		408	–	–	–	–	408
Event expenses		150,509	4,828	–	–	–	155,337
Other operating expenses		156,222	20,923	–	34	–	177,179
Professional fees		68,380	–	–	–	–	68,380
Rental expenses - short-term lease		1,945	–	–	–	–	1,945
Therapy resources		12,066	–	–	7	–	12,073
Interest expense	21	16,583	–	–	–	–	16,583
Total resources expended		2,050,154	209,752	118,043	37,464	–	2,415,413
Net (deficit)/surplus for the financial year		(281,063)	(125,422)	–	118,202	3,121	(285,162)
Fund at the beginning of financial year		145,965	266,447	–	–	–	412,412
Fund at the end of financial year		(135,098)	141,025	–	118,202	3,121	127,250

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

EXTRAORDINARY PEOPLE LIMITED
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STATEMENT OF FINANCIAL POSITION
At 30 June 2021

	Note	2021 $	2020 $
Non-current assets			
Plant and equipment	7	**588,315**	357,593
Current assets			
Trade and other receivables	8	**2,682**	113,592
Other assets	9	**127,094**	105,212
Cash and cash equivalents	10	**839,173**	411,597
		968,949	630,401
Total assets		**1,557,264**	987,994
Non-current liabilities			
Provision	13	**57,475**	48,080
Lease liabilities	21	**240,992**	164,001
		298,467	212,081
Current liabilities			
Contract liabilities	11	**14,530**	69,976
Trade and other payables	12	**72,131**	466,814
Lease liabilities	21	**184,465**	111,873
		271,126	648,663
Total liabilities		**569,593**	860,744
Net assets		**987,671**	127,250
Funds			
Unrestricted Funds			
General fund/(deficit)		**695,326**	(135,098)
Restricted Funds			
Performing arts fund	14	**14,938**	141,025
Extraordinary apprenticeship programme	15	**161,561**	118,202
Extraordinary care programme	16	**3,121**	3,121
Sponsor a star fund	17	**98,437**	–
Community chest fund	18	**14,288**	–
Invictus fund	19	–	–
		987,671	127,250

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

EXTRAORDINARY PEOPLE LIMITED
(A company limited by guarantee and not having a share capital)

STATEMENT OF CASH FLOWS
For the financial year ended 30 June 2021

	2021 $	2020 $
Cash flows from operating activities		
Net surplus/(deficit) for the financial year	**860,421**	(285,162)
Adjustments for:		
Depreciation of plant and equipment	**322,862**	496,218
Interest expense - leases	**16,079**	16,583
Rent concession	**(22,309)**	–
Operating cash flows before movements in working capital	**1,177,053**	227,639
Trade and other receivables	**110,910**	(79,428)
Other assets	**(21,882)**	(10,902)
Other liabilities	–	(65,867)
Contract liabilities	**(55,446)**	69,976
Provisions	**(25,680)**	–
Trade and other payables	**(394,683)**	328,392
Cash restricted in use	**(28,675)**	(41,984)
Cash from operating operations	**761,597**	427,826
Income tax paid	–	(2,499)
Net cash from operating activities	**761,597**	425,327
Cash flows from investing activities		
Purchases of plant and equipment (Note A)	**(166,577)**	(20,048)
Net cash used in investing activities	**(166,577)**	(20,048)
Cash flows from financing activities		
Repayment of lease liabilities	**(180,040)**	(268,373)
Interest expense - leases	**(16,079)**	(16,583)
Net cash used in financing activities	**(196,119)**	(284,956)
Net increase in cash and cash equivalents	**398,901**	120,323
Cash and cash equivalents at beginning of financial year	**162,865**	42,542
Cash and cash equivalents at end of financial year	**561,766**	162,865
Note A: Purchase of plant and equipment		
Additions of plant and equipment acquired	**576,673**	25,788
Less: Provision for reinstatement costs	**(35,075)**	(5,740)
Less: Recognition of right-of-use assets	**(378,002)**	–
Add: Initial direct costs in acquiring lease/renewal of lease	**2,981**	–
Net cash outflow for purchase of plant and equipment	**166,577**	20,048
Cash and cash equivalents are represented by:		
Amount as shown in the statement of financial position	**839,173**	411,597
Less: Cash and cash equivalents restricted in nature	**(277,407)**	(248,732)
	561,766	162,865

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

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

1. Corporate information

The Company (Co. Reg. No. 201719854W) is incorporated and domiciled in Singapore with its principal place of activity at 7500A Beach Road, #01-313 The Plaza, Singapore 199591. The Company is also a charity registered under the Charities Act, Chapter 37 and is an approved Institutions of a Public Character ("IPC") under the Singapore Income Tax Act, Cap 134.

The principal activity of the Company are to support every person with special needs in Singapore through community-supported initiatives.

Each member of the Company has undertaken to contribute such amounts not exceeding $1 to the assets of the Company in the event the Company is wound up and the monies are required for payment of the liabilities of the Company. The Company has 4 members (2020: 4 members) at the end of the reporting year.

The memorandum and articles of the Company states that the income and property of the Company shall be solely for the furtherance of the objects of the Company and no portion shall be distributed to the members of the Company.

2. Significant accounting policies

a) Basis of preparation

The financial statements, expressed in Singapore dollar ("$"), which is the Company's functional currency, have been prepared in accordance with the provisions of the Companies Act, Chapter 50, the Charities Act, Chapter 37 and other relevant regulations and Financial Reporting Standards in Singapore ("FRSs"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

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.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3 to the financial statements

The carrying amounts of cash and cash equivalents, sundry receivables, accrued expenses and lease liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

2. Significant accounting policies (cont'd)

a) Basis of preparation (cont'd)

New and revised standards that are adopted

In the current financial year, the Company has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for the current financial year. In addition, the Company has also early adopted the Amendment to FRS 116 COVID-19 – Related Rent Concessions. Changes to the Company's accounting policies have been made as in accordance with the transitional provisions in the respective FRSs and INT FRSs.

The adoption of these new/revised FRSs and INT FRSs did not have any material effect on the financial results or position of the Company except as disclosed below:

During the financial year, the Company has elected to early adopt the amendment to FRS 116: COVID-19 – Related Rent Concessions which provided practical relief for lessees in accounting for rent concessions. Under the practical expedient, the lessees are not required to assess whether a rent concession is a lease modification and instead are permitted to account for them as if they were not lease modifications, if all of the following conditions are met.

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
(c) there is no substantive change to other terms and conditions of the lease.

The Company has elected to apply this practical expedient to all leases. As a result of applying the practical expedient, rent concessions of $22,309 was recognised as other income in the profit or loss during the year. The amendment has no impact on retained earnings at 1 July 2020.

b) Income recognition

Donations, offerings and pledges are recognised when received. Such income is only deferred when the donor specifies that the donations or grants must be used in future accounting periods, or the donor has imposed condition which must be met before the fund has unconditional entitlement.

For distinct services in a series, such as routine or recurring service contracts like therapy consultation and membership subscription services, where the promise under the contract is for a specified quantity of services that meets the over time criteria or is a stand-ready or single continuous service and if the nature of each service is distinct, substantially the same and has the same pattern of transfer or each time increment is distinct, then revenue is recognised at the amount that the entity has the right to bill a fixed amount for each unit of service provided.

Revenue from performing arts services is recognised when the entity satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs or for services that are not significant transactions, revenue is recognised as the services are provided.

Interest income is recognised on a time proportion basis using the effective interest method.

Income and expenditure relating to the various reserve funds specifically set up are taken directly to these funds.

2. Significant accounting policies (cont'd)

b) Income recognition (cont'd)

A gift-in-kind (if any) is included in the statement of financial activities based on an estimated of the fair value at the date of the receipt of the gift of non-monetary asset or the grant of a right to the monetary asset. The gift is recognised if the amount of the gift can be measured reliably and there is certainty that it will be received. Gifts in kind received from some events that are deemed not of substantial values though can be reasonably quantified, are not recorded as income of the Company. No value is ascribed to volunteer service.

All other income and expenditure are reflected in statement of financial activities.

c) Government grants

Government grants are recognised at their fair values where there is reasonable assurance that the subsidy will be received and all terms and conditions relating to the subsidy have been complied with. Where the subsidy relates to an expense item, it is recognised in the statement of financial activities over the periods necessary to match them on a systematic basis to the costs that it is intended to compensate. Where the subsidy relates to an asset, the fair value is recognised as deferred government grant on the statement of financial position and is amortised to the statement of financial activities over the expected useful life of the relevant asset by equal annual instalments.

d) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any impairment loss where its recoverable amount is estimated to be lower than its carrying amount. Plant and equipment are depreciated on a straight line basis so as to write off the cost of the assets over their estimated useful lives at the following annual rates:

	%
Furniture, fittings and equipment	20
Renovation	33
Computers	100
Leasehold properties	Over the lease term

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in statement of financial activities when the charges arise.

Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal of restoration is incurred as a consequence of acquiring or using the asset.

On disposal of a plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to statement of financial activities.

No depreciation is provided on freehold land. Fully depreciated assets are retained in the financial statements until they are no longer in use.

e) Funds

Unless specifically indicated, fund balances are not represented by any specific accounts, but are represented by all assets of the Company.

f) Taxation

As a charity, the Company is exempt from tax on income and gains falling within Section 13(1)(zm) of the Income Tax Act to the extent that these are applied to its charitable objects. No tax charges have arisen for the Company during the financial year.

2. Significant accounting policies (cont'd)

g) Employee benefits

Employee leave entitlements

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

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund ("CPF"), and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

h) Impairment of non-financial assets

At each financial year end, the Company assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in income or expenses.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in income or expenses.

i) Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Company 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 Company has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through statement of financial activities) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through statement of financial activities are recognised immediately in statement of financial activities.

2. Significant accounting policies (cont'd)

i) Financial assets (cont'd)

Classification and measurement

All financial assets are subsequent measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Company classifies its financial assets at amortised cost. The classification is based on the Company's model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Company reclassifies financial assets when and only when its model for managing those assets changes.

Subsequent measurement

Debt instruments include bank and cash balances, fixed deposits and sundry receivables (excluding prepayments). The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in statement of financial activities when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Impairment

The Company recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "lifetime ECL").

If the Company has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Company recognises an impairment gain or loss in statement of financial activities for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

2. Significant accounting policies (cont'd)

j) Financial liabilities

Financial liabilities, which comprise accrued expenses and lease liabilities are initially measured at fair value plus directly attributable transaction costs, and are subsequently measured at amortised cost, using the effective interest method. Financial liabilities are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instruments.

A financial liability is derecognised when the obligation under the liability is extinguished. Gain and losses are recognised in statement of financial activities when the liabilities are derecognised and through the amortisation process.

k) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount that reflects the current market assessment of the time value of money and risks specific to the obligation.

When the discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

l) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash on hand and in the bank and fixed deposits with financial institutions that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

m) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

n) Leases

The Company 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.

The Company applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephones). For these exempted leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

2. Significant accounting policies (cont'd)

n) Leases (cont'd)

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liabilities are presented as a separate line in the statement of financial position.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liabilities and makes a corresponding adjustment to the related right-of-use asset whenever there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Company 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 depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within "Plant and equipment" comprising office premises which are depreciated over the lease period of 2-6 years using the straight-line method.

The Company applies FRS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(h).

3. Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each financial year, 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.

Estimating the incremental borrowing rate for leases

The Company uses the incremental borrowing rate to measure the lease liabilities because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects that would the Company "have to pay", which required estimation when no observable rated are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the incremental borrowing rate using observable inputs such as market interest rates, when available. Any change in estimation of incremental borrowing rate may have a significant impact to the determination of lease liabilities and right-of-use asset at the date of initial application of FRS 116 *Leases*. The carrying amount of lease liabilities and right-of-use asset are disclosed in Note 21.

4. Employee benefits expense

	2021	2020
	$	$
Short-term employee benefits expense	**1,094,673**	1,270,217
Contributions to defined contribution plan	**141,367**	172,653
Other benefits	**12,106**	32,080
	1,248,146	1,474,950

5. Donations

The Company is an approved Institutions of a Public Character ("IPC") whereby public donors are granted 2.5 times tax deductions for donations made to the Company. The current IPC status is granted by the Ministry of Social and Family Development for the period from 29 September 2019 to 28 September 2021. The IPC status is further renewed from 29 September 2019 to 28 September 2024.

	2021	2020
	$	$
Tax exempt receipts issued for donations collected	**1,004,517**	1,445,836

7. Plant and equipment

	Furniture fittings and equipment $	Renovation $	Computers $	Office premises $	Total $
2021					
Cost					
At 1.7.2020	50,331	442,544	35,999	514,438	1,043,312
Lease modification	–	–	–	(23,089)	(23,089)
Additions	–	163,596	–	413,077	576,673
Write-off	–	(371,025)	–	(259,490)	(630,515)
At 30.6.2021	**50,331**	**235,115**	**35,999**	**644,936**	**966,381**
Accumulated depreciation					
At 1.7.2020	17,737	379,442	25,600	262,940	685,719
Depreciation charge	10,066	102,483	10,399	199,914	322,862
Write-off	–	(371,025)	–	(259,490)	(630,515)
At 30.6.2021	27,803	110,900	35,999	203,364	378,066
Net carrying value					
At 30.6.2021	**22,528**	**124,215**	–	**441,572**	**588,315**
2020					
Cost					
At 1.7.2019	49,657	484,884	16,625	–	551,166
Recognition of right-of-use asset on initial application of FRS 116	–	(42,340)	–	508,698	466,358
Cost at 1.7.2019, restated	49,657	442,544	16,625	508,698	1,017,524
Additions	674	–	19,374	5,740	25,788
At 30.6.2020	50,331	442,544	35,999	514,438	1,043,312
Accumulated depreciation					
At 1.7.2019	7,694	188,991	13,725	–	210,410
Recognition of right-of-use asset on initial application of FRS 116	–	(20,909)	–	–	(20,909)
Accumulated depreciation at 1.7.2019, restated	7,694	168,082	13,725	–	189,501
Depreciation charge	10,043	211,360	11,875	262,940	496,218
At 30.6.2020	17,737	379,442	25,600	262,940	685,719
Net carrying value					
At 30.6.2020	32,594	63,102	10,399	251,498	357,593

Included in plant and equipment are right-of-use assets of $441,572 (2020: $251,498) and depreciation charge for these right-of-use assets of $199,914 (2020: $262,940) included in office premises (Note 21).

8. Trade and other receivables

	2021 $	2020 $
Trade receivables		
- Third parties	**570**	5,820
Other receivables		
- Third parties	**992**	23,353
- Accrued revenue	–	2,640
- Grant receivables	–	81,389
- Others	**1,120**	390
	2,112	107,772
	2,682	113,592

Government grant income of $149,802 (2020: $161,519) included in government grants in statement of financial activities was recognised during the financial year under the Jobs Support Scheme (the "JSS"). Under the JSS, the Singapore Government will cofund gross monthly wages paid to each local employee through cash subsidies with the objective of helping employers retain local employees during the period of economic uncertainty. In determining the recognition of the JSS grant income, management has evaluated and concluded that the period of economic uncertainty commenced in April 2020 when the COVID-19 pandemic started affecting the Company's operations. As at year end the carrying amounts of JSS grant receivable was Nil (2020: $81,389) and deferred grant income was $15,157 (2020: $79,467) (Note 12).

9. Other assets

	2021 $	2020 $
Refundable deposits	**64,680**	77,636
Prepayments	**28,629**	27,576
Advance payments to suppliers	**33,785**	–
	127,094	105,212

10. Cash and cash equivalents

	2021 $	2020 $
Cash at banks	**839,173**	411,597

Cash at banks earn interest at floating rates based on daily bank deposit rates.

11. Contract liabilities

Contract liabilities represents therapy services and membership subscription fees billed in advance or collected for courses to be conducted or completed after year-end. Contract liabilities are recognised as revenue as (or when) the Company satisfies the performance obligations under its contracts.

11. Contract liabilities (cont'd)

The following table provides information about contract liabilities from contracts with customers.

	2021	2020	1.7.2019
	$	$	$
Contract liabilities	**14,530**	69,976	65,867

There were no significant changes in the contract liabilities during the financial year.

The movement in contract liabilities is as follows:

	2021	2020
	$	$
At beginning of the financial year	**69,976**	65,867
Transfer to revenue for performance obligation satisfied	**(197,523)**	(114,481)
Consideration received	**142,077**	118,590
At end of the financial year	**14,530**	69,976

12. Trade and other payables

	2021	2020
	$	**$**
Trade payables		
- Third parties	**1,070**	–
Other payables		
- Accruals	**55,904**	75,375
- Advanced donations	–	311,972
- Deferred grant income	**15,157**	79,467
	71,061	466,814
	72,131	466,814

13. Provision

The provision relates to costs to be incurred to reinstate office premises to its original condition. The estimate is based on quotations from external contractors.

	2021	2020
	$	$
Provision for restoration costs	**57,475**	48,080
Movements in above provision:		
At beginning of the financial year	**48,080**	43,240
Additions included in plant and equipment	**35,075**	5,740
Reversal of reinstatement costs	**(25,680)**	–
At end of the financial year	**57,475**	48,080

14. Performing arts fund

	2021 $	2020 $
Balance at beginning of financial year	**141,025**	266,447
Deficit for the financial year	**(126,087)**	(125,422)
Balance at end of financial year	**14,938**	141,025

The performing arts fund was designated for their operation of performing arts classes that are designed to cater to children and persons with different abilities to have access to performing arts. On 4 January 2019, the board re-designated the fund as restricted fund and transferred the remaining balances from the unrestricted fund to the restricted fund.

The balance on this fund is represented by:

	2021 $	2020 $
Plant and equipment	**155,310**	214,298
Other assets/(liabilities)	**(140,372)**	(200,682)
Cash and cash equivalents	–	127,409
	14,938	141,025

15. Extraordinary apprenticeship programme

	2021 $	2020 $
Balance at beginning of financial year	**118,202**	–
Surplus for the financial year	**43,359**	118,202
Balance at end of financial year	**161,561**	118,202

The purpose of the programme is to increase the employability of persons with special needs through a Place-and-Train model where a school graduating student is placed in actual employment. The school-graduating student will then be provided necessary support from job coaches and therapists throughout the transitional period. The balance on this fund is fully represented by cash and cash equivalents.

16. Extraordinary care programme

	2021 $	2020 $
Balance at beginning of financial year	**3,121**	–
Surplus for the financial year	–	3,121
Balance at end of financial year	**3,121**	3,121

The purpose of the programme is to ensure that a special needs child can receive up to 15 years of weekly therapy sessions with an integrated therapy service provider; combined with a trained Caregiver medical escort to accompany the child to and from the therapy sessions. The balance on this fund is fully represented by cash and cash equivalents.

17. Sponsor a star fund

	2021 $	2020 $
Balance at beginning of financial year	–	–
Surplus for the financial year	**98,437**	–
Balance at end of financial year	**98,437**	–

The sponsor a star fund is set up to provide an one-stop integrated programme service comprising multi-disciplinary intervention services, performing and visual arts classes as well as caregiver support and training to needy children. The balance on this fund is fully represented by cash and cash equivalents.

18. Community chest fund

	2021 $	2020 $
Balance at beginning of financial year	–	–
Surplus for the financial year	**14,288**	–
Balance at end of financial year	**14,288**	–

The community chest fund is set up to develop a customised curriculum for literacy and basic numeracy framework to better support clients with special needs. The balance on this fund is fully represented by cash and cash equivalents.

19. Invictus fund

The Invictus fund is set up for transformation of service delivery and operations through IT solutions and business continuity plans incorporating safe management measures to ensure service continuity.

20. Related party transactions

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties during the financial year on terms agreed between the parties concerned:

	2021 $	2020 $
With key management personnel		
Remuneration		
- Salaries and bonuses	**130,086**	143,336
- CPF contributions	**14,015**	38,340
	144,101	181,676
Salaries paid to a family member of a director	**64,500**	42,000
Rental expense paid to a company with a common director	**204,424**	60,490
Donation received from a company with common director for performing arts fund	–	23,985

20. Related party transactions (cont'd)

Key management personnel are the persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

The above remuneration is paid to the Chief Executive Officer of the Company. The directors are volunteers and they do not receive any remuneration from the Company during the financial year.

21. Right-of-use assets and lease liabilities

The Company as a lessee

Nature of the Company's leasing activities

The Company's leasing activities comprise the following:

(a) The Company makes monthly lease payments for office premises with lease periods ranging from 2 - 6 years. These leasehold properties pertain to lease of office premises. The right-of-use of the office premises is included in plant and equipment (Note 7).

(b) The Company has acquired a new lease of a 3-year leasehold office premises, effective from 1 October 2020 to 30 September 2023, which is classified within property, plant and equipment (Note 7).

(c) The Company has disposed an expired lease of a leasehold office premises, expired on 28 September 2020, which is classified within property, plant and equipment (Note 7).

(b) In addition, the Company leases a copier with contractual terms of two years. These leases pertain to low value asset. The Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Company is a lessee is presented below:

Amounts recognised in statement of financial position

	2021 $	2020 $
Carrying amount of right-of-use assets included in plant and equipment (Note 7)		
Office premises	**441,572**	251,498
Carrying amount of lease liabilities		
Non-current	**240,992**	164,001
Current	**184,465**	111,873
	425,457	275,874
Additions to right-of-use assets	**413,077**	5,740

21. Right-of-use assets and lease liabilities (cont'd)

The Company as a lessee (cont'd)

Nature of the Company's leasing activities (cont'd)

Amounts recognised in statement of financial position (cont'd)

Reconciliation of movements of lease liabilities to cash flows arising from financing activities:

	Lease liabilities	
	2021	2020
	$	$
Balance at 1 July	**275,874**	–
Adoption of FRS 116	–	544,247
Changes from financing cash flows:		
- Repayments	**(180,040)**	(268,373)
- Interest paid	**(16,079)**	(16,583)
Non-cash changes:		
- Interest expense on lease liabilities	**16,079**	16,583
- Addition	**375,814**	–
- Modification of lease liabilities	**(23,882)**	–
- Rent concession	**(22,309)**	–
Balance at 30 June	**425,457**	275,874

Amount recognised in statement of financial activities

	2021	2020
	$	$
Depreciation charge for the financial year	**199,914**	262,940
Interest expense on lease liabilities	**16,079**	16,583
Rental of equipment not recognised as lease liabilities	**1,026**	899

In the current and previous financial year 30 June 2020, the Company has commitments for low value asset. However, the committed amounts are not material.

Total cash flows for leases of the Company amounted to $219,454 (2020: $285,855).

22. Financial instruments

a) Categories of financial instruments

Financial instruments at their carrying amount at the end of the financial year are as follows:

	2021 $	2020 $
Financial assets		
Financial assets, at amortised cost	**906,535**	602,825
Financial liabilities		
At amortised cost	**441,493**	324,426

b) Financial risk management

The Company's activities expose it to minimal financial risks and overall risk management is determined and carried out by the board of directors on an informal basis.

Foreign exchange risk

The Company's exposure to foreign exchange risk is minimal as its transactions are substantially in Singapore dollar. The Company does not utilise any derivatives to hedge foreign currency exposures.

Liquidity and cash flow risk

The board of directors exercises prudent liquidity and cash flow risk management policies and aims at maintaining an adequate level of liquidity and cash flow at all times.

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date based on contracted undiscounted payments:

	1 year or less $	2 to 5 years $	More than 5 years $	Total $
2021				
Lease liabilities	197,881	247,352	–	445,233
Payables	16,036	–	–	16,036
	213,917	**247,352**	–	**461,269**
2020				
Lease liabilities	119,897	173,009	–	292,906
Payables	48,552	–	–	48,552
	168,449	173,009	–	341,458

22. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. For other financial assets, the Company adopt the policy of dealing only with high credit quality counterparties. As the Company does not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statement of financial position.

The following sets out the Company's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Company has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

The credit loss for bank and cash balances and other receivables are not significant as at 30 June 2021 and 30 June 2020.

23. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of the financial assets and liabilities recorded in the financial statements of the Company approximate their fair values due to their short-term nature.

24. Fund management

The Company's objectives when managing its reserves which comprise its funds are to safeguard and to maintain adequate working capital to continue as a going concern as well as to extend its support base in order that it can develop and enhance its principal activities over the long term.

The Company's overall fund management objective in 2021 remains unchanged from 2020.

25. Comparative figures

Certain reclassifications have been made in the previous year's financial statements to enhance comparability with the current year's financial statements to conform to the current year's presentation.

As a result, certain line items have been amended on the Statement of Financial Activities for the previous financial year ended 30 June 2020. The items were reclassified as follows:

	As previously reported 2020 $	Amount reclassified $	As reclassified 2020 $
Event expenses	4,828	150,509	155,337
Other operating expenses	327,668	(150,509)	177,179

The reclassification did not have any effect on the net (deficit)/surplus for the financial year ended 30 June 2020.

26. Events after the balance sheet date

On 23 September 2021, the Company has passed a Directors' Resolution in Writing to transfer the Performing Arts Fund, the office lease commitment (expiring 30 September 2023), to the General Fund. The balance of $14,938 in the restricted fund "Performing Arts Fund" (Note 14) had been fully utilised for the depreciation of the Plaza 1 Office as of 1 October 2021. The purpose of the Plaza Level 1 Office was initially used for the performing arts activities and the Company has ceased all performing arts activities since June 2020.

27. Authorisation of financial statements

The financial statements of the Company for the financial year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors dated 2 December 2021.

EXTRA•Ordinary People

Contact Us

7500A Beach Road, #01-313
The Plaza Block A
Singapore 199591

contact@extraordinarypeople.sg

+65 6286 5088

www.extraordinarypeople.sg
/extraordinarypeoplesg
@extraordinarypeoplesg