Singapore Corporation of Rehabilitative Enterprises

SCORE

Building Bridges, Changing Lives

Rebuilding Lives Together

Today & Tomorrow

ANNUAL REPORT 2018

Vision

We build bridges of hope for offenders and their families

We contribute to a safer community by successfully reintegrating offenders

We exemplify and lead in creating a more compassionate society that offers second chances

Mission

We rehabilitate and help reintegrate offenders to become responsible and contributing members of society

Values

Honour
We live up to the highest standards of integrity

Oneness
We work as a team

People-Oriented
We serve others to the best of our ability

Enterprising
We thrive in scarcity and see opportunities
in crisis

Rebuilding lives of ex-offenders by helping them enhance their employability potential

What we believe

We believe that sustained employment and progress made at work will help ex-offenders reintegrate into society, and we take a long-term view in guiding them towards this goal.

What we do

That is why we start with career planning and relevant training for suitable inmates to help them build practical skillsets for today and lifelong competencies for the future. We then help place them in jobs more suited to their personalities and skills. Beyond that, we continue to empower ex-offenders through job coaching.

What we hope to achieve

With our support and encouragement, ex-offenders can work towards their career aspirations and become contributing members of society.

Contents

Chairman's Message

Mr Chng Hwee Hong

"2018 had been a fruitful and challenging year for us in the SCORE family. Last year, I emphasised on the need for a strong innovative spirit and an open-mind to keep up with the changing economic landscape and demands of the competitive labour market."

2018 had been a fruitful and challenging year for us in the SCORE family. Last year, I emphasised on the need for a strong innovative spirit and an open-mind to keep up with the changing economic landscape and demands of the competitive labour market.

With the support of our key partners, I am proud that SCORE had leveraged various opportunities to implement several key initiatives and programmes.

On enhancing the employability potential of ex-offenders, SCORE had partnered Workforce Singapore (WSG) on its new initiative, Career Trial (CT) in November 2018. CT provides ex-offenders with a short-term work stint and opportunity for conversion to permanent employment upon its completion. This new initiative promotes longer job retention and gainful employment of ex-offenders, and helps allay employers' potential concerns of employing ex-offenders. I am happy to see that there is an increasing number of employers embarking on the CT.

To extend our outreach to more ex-offenders, SCORE had enlisted the support of three CARE Network (CN) agencies to offer employment assistance to offenders of lower reoffending risk, while SCORE focused on higher risks ones. As of June 2018, approximately 500 offenders were offered employment assistance and had stayed on the job for at least a month. Funded by WSG, this pilot initiative was extended for another year to better evaluate its outcomes and effectiveness. SCORE has engaged new partners such as Tasek Jurong to join the programme and will continue to reach out to new partners in the community.

Other than the employment front, SCORE also endeavours to create an effective aftercare community to facilitate the ex-offenders' seamless transition back into society. In November 2018, Selarang Halfway House (SHWH) moved into the new Selarang Park Complex facility. At the new purpose-built halfway house facility, there are more programming spaces and opportunities to create a normalised and supportive environment to reintegrate and rehabilitate ex-offenders.

As SCORE gears up its organisational capability to adapt to the evolving economic outlook, the enhancement of operations, planning and work processes have been of utmost importance to us. In September 2018, SCORE was awarded the bizSAFE STAR. This award affirms our continual efforts to ensure workplace safety for all employees, inmates and stakeholders. Moving forward, we will work together to uphold our service delivery standards in the workplace safety and health management system.

To streamline work processes for greater efficiency, the implementation of the paperless electronic meeting solution enhances our conduct of meetings. It facilitates online uploading, circulation and update of meetings materials in real-time. The migration of secretariat functions to a digital platform reduces administrative work, as well as improves staff experience in meetings. In recognition of this digitalisation effort, this project was conferred the MHA Commendation Award for InnovA Project in 2018.

Another significant milestone in 2018 was the relocation of SCORE HQ to its new compound in March 2018, at 980 Upper Changi Road North. This move brought together the majority of our staff into one single office, thereby enabling staff to easily congregate, collaborate and bond as one. Indeed, I can sense the positive vibes and zest echoing through the office for the remainder of the year.

The SCORE Board started its new 3-year term from 1 September 2018. I would like to extend my gratitude to the retiring Board members, Mr Chay Wai Chuen, Mr Ng Kok Siong, Ms Lien Siaou-Sze and Prof David Chan, for their wise counsel at the Board discussions and invaluable contributions to SCORE. On the same note, I welcome the new members, Mr Jason Leow, Ms Mable Chan, Mr Thomas Pek and Mr Zhulkarnain Abdul Rahim, to the SCORE Board. I also like to thank all reappointed members for their strong support in our journey thus far. Their knowledge and tireless efforts have helped SCORE to stay committed towards achieving its mission in reintegrating offenders back into society.

At the same time, I would like to welcome Mr Matthew Wee Yik Keong to the SCORE family as the new Chief Executive Officer. I am confident that Matthew, with his vast experience in the domain of offenders' reintegration, would take SCORE to greater heights in the years to come.

We started our transformation journey in 2016 and had made significant advancements since then. With more recent changes to the rehabilitation landscape, such as the amendments to the Misuse of Drugs Act and other technological disruptions, SCORE will need to continue to push forth in our transformation efforts. With the support of key community partners, SCORE will forge ahead in rebuilding the lives of ex-offenders, by enhancing their employability potential for successful reintegration into society.

Chng Hwee Hong
Chairman
Singapore Corporation of Rehabilitative Enterprises

Our Leadership

Board of Directors (As of 31 Mar 2019)

01 Mr Chng Hwee Hong
Chairman
Independent Director
United Overseas Insurance Ltd

02 Mr Puah Kok Keong
Deputy Chairman
Deputy Secretary (Policy)
Ministry of Home Affairs

03 Mr Desmond Chin
Member
Commissioner
Singapore Prison Service

04 Mr Abdul Rohim Bin Sarip
Member
Lawyer & Managing Partner
A. Rohim Noor Lila & Partners LLP

05 Dr Kee Kirk Chin
Member
Chairman and CEO
Apex Healthcare Berhad

06 Mr Peter Ong
Member
Associate Editor, Lianhe Zaobao
Singapore Press Holdings

07 Mr Thiagarajan s/o Subramaniam
Member
General Manager
Workplace Safety & Health Council

08 Mr Wan Shung Ming
Member
Director
Tin Sing Goldsmiths Pte Ltd

09 Mr Yeo Meng Hin
Member
Director, Group Human Resources
Keppel Corporation

10 Ms Sharon Ang Ee Hsien
Member
Director
Social Programmes
Ministry of Finance

11 Mr David Toh Seng Hong
Member
Partner
PricewaterhouseCoopers
LLP Singapore

12 Mr Jason Leow
Member
President, Asia & Retail
CapitaLand Limited

13 Ms Mable Chan
Member
Executive Vice President
Human Resources,
Administration & Times Properties
Singapore Press Holdings

14 Mr Thomas Pek
Member
Managing Director
Tai Hua Food Industries Pte Ltd

15 Mr Zhulkarnain Abdul Rahim
Member
Partner
Dentons Rodyk & Davidson LLP

Our Board Committees
(As of 31 Mar 2019)

Industry & Development Committee

From left to right:
Seated: Mr Tan Aik Hock, Mr Wan Shung Ming, Mr Thomas Pek
Standing: Mr Khew Sin Khoon, Mr Seah Boon Kheng

Not in Picture: Mr Terrence Goh Leng Chuang, Mr Lim Kok Thai, Mr Teh Chun Siong

Establishment Committee

From left to right:
Seated: Ms Susan Mary de Silva, Ms Sharon Ang Ee Hsien, Ms Shirlyn Ng Siok Har
Standing: Mr Yeo Meng Hin, Mr Mayank Parekh, Mr Ethan Tan, Mr Lim Kian Kok

Audits & Risk Management Committee

From left to right:
Seated: Mr David Toh Seng Hong, Dr Kee Kirk Chin, Mr Zhulkarnain Abdul Rahim
Standing: Ms Lynn Chng Lay Peng, Mr Loh Teck En, Mr Quek Siow Ming, Mr Lim Lee Meng

Not in Picture: Ms Carolyn Kan Hsueh Yee, Mr Bernard Tan

Investment & Finance Committee

From left to right:
Ms Koh Chiao-Jian Felicia, Mr Abdul Rohim Bin Sarip, Mr Jason Leow, Mr Lau Tai San

Not in Picture: Dr Ernest Kan, Mr Khoo Tiam Hock Vernon

Our Board Committees
(As of 31 Mar 2019)

Rehabilitation Committee

From left to right:
Ms Lee Kwai Sem, Mr Thiagarajan s/o Subramaniam, Mr Lim Fung Wan Colin, Mr Gary Goh Choon Siah

Not in Picture: Mr Zhulkarnain Abdul Rahim, Ms Mable Chan, Mr Siew Heng Kwok, Mr Chua Chim Kang, Mr Daniel Teo, Mr Tan Tho Eng Darren, Ms Susan Mary de Silva

Branding Committee

From left to right:
Seated: Ms Sharon Ang Ee Hsien, Mr Peter Ong, Assoc Prof Vincent Chua
Standing: Ms Chew Lee Ching, Ms Josephine Gan Ser Khoon

Our Team

Management Team (As of 31 Mar 2019)

01 Mr Matthew Wee Yik Keong
CEO SCORE
Corporate Office

02 Ms Rosanna Yam
Senior Director
Rehabilitative Enterprises Cluster

03 Mr Ravi s/o Subramanian
Senior Director
Reintegration & Aftercare Cluster

04 Mr Jason Ng
Director, Reintegration
Reintegration & Aftercare Cluster

Our Team

Management Team (As of 31 Mar 2019)

05

06

07

08

From left to right:

05 Mr Ernest Lim
Director, Finance & Administration
Corporate Services Cluster

Mr Tan Yew Teck
Chief Audits & Risk Officer
Audits and Risk Management Team

06 Mr Alan Oh
Chief Information Officer
Corporate Services Cluster

07 Ms Shanthi Pandian
Director, CARE Network Office
Reintegration & Aftercare Cluster

Mr Foo Kok Chuen
Director, Human Resources
Corporate Services Cluster

Mr Ng Gee Tiong
Director, Planning and Organisational Development
Corporate Services Cluster

08 Ms Paulin Chua
Director, Business Enterprise & Industry,
Rehabilitative Enterprises Cluster

Our Team
Middle Management (As of 1 Apr 2019)

From left to right:

Mr Huzair Hyder s/o Abdul Rahman
Assistant Director
(Placement)

Mr Freddy Low
Senior Assistant Director
(Retention Support)

Ms Lina Lim
Internal Auditor
(Audits & Compliance)

Mr Jason Lim
Assistant Director
(Food Services)

Mr Kenny Lee
Internal Auditor
(Safety & Risk Management)

Mr Alvin Tan
Assistant Director
(Business Outsourcing & Industrial Space Leasing)

Mr Steven Lee
Senior Assistant Director
(Finance)

Ms Waida Jumaat
Senior Assistant Director
(Food Services)

Ms Ruth Pauline Chin
Senior Assistant Director
(Community Relations & Engagement)

Mr Wu Chenghui
Senior Assistant Director
(Administration)

Our Team

Middle Management (As of 31 Mar 2019)

From left to right:

Ms Lee Geok Buay
Assistant Director
(Finance)

Ms Puah Ping Hui
Senior Assistant Director
(Business Outsourcing & Industrial Space Leasing)

Ms Lisa Tan
Senior Assistant Director
(Human Resource)

Ms Grace Chan
Assistant Director
(Service Management)

Ms Siti Aishah Haron
Assistant Director
(Planning & Organisational Development)

Ms Alicia Soh
Assistant Director
(Human Resource)

Our Team

Middle Management (As of 31 Mar 2019)

From left to right:

Mr Arputhasamy Nathan
Senior Assistant Director
(Employment Assistance)

Mr Marc Chong
Assistant Director
(Retention Support)

Mr Paul Teng
Assistant Director
(Retention Support)

Mr Leslie Jin
Assistant Director
(Planning & Organisational Development)

Not in Picture:

Ms Chen Yingli
Senior Assistant Director
(Sector Planning & Service Management)

Mr Koh Shukai
Assistant Director
(Community Relations)

Ms Nikole Xu
Assistant Director
(Employer Engagement)

Mr John Low
Assistant Director
(Food Services)

Enhancing Employability

Enhancing Employability

Work Programme

Work Programme for inmates is administered through commercially-run business units within prisons. It aims to cultivate positive work ethics, impart market-relevant skills, and develop teamwork and communication skills for their eventual reintegration into the Singapore workforce as productive and contributing citizens.

The work programme is implemented in three ways, namely through the Private Sector Participation Scheme, SCORE managed business units and SCORE's subsidiary, YR Industries Pte Ltd.

"This Private-Sector Participation Scheme has been beneficial for my company in many aspects but most significantly, it enables us to find enough manpower to fulfil an otherwise labour-intensive job like ours - food manufacturing. Through this partnership, we have the opportunity to provide training and rehabilitation to the offenders and as a local Singapore grown company, we feel that we are contributing socially to Singapore too."
– Ms Daphane Loke, Managing Director of French Food Factory Pte Ltd

Private Sector Participation Scheme (PPS)

SCORE encourages private companies to set up business operations in prisons under PPS.

This scheme allows private companies to provide management, supervision, equipment and technical expertise. SCORE and Singapore Prison Service will manage the rehabilitation and discipline of inmates.

Inmates can gain employability skills such as teamwork, quality control and communication skills through the work programme.

Current business operations include food manufacturing, electronics assembly, post-print production, call centre operations, secondary repackaging works, laundry and dry cleaning services.

One of SCORE's food hub tenants, Ms Daphane Loke, Managing Director from French Food Factory Pte Ltd shared her views on PPS:

SCORE-Managed Industries

SCORE-managed industries currently occupy 18 workshops. The units managed by SCORE include:

Food Services

SCORE Food Services manages the Central Kitchens in Cluster A and Cluster B as well as Bakery.

The Central Kitchens provide meals for about 11,500 inmates and serve 23,000 meals daily or 8,395,000 meals per year. All kitchens are awarded Grade 'A' by the National Environment Agency (NEA) and Halal certification by the Majlis Ugama Islam Singapura (MUIS) valid until 2020.

SCORE Bakery manufactures white and wholemeal sandwich loaves, artisanal products such as European bread, croissants and cookies. Festive goodies such as pineapple tarts, mooncakes and log cakes are available during festive periods namely Lunar New Year, Mid-Autumn Festival and Christmas.

As an Original Equipment Manufacturer (OEM), SCORE Bakery supplies products to external customers such as hospitals, airlines, restaurants and retail bakeries.

SCORE Bakery is Hazard Analysis Critical Control Points (HACCP) certified until 2020 and is Grade "A" certified by Agri-Food & Veterinary Authority of Singapore (AVA) since 2008.

Business Outsourcing

SCORE works closely with companies in private sectors from Small and Medium Enterprises (SMEs) to Multi-National Companies (MNCs) to create win-win partnerships.

Private companies may enjoy competitive rates with service and quality assurance, while providing inmates with work and training opportunities.

The jobs are overseen by SCORE's workshop supervisors to ensure customers' expectations are practical and fulfilled. Jobs undertaken consist of both short and long term contracts.

There are two types of pricing: headcount and piece-rated. Current jobs undertaken include but are not limited to:
- Electronics assembly, sub-assembly and quality inspection
- Data entry and data archival
- Post-print handwork
- Cataloguing, letter shopping and packaging
- Packing and repacking of food and non-food items

One of Singapore Precision Engineering & Technology Association (SPETA) members, who engages SCORE in Business Outsourcing projects commended that SCORE's Workshop Supervisors are reliable and provide the confidence of delivering excellent work.

Changi Prison Complex (CPC) Warehouse and Print Workshop

SCORE manages two warehouses in CPC and provides inventory management and distribution services to institutional users. Warehouse items include inmates' essential items, canteen and other logistical items.

The Print Workshop prints inmates' attire for Cluster A, Cluster B and Tanah Merah Prison.

Implement Reintegrative Framework for Workshops (RFW)

Reintegrative Framework for Workshops (RFW) was developed in 2017. The pilot for SCORE Bakery commenced in 2018. Inmates in Bakery took the online profiling tool to identify their strengths and broad developmental plans. As part of the pilot, these inmates were also put through group coaching and 1 to 1 performance coaching. This helped to contextualise their individual plans and employment-related goals to the workshop setting.

A HR framework for workshop inmates, covering induction programme for new inmates, briefing on workplace policies and safety guidelines, briefing on job scope and required targets, periodic performance appraisals etc., was formalised in July 2018.

A training pathway for inmates, which encompassed modules pertaining to Employability Skills and Vocational Skills, was established in 2018.

To ensure that workshop supervisors were equipped with the necessary skills to coach inmates, they attended training on job profiling and Motivational Interviewing techniques.

Tenants were also briefed of the initiative in 2018 for management buy-in before the roll-out to the rest of the workshops as planned in 2019.

The outcomes and effectiveness of the pilot workshop would be reviewed in 2019.

YR Industries Pte Ltd – Linen

YR Industries Pte Ltd (YRI) is a wholly-owned subsidiary of SCORE that provides laundry and linen management services. There are two purpose-built healthcare plants located at Changi Prison Complex and Loyang to suit hospital and hospitality customers' laundry needs.

Developed as an extension to the Changi Plant, the Loyang Plant has been operational since Nov 2016. It mirrors the industry in Prisons and provides transitional employment to ex-offenders. As at 31 Dec 2018, there were 63 ex-offenders employed by YRI, which accounted for more than one-third of its linen workforce.

YRI facilitates regular visits for its customers to its Laundry plants to reinforce the importance of their partnership and support in helping inmates and ex-offenders through providing meaningful employment, enhancing their employability, which impacts on their successful reintegration into the community.

A participant from one of YRI's hospital client shared his views after visiting one of YRI's plants:

> "Thank you for organising this very meaningful trip.....I personally gained huge insight on how our fellow Singaporean (inmates) are rehabilitated and reintegrated into the society. I can feel the passion the Changi staff have for their work---purpose and meaning. Please help to convey my sincere appreciation to the Changi staff for their willingness to share and their great hospitality."
> **– YRI Customer**

Enhanced Infrastructure of Changi Plant and Prison Workshop

Due to the declining pool of inmate worker population within Prisons, a review of the processes and equipment of the Changi plant was conducted to improve productivity and to cope with potential worker shortages. As a result, the 3-shift system of the Changi plant was revised to a 2-shift system, resulting in more inmates working per shift, and increasing worker man-hours per day.

Planning had also started on the rejuvenation of the Changi Plant, to replace and upgrade the ageing equipment in phases so that less workers would be needed to operate the equipment, while maintaining output and improving quality. The new equipment would be phased in and operational in the second half of 2019.

Installation of RFID system at the Changi Plant

YRI is currently working on trials with one of its hospital clients to determine the accuracy and reliability of RFID systems to track their linen.

Skills Training for Offenders

The courses that were provided to inmates in 2018 include:

The Workplace Skills (WPS) Series -Operations Level

- ES WSQ Develop Personal Effectiveness at Ops Level
- ES WSQ Communicate & Relate Effectively at the Workplace
- ES WSQ Maintain Personal Presentation and Employability
- ES WSQ Solve Problems & Make Decisions at Ops Level
- ES WSQ Apply Emotional Competence to Manage Self at the Workplace
- ES WSQ Adapt to Change

WSQ Certificate in Service Excellence

- WSQ Work in a Diverse Service Environment
- WSQ Provide Go-the-Extra-Mile Service
- WSQ Respond to Service Challenges

WSQ Certified Productivity and Innovation Specialist

- WSQ Apply Continuous Process Improvement Techniques

The Workplace Literacy (WPL)

- Computer Adaptive Test
- Workplace Literacy Conversational (Beginner/Intermediate)

Digital Literacy

- WSQ-ICDL Use Primary Functions and Applications of a Tablet

WSQ Certificate in Food & Beverage Operations

- WSQ Follow Food & Beverage Hygiene & Safety Policies & Procedures
- WSQ Interact with and serve F&B to Guests
- WSQ Perform Hosting Duties
- WSQ Prepare for Service
- WSQ Prepare & Serve Coffee & Tea
- WSQ Maintain F&B Service Environment
- WSQ Prepare Non-Alcoholic Beverages

WSQ Certificate in Food Services (Pastry & Baking)

- WSQ Prepare Basic Bread

WSQ Advanced Certificate in Food Services (Pastry & Baking)

- WSQ Prepare Café Style Bread

WSQ Certificate in Culinary Arts

- WSQ Follow Food & Beverage Hygiene & Safety Policies & Procedures
- WSQ Maintain Quality Control Procedures
- WSQ Maintain Food & Beverage Production Environment
- WSQ Prepare Mise-En-Place 1
- WSQ Maintain Safe and Secure Working Environment
- WSQ Demonstrate Basic Moist Heat Cooking Methods
- WSQ Demonstrate Basic Dry Heat Cooking Methods

WSQ Higher Certificate in Culinary Arts

- WSQ Prepare Basic Western Stocks and Soups
- WSQ Prepare Pasta
- WSQ Prepare Western Cold Sauces

WSQ Certificate in Generic Manufacturing (Logistics, Precision & Integration pathways)

- WSQ Perform Warehouse Operations
- WSQ Perform Stock Control & Housekeeping Operations
- WSQ Use Hand Tools
- WSQ Operate Basic Measuring Devices
- WSQ Apply Quality Systems
- WSQ Apply Teamwork in the Workplace
- WSQ Apply Workplace Safety & Health Policy
- WSQ Apply 5S Techniques in Manufacturing
- WSQ Operate Electrical Measurement Devices
- WSQ Use Basic Hand Tools and Equipment

WSQ Certified Operations Specialist (COS)

- WSQ Apply Quality Systems
- WSQ Apply Teamwork in the Workplace
- WSQ Apply Workplace Safety & Health Policy
- WSQ Apply 5S Techniques in Manufacturing

WSQ Certified Operations Professional (COP)

- WSQ Supervise Work Improvement Processes
- WSQ Supervise Quality Procedures
- WSQ Supervise Teams at Work
- WSQ Supervise Workplace Safety & Health Practices

WSQ Operate Forklift

- WSQ Operate Forklift

NITEC

- NITEC in Technology - Electronics (Computer & Networking)

Employment Assistance

Career Trial

SCORE partnered Workforce Singapore (WSG) to place offenders on Career Trial (CT) since November 2018. CT is an enhancement of the Work Trial programme under WSG's Adapt and Grow initiative. The programme allows employers to assess offenders' job fit through a short-term work stint before offering them formal employment.

Offenders will gain work experience through structured On-The-Job Training (OJT) of up to 480 hours from host employers during the trial period. Those who successfully secure formal employment after the trial will receive retention incentives for staying on the job, while employers will receive salary support for up to 6 months. These aim to promote longer job retention by ensuring offenders receive successive levels of support at work, and improve gainful employment through better paying jobs offering minimally $1,500. At the same time, it also helps to alleviate employers' hiring concerns, especially in job sectors which are traditionally less inclined towards hiring offenders.

As of March 2019, 31 employers have partnered SCORE on CT. Of which, a total of 41 offenders have been placed with these employers on the programme.

Quotes from SCORE employer and client on CT:

'Of course they've made mistakes; that's what makes us human. But I believe ex-offenders deserve a second chance, just like everyone else' **– Mr Chia Tze Yong, Director of Wingstop Singapore, employer on board CT with SCORE**

'I'm grateful beyond words to Wingstop Singapore for giving me a second chance at life. I can finally put my past behind me and start afresh, with my children by my side' **– Ms Ramona Rahman, SCORE client under CT who was successfully offered permanent employment at the end of the trial period** *(Photo on right by Team News)*

Photos by Home Team News

Success Story

Here are 2 success stories of ex-offenders who have excelled at work. Their accomplishments would not have been possible without the unwavering support of their employer – The Coffee Bean & Tea Leaf (CBTL).

SCORE is pleased to partner employers such as CBTL in offering second chances to ex-offenders.

Ms Saleha (not her real name) was employed by CBTL as a Barista on 3 July 2017 through SCORE's job matching services. As a Barista, she was required to learn the bar operations, prepare various types of drinks, tend the frozen yogurt station as well as attend to various tasks such as cashiering and floor operations. New to the F&B industry, Saleha struggled to cope with the demands of a barista position due to irregular working hours, managing customers' expectations and the need to multi-task. She initially felt discouraged and wanted to resign.

Strong Guidance and Support

However, with the help of her outlet's Assistant Manager Ms Nadiah (not her real name), who was also an ex-offender, Saleha was able to gradually adjust to her new role as a barista. Nadiah checked in with Saleha daily to ensure that she was coping well at work. In addition, she offered to meet Saleha on her off-days to guide her on new tasks.

She was also assigned a SCORE job coach, who ensured that she was not facing any work-related issues. With strong support and guidance, Saleha was able to assimilate into her new work environment.

Structured Skills Training

Pivotal to Saleha's successful reintegration was her willingness to learn coupled with structured on-job-training. Saleha attended a five module in-house training course conducted by her employer CBTL, on the different aspects of F&B operations. This equipped her with the necessary skills to perform her job.

She also took the initiative to enroll in a WSQ course in Persuasive and Credible Communications to help her converse with colleagues and customers. This enabled Ms Saleha to better communicate with her colleagues.

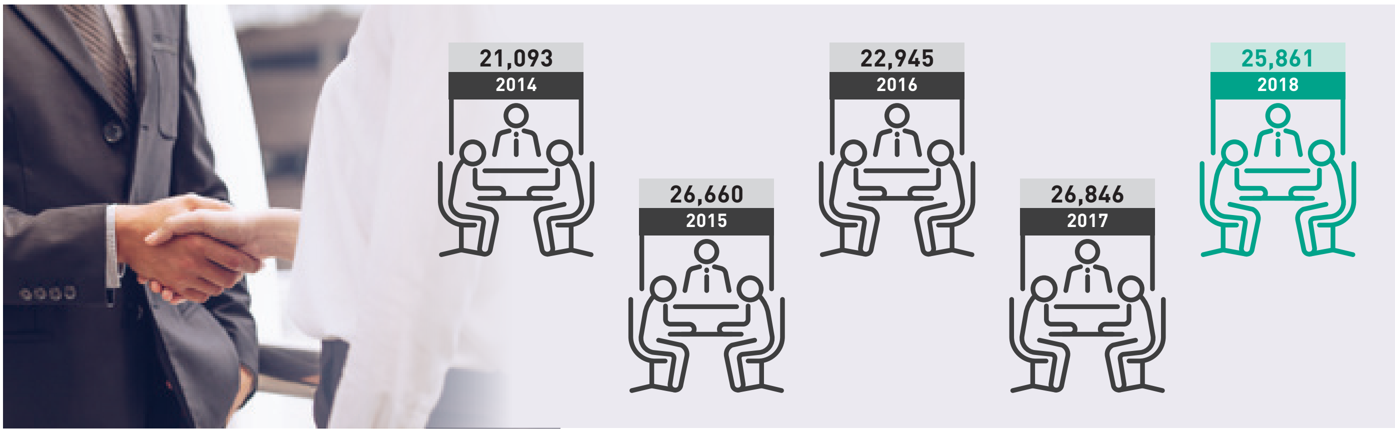
Career Progression – Salary Increment and Promotion

Saleha demonstrated strong initiative at work and was promoted to the position of Assistant Manager just eight months after joining the company. She also received a salary increment of $700 from $1,300 to $2,000. Today, Ms Saleha and Ms Nadiah are both undergoing training to become outlet Managers.

Performance Highlights

Number of Inmates Trained

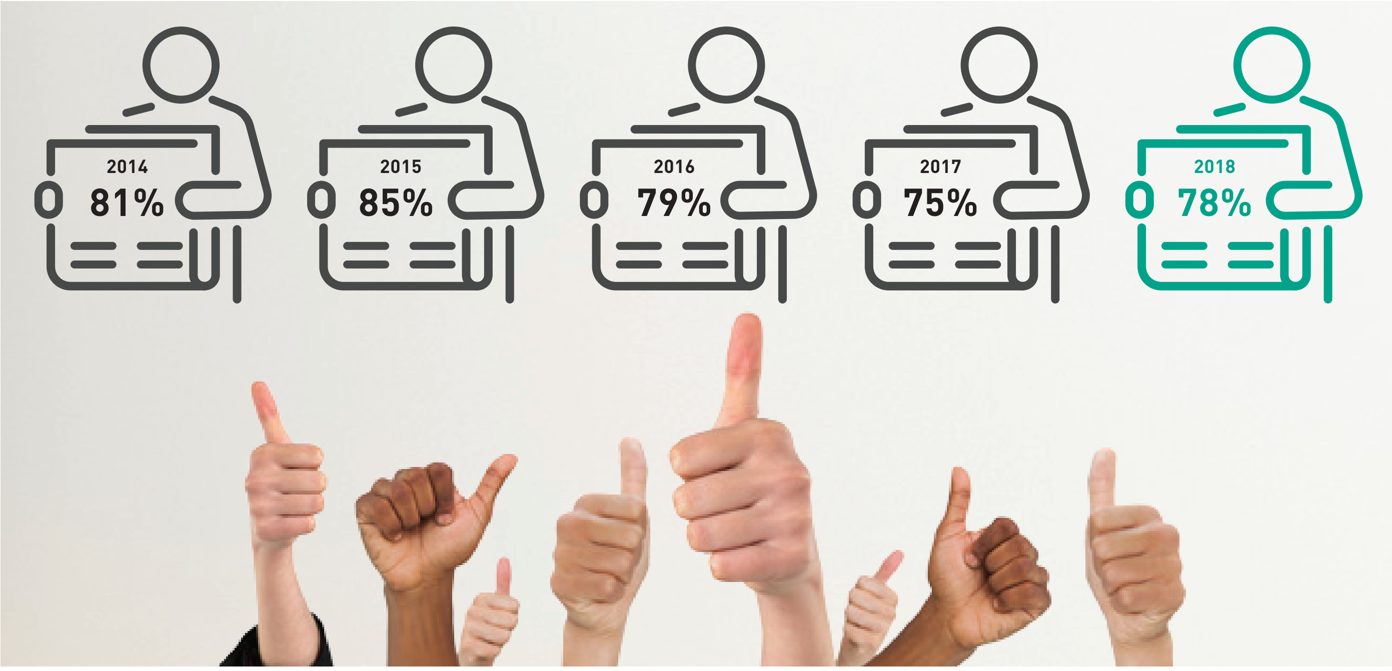
No. of Training Places Taken Up by Inmates



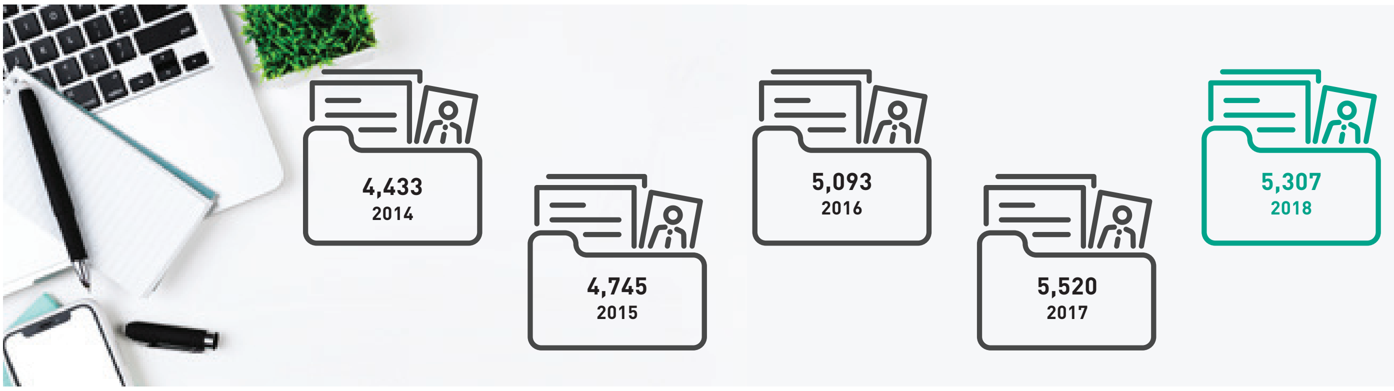
Number of Inmates Engaged in Work Programme Daily

Performance Highlights

Percentage of Eligible Inmates Engaged in Work Programme



No of employers registered



No. of inmates assisted with employment before release

Performance Highlights

Percentage of inmates securing jobs before release

2014	2015	2016	2017	2018
96%	95%	96%	97%	96%

Job Retention

	2014	2015	2016	2017	2018
3-month	85%	84%	79%	81%	81%
6-month	67%	70%	60%	63%	63%*

*Provisional as of 31 May 2019

An Effective Aftercare Community Supporting Ex-offender's Reintegration

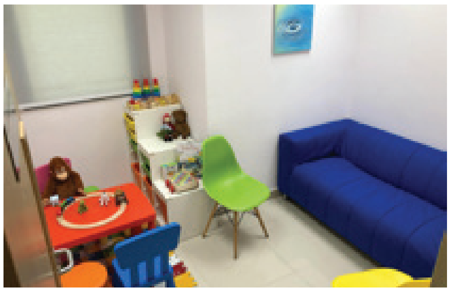
An Effective Aftercare Community Supporting Ex-offender's Reintegration

YR Industries – Selarang Halfway House

The Selarang Halfway House (SHWH) is one of three divisions of YR Industries Pte Ltd (YRI), a wholly owned subsidiary of SCORE. Fully operational as of December 2018, the newly renovated SHWH at Selarang Park Complex can accommodate 576 residents at maximum capacity.

The SHWH was established to provide a 24-hour secular and step-down residential facility for MAS-liable ex-offenders, address their reintegration needs (especially in the areas of employment and accommodation) and facilitate their transition and gradual reintegration into the community.

The SHWH seeks to provide a conducive environment to facilitate rehabilitation and reintegration through a normalised living environment. A throughcare approach is adopted to ensure a seamless flow for the ex-offender from the Singapore Prison Service (SPS) pre-release programme to the SHWH programme and regime. The programme and regime at SHWH aims to reiterate and reinforce key learning points from the pre-release programme and focus on the application in real life situations such as work, studies, training, etc.



Operationalisation of new facility

The purpose-built premises at the Selarang Park Complex (SPC) has been operationalised since Nov 2018 with the move of residents from the existing facility at Lloyd Leas. With the new facility, there are increased programming spaces and opportunities to create a normalised and supportive environment to facilitate offenders' reintegration and rehabilitation. On the security front, there is greater leverage on technology and security equipment such as walk-through metal detector, baggage scanner, access control systems, etc., to complement the existing operations to ensure that SHWH remains a safe environment to facilitate rehabilitation and reintegration.

Review of SHWH Operations

In 2018, 267 offenders (253 males and 14 females) were emplaced in SHWH. As at 31 Dec 2018, 113 of them (108 males and 5 females) progressed to the Home Supervision phase[1]. Since the start of 2018, SHWH's operations and processes had been reviewed to prepare for operations at the new halfway house facility in Selarang Park Complex (SPC).

Subsequent to the qualitative study undertaken by SPS's research team and the preliminary assessment of SHWH using the evidence-based Correctional Program Checklist (CPC)[2] in Sep 2017, key areas for improvement were flagged out and shared with SHWH. In consultation with SPS, SHWH had identified the following key areas to focus on and address:

a. SPS to establish platforms and processes to share pertinent information from Risk Assessments (e.g. VORAS, STATIC, STRAT-G, DAST, etc.) with SHWH for better management of residents;
b. Differentiated programme intensity/ type for SHWH residents; and
c. Mitigation of reoffending risks through a common approach to be adopted by SPS and SHWH.

The second phase of the evaluation study has since commenced from Aug 2018 and SPS's research team will continue to share interim feedback with SHWH, when available, to address relevant areas in its programme and practices to ensure their adherence to evidence-based practices and standards, and to benefit residents who undergo the halfway house phase.

Internally, all operational processes and regime have also been reviewed to ensure that processes and regime remain relevant in the context of the purpose-built facility which SHWH would operationalise in Nov 2018. Amendments were made, where necessary, and in consultation with SPS, to relevant processes/regime.

Performance of Output-Based and Outcome-Based KPIs

Since inception of its operations, SHWH has been audited by SPS (via their appointed external auditor) on a quarterly basis to ensure its ability to meet the minimum service requirements (i.e. output indicators). Thus far, there has been no major non-compliance surfaced from the regular audits.

[1] For the 2017 cohort, 88 male offenders were emplaced in SHWH. As of 31 Dec 2018, 63 of them had progressed to the Home Supervision (HS) phase, while 22 were resentenced, 2 (1 remanded, 1 on curfew breach) were deemed to have been "discharged" as they have reached 1-year maximum duration of stay in SHWH and 1 was still physically present in SHWH (was re-emplaced and yet to complete programme).
[2] The assessment was administered by independent assessors from the University of Cincinnati Corrections Institute (UCCI).

Yellow Ribbon Fund

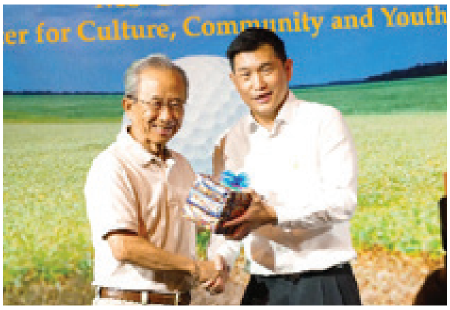
Launched in 2004, the Yellow Ribbon Fund (YRF) is the first national charity dedicated to funding, developing and implementing reintegration programmes for inmates and ex-offenders, and family support programmes to strengthen their family ties. The YRF aims to provide financial support for:

- The provision of rehabilitative and aftercare services to inmates and ex-offenders during and after incarceration and to assist the provision of such services by other partner organisations;
- Rehabilitation and reintegration support programmes for family members of ex-offenders after their discharge from custody; and,
- Public awareness programmes aimed at creating awareness of the need to give second chances to ex-offenders, generating acceptance of ex-offenders back into society, and inspiring community action to support the rehabilitation and reintegration of ex-offenders.

Disbursement in 2018

S$1,161,910 was disbursed to support 3,816 ex-offenders, families and children of the incarcerated.

Key Activities and Events in 2018



Criminal Bar Charity Gala Dinner 2018

In support of the YRF, the Law Society of Singapore (Criminal Bar) organised a Charity Gala Dinner on 6 Apr 2018 at the Marina Mandarin Hotel. The event was attended by Minister for Home Affairs and Law, Mr K. Shanmugam, as well as 300 other criminal lawyers and judges. An IT firm, Acronis donated $100,000 to commence a10-year collaboration with YRF to equip inmates and ex-offenders with basic IT skills. The total funds raised at the event was $419,200. All proceeds would help provide financial support for rehabilitative services for ex-offenders, as well as programmes for their family members.

Yellow Ribbon Fund Charity Golf Dinner 2018

The YRF Charity Golf and Dinner 2018 was held on 9 May 2018 at the Singapore Island Country Club. The event was graced by Minister of Culture, Community and Youth, Ms Grace Fu, and attended by more than 230 guests. The guests witnessed exciting highlights such as an enigmatic musical performance by Mr Razz and his band, MOJOMATICS. The beneficiaries were moved by the support given by both corporations and individuals. The event ended on a high note, with $508,180 raised for YRF. The funds raised go towards supporting programme and services under YRF.

Partnership with Acronis

Acronis, a global leader in hybrid cloud data protection and storage, was founded in Singapore in 2003 and began its support for the YRF in 2018 with a long-term commitment of SGD $1 million in funding and services for the next 10 years. Named as the YRF-Acronis IT Skills Programme, the programme is designed to provide certified IT training to ex-offenders. Through the strong support of Acronis, more than 30 ex-offenders have undergone the training and attained WSQ ICDL certificates thus far. Apart from IT skills, volunteers and staff from Acronis have also imparted skills such as interviewing techniques, CV creation, and soft-skills training which are crucial in their reintegration journey. At the end of the training, families of the ex-offenders were invited to a graduation ceremony to celebrate as their loved ones took the stage and received their certifications. "One of our most fundamental beliefs is that knowledge is everything. We are certain that people with prior convictions can have a better life if given the opportunity. The YRF-Acronis IT Skills Programme provides ex-offenders with a platform where they can rewrite their biographies," said Acronis Founder and CEO, Serguei Beloussov.

Yellow Ribbon Project

10 Years and Running – On the Road to Acceptance

On 9 September 2018, the tenth edition of the Yellow Ribbon Prison Run saw about 6,500 runners, 180 volunteers and 50 organisations coming together on the road to acceptance. The four-member team category "Run for Second Chances" was also open to the public which raised about $130,000 from corporate and individual donors. Since the inaugural run in 2009, more than $1,056,975 has been raised for YRF to support programmes and services for ex-offenders and their families.

Guest-of-honour Mr Chan Chun Sing, Minister for Trade and Industry said, "In life, it's not just about how rich we have become (as a country) or how well the most abled are able to do. The strength and character of a country are defined by how we are able to take care of the little, those with the least, those who may be lame and those who might be lost.".

Transitions: Crossroads & Choices

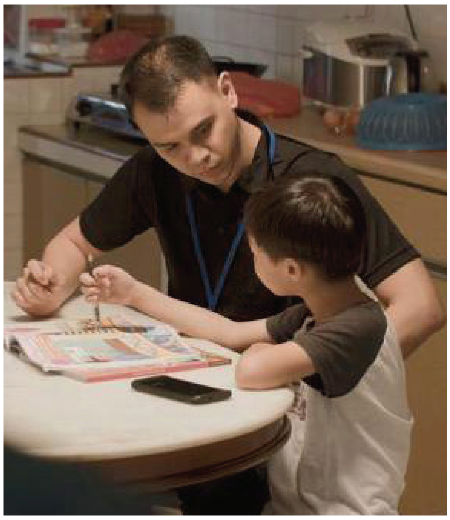
Marking nine years of collaboration between the Yellow Ribbon Project and the Singapore Art Museum, the Yellow Ribbon Community Art Exhibition was held from 22 to 30 September 2018 at Raffles City Singapore. Themed "Transitions: Crossroads & Choices", the 78 artworks on display were a culmination of a year's worth of planning and collaboration between inmates and their artist mentors.

The exhibition included a special display of illustrations titled "The Invisible Victims of Incarceration", drawn by children of ex-offenders under the CapitaLand-YRF Children Support Programme. A total of 24 beneficiaries, caregivers and volunteers attended the launch of exhibition on 21 Sep 2018, graced by Guest-of-Honour, President of the Republic of Singapore, Mdm Halimah Yacob. The beneficiaries also contributed 6 art works which were displayed at the exhibition.

Mdm Halimah Yacob said at the event, "I recently visited the Changi women prison. During the visit, I met many of the inmates and they told me that the support of their families is really something that keeps them going in the recovery process."

Partnership with LASALLE College of the Arts

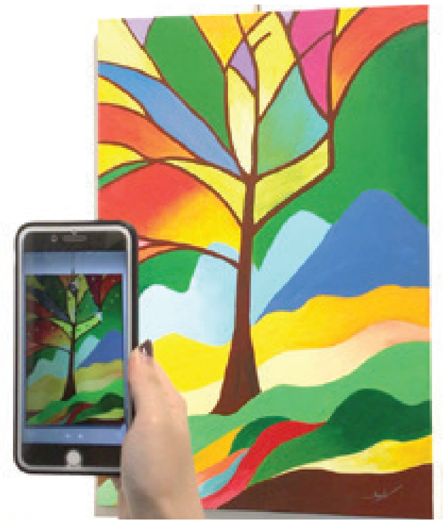
To strengthen the digital reach and online presence, YR partnered with LASALLE College of the Arts to produce videos that focused on the impact of programmes under the CARE Network. These videos extended the reach to online audience by highlighting the challenges faced by ex-offenders and their families. It encouraged them to make a meaningful difference in the lives of the beneficiaries and collectively, build an inclusive society. The videos on beneficiary stories were posted on social media platforms, and gained close to 3,000 views.



YRP's Collaboration with Global Cultural Alliance: Inmates and Nursing Home Residents Communicate Through Art

In 2018, YRP collaborated with a new partner, Global Cultural Alliance (GCA) on an interactive art platform. This included co-creation where inmate artists from the Visual Arts Hub in prison were paired as "paint-pals" with elderly residents from United MediCare Centre (UMC) to exchange art paintings. In implementing the initiative, GCA brought in a digital technology partner to impart inmates with skills on incorporating elements of augmented reality into the artworks. The artworks were exhibited at GCA's gallery and subsequently at YRP's roadshow exhibition at The Star Vista.

This collaboration sought to give opportunities for both communities to contribute meaningfully to society, despite their backgrounds. Through a creative exchange of ideas via the interactive art platform, both communities were brought together for a powerful shared experience.



Sector Planning

CapitaLand-YRF Children Support Programme

The CapitaLand – YRF Children Support Programme is a 2-year pilot implemented in Apr 2017 to target the developmental needs of children of offenders, in order to reduce intergenerational offending.

As of Dec 2018, 279 families have been engaged. Among those engaged, 83 families and 120 children have been enrolled in children programmes, comprising of reading, tuition and befriending programmes. 60% of the children had shown improvement in reading scores, 73% shown improvement in tutored subjects and 54% were assessed to have demonstrated pro-social behaviours and a positive relationship with an adult.

Value Proposition for CN Agencies

CARE Network (CN) has been established since 2000 with the aim of bringing community partners together to bring hope, confidence and opportunities for ex-offenders and their families. Since its inception, there have been numerous changes to the aftercare landscape. To remain relevant, there is a need to strengthen collaboration with CN partners to co-create solutions to meet key aftercare challenges and work towards achieving collective impact. The CN Secretariat reviewed its value proposition to its partners. Since Jun 2018, it had face-to-face interviews with a total of 39 partners in 2018. This was in a bid to find out more on their needs and challenges, and establish ways for CN to value-add in the area of aftercare work.

Gearing Up Organisational Excellence and Capabilities

Gearing Up Organisational Excellence and Capabilities

Implemention of Electronic Meeting Solution - Convene

Convene was adopted by SCORE on 1 July 2018 as a strategic tool for the conduct of meeting and to facilitate the interview process. The introduction of Convene reduces the administrative effort required to organise meetings and interviews by allowing meeting materials and resumes to be uploaded, circulated and updated to all members simultaneously via the platform. The interactive functions within Convene enhances communications and discussions between members during meetings. SCORE's carbon footprint was also reduced as a result of the initiative.

Leveraging the Convene Portal provides users with easy access to the meeting materials on the go, thereby enhancing productivity and their experience in meetings and the interview process. The project was recognised by Home Team Academy and was awarded the Commendation Award for InnovA Project in 2018.

Journey towards bizSAFE STAR Certification

SCORE's Occupational Safety and Health Management System was certified by Singapore Accreditation Council Certification Body to be in conformance with SS506:Part 1:2009 / BS OHSAS 18001:2007 requirements on 10 September 2018. SCORE was certified bizSAFE STAR, a recognition for Singapore organisations that have delivered excellence in workplace safety and health management system, by WSH Council on 17 September 2018. Both bizSAFE STAR and SS506 certifications are affirmations of SCORE's continual efforts to ensure workplace safety for its employees, inmates and stakeholders.

Date of issue: 17/09/2018

bizSAFE STAR

CERTIFICATE

The Workplace Safety and Health Council
is pleased to certify that

SINGAPORE CORPORATION OF REHABILITATIVE ENTERPRISES

has fulfilled the requirements to attain bizSAFE Level Star

This certificate will expire on 11/03/2021

Winston Yew
Deputy Director, Industry Development
Workplace Safety and Health Council

WSHCOUNCIL

Certificate No. E26754

CERTIFICATE

EQAIMS
European Quality Assurance

Certificate of Registration

Singapore Corporation of Rehabilitative Enterprises
980, Upper Changi Road North,
Singapore 507708

EQAIMS Hereby Grants to the above company whose Occupational Safety & Health Management System is in conformance with

SS506:Part 1:2009
BS OHSAS 18001:2007

Certification Scope

Provision of Rehabilitation And Aftercare Services To Inmates And Ex-Offenders

Certificate No. : OSH-18-1934
Date of Issue : 10 September 2018
Validity Period : 10 September 2018 to 11 March 2021

Certification Director

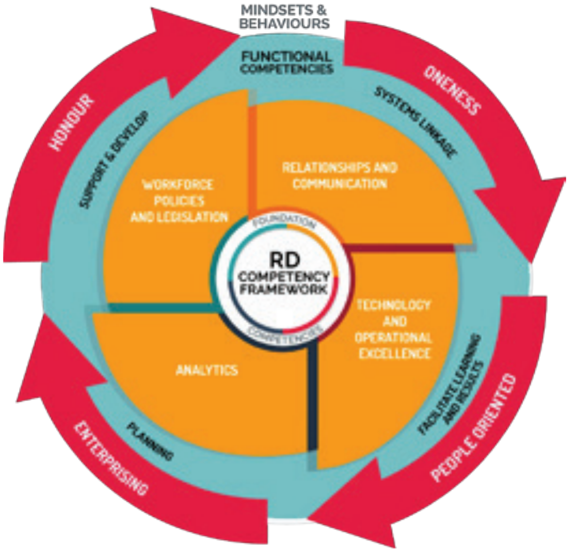
SAC ACCREDITED CERTIFICATION BODY

Enhancing Organisation Excellence

Development of Functional Training Framework

SCORE had developed a Functional Training Framework for the Reintegration and Aftercare (RA) Cluster. This framework established the main functional competencies as well as the corresponding behavioural descriptors and training for officers in SCORE's Reintegration Division (RD) and CARE Network Office (CNO). Officers will attend training according to their work units' functional needs and be equipped with the necessary skills to help them achieve organisational excellence.

FUNCTIONAL COMPETENCY TRAINING FRAMEWORK FOR RA CUSTER



Development of Posting Framework

SCORE had enhanced our Posting Framework in 2018 to provide a structured developmental posting for our officers. It aims to expose officers to the wider range of jobs within SCORE and build core functional capabilities.

POSTING FRAMEWORK FOR SCORE STAFF

Appointment to Higher Grade Policy

SCORE introduced a new appointment in 2018 to provide officers with an additional route of advancement. Officers could be considered for a higher appointment if they had shown the potential and capabilities to take on responsibilities at the higher grade.

APPOINTMENT TO HIGHER GRADE POLICY FOR SCORE STAFF

Milestones & Achievements

Staff Appreciation Night

The Staff Appreciation Night (SAN) was held in Nov 2018. Staff exercised their creativity by forming their own teams and dressing up to their chosen themes, hence exhibiting teamwork and Oneness in line with the overall event's theme - "Power of ONE".

"I look forward to SAN every year as I get to dress up according to the theme! Not only that, my colleagues and I always have a lot of fun and laughter together!" **– Ms Shirley Look, Senior Executive Officer, Employer Outreach**

Promotion and Long Service Award Ceremony

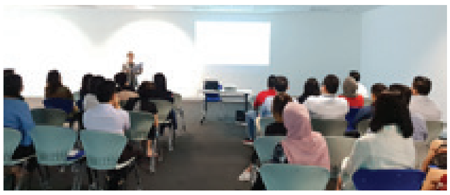
Previously, SCORE gives recognition to promotees and Long Service Award recipients during the Staff Appreciation Night. For the first time in 2018, the Promotion and Long Service Award Ceremony was held as a dedicated platform to appreciate the hard work and commitment of our staff who have contributed to the organisation.

"A good initiative implemented by SCORE to recognise staff who had done well!" **– Ms Tan Po Chek, Senior Executive Officer, Finance**

SCORE Corporate Retreat

Staff went to Marina Barrage for our annual Corporate Retreat where they learned about SCORE's FY2018 achievements and FY2019 work plan. The committee also prepared a host of activities that kept the energy going during the event! Staff had a team bonding session where they designed and flew kites together.

"Learning about SCORE's 2019 plans keeps me motivated and looking forward to the new year!" **– Ms Claudia Tan, Manager, Communications and Events**



Lunch-Time Sharing

SCORE held various lunch-time sharing sessions where speakers shared about interesting topics like records management, Toastmaster and posting framework. We also invited an external speaker, Lyn Wong, Principal Facilitator & Coach from Me2We Pte Ltd, who shared about "Re-imagine your future with Coaching".

"Lunch-Time sharing allows me to learn something new and bond together over lunch!" **– Ms Dawn Tan, Manager, Planning & Organisational Development**

Special Feature

Our New Home

22 March 2018 – SCORE shifted its headquarter to 980 Upper Changi Road North. The opening ceremony was graced by Mr Chng Hwee Hong (Chairman) and Mr Stanley Tang (Former CEO). Together with the staff, we had a blast orientating the new surroundings, setting up the new workstations, and just soaking in the atmosphere. The move marked a milestone for SCORE as we were finally located under one roof, coming together as one.

The Move Committee convened the first meeting in June 2017. Nine months later, the efforts finally bore fruits. Having the opportunity to be involved and decorate our 'Home' meant that our meetings were always filled with buzz. Beside ensuring a smooth execution, the Move Committee endeavoured to bond the organisation in the process and create an awesome and learning environment for all.

As Mr Stanley said in his address, "this is not the end.. it is the beginning.. let's continue to form new rituals and culture, form stonger bonds, and bring SCORE to the next level." Thanks to the Move team and all for creating Our New Home. Now, we have to build on it!

Awards & Accolades 2018

External Awards

National Day Award 2018 Commendation Medal

Lim Pheck Hwee Lina

National Day Award 2018 Efficiency Medal

J Raathiga
Kuganathan A/L K. Narayanasamy
Leow Yen Fern Karen

Minister for Home Affairs National Day Award (Individual)

Karen Tan Mui Wah

HT InnovA Champion (Gold)

Khairull Danial Bin Ramlan

HT InnovA Project (Commendation)

Faezah Binte Radiman
Oh Sy Woei Alan
Ong Chwee Seng
Png Mei Chee

MHA Star Service Award

Huzair Hyder s/o Abdul Rahman

Internal Awards

HOPE Award

Tai Junni
Toh Wee Leong Elric

Special Commendation Award

Aaron Tan Yu Xuan
Jin Zishen Leslie
Muhammad Firdhaus Bin Rezwan
Ng En Han, Justin
Ng Hui Ling
Siaw Yoke Har Jaz
Siti Aishah Binte Haron
Siti Aishah Binte Wan Nussin
Toh Pee Kiong
Zhang Suyi, Suzie

Long Service Award

Alyshah Abdullah @Parveen D/O Kumar
Amir Bin Abu Bakar
Ang Tian Whatt
Arputhasamy Nathan
Aw Xue Li Karen
Choi Kuai Seng
Choo Ru Yu Cheryl
Chow Mun Ting Denise
Chu Jie Sheng
Grace Bernadette Vincent Suppiah
Harith Bin Abdul Rahman
Ho Kok Beng
J Raathiga
Kusaini Bin Yakob
Lee Chor Teng Steven
Lee Ngee Chew Kenny
Leong Kwek Chin Kenny
Li Jing
Lim Pheck Hwee Lina
Man Peck Leng Connie
Muhammad Syahmi Bin Sinin
Nur Zamir Bin Md Yatim
Nuristianah Binte Amran
Puah Ping Hui
Rao Liangdong
Shariffa Bagham d/o Abdul Razak
Siti Aishah Binte Wan Nussin
Toh Pee Kiong
Xu Yingxia Nikole
Yam Chui Mei Rosanna

Special Appreciation Award

Ali Bin Aman
Rookshana Bte Ali Khan
Tan Jui Paw

Esprit De Corp

bizSAFE STAR Project Team
New Scope for Management of Cluster Kitchens
SCORE Appreciation Award Media Publicity

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
Established under the Singapore Corporation of Rehabilitative Enterprises Act

Statement by the Board and Financial Statements
Financial Year Ended 31 December 2018

Financial Statements

KONG, LIM & PARTNERS LLP
CHARTERED ACCOUNTANTS
Associated worldwide with JHI
13A MacKenzie Road Singapore 228676
Tel: 6227 4180 Fax: 6324 0213

Singapore Corporation of Rehabilitative Enterprises and its Subsidiary General Information

Chairman
Mr Chng Hwee Hong

Deputy Chairman
Mr Puah Kok Keong

Members
Mr Desmond Chin Kim Tham
Mr Abdul Rohim Bin Sarip
Ms Sharon Ang Ee Hsien
Mr David Toh Seng Hong
Mr Jason Leow Juan Thong
Dr Kee Kirk Chin
Ms Mable Chan
Mr Peter Ong
Mr Thiagarajan s/o Subramaniam
Mr Thomas Pek
Mr Wan Shung Ming
Mr Yeo Meng Hin
Mr Zhulkarnain Abdul Rahim

Registered Office
980 Upper Changi Road North
Singapore 507708

Auditor
Kong, Lim & Partners LLP

Principal Bankers
DBS
HSBC

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Singapore Corporation of Rehabilitative Enterprises and its subsidiary
Statement by the Board
For the financial year ended 31 December 2018

In our opinion,

(a) the accompanying consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Singapore Corporation of Rehabilitative Enterprises (the “Corporation”) are drawn up so as to present fairly, in all material respects, the state of affairs of the Group and of the Corporation as at 31 December 2018 and the results and changes in equity of the Group and of the Corporation and cash flows of the Group for the year ended on that date, in accordance with the provisions of the Singapore Corporation of Rehabilitative Enterprises Act, Chapter 298 (the “Act”) and Singapore Statutory Board Financial Reporting Standards;

(b) proper accounting and other records have been kept, including records of all assets of the Corporation, whether purchased, donated or otherwise;

(c) the financial statements are prepared on a basis similar to that adopted for the preceding year;

(d) the financial statements are in agreement with the accounting and other records; and

(e) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Corporation during the financial year are have been in accordance with the provisions of the Act.

On behalf of the Board

Chng Hwee Hong
Chairman

Kee Kirk Chin (Dr)
Chairperson
Audit & Risk Management Committee

Singapore

Date:

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SINGAPORE CORPORATION OF REHABILITATIVE ENTERPRISES

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Singapore Corporation of Rehabilitative Enterprises (the "Corporation") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Corporation as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of comprehensive income and statement of changes in equity of the Corporation for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Corporation are properly drawn up in accordance with the provisions of the Singapore Corporation of Rehabilitative Enterprises Act, Chapter 298 (the "Act") and Statutory Board Financial Reporting Standards ("SB-FRSs") so as to present fairly, in all material respects, the state of affairs of the Group and the Corporation as at 31 December 2018 and the results and changes in equity of the Group and the Corporation and cash flows of the Group 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 Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report and the Statement by the Boards, 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards, 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.

A statutory board is constituted based on its Act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Group or for the Group to cease operations.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SINGAPORE CORPORATION OF REHABILITATIVE ENTERPRISES

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 period. We also:

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the management 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SINGAPORE CORPORATION OF REHABILITATIVE ENTERPRISES

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

(a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Corporation during the financial year are, in all material respects, in accordance with provisions of the Act;

(b) proper accounting and other records have been kept, including records of all assets of the Corporation and of the subsidiary incorporated in Singapore of which we are the auditors whether purchased, donated or otherwise;

(c) the financial statements are prepared on a basis similar to that adopted for the preceding year; and

(d) the financial statements are in agreement with the accounting and other records.

Basis for Opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Compliance Audit* section of our report. We are independent of the Group in accordance with the 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 on management's compliance.

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

Auditor's Responsibilities for the Compliance Audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

KONG, LIM & PARTNERS LLP
Public Accountants and
Chartered Accountants

Singapore

Date:

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
Statements of Comprehensive Income
For the financial year ended 31 December 2018

	Note	Group		Corporation	
		2018	2017	2018	2017
		S$	S$	S$	S$
Operating income					
Leasing income	5	3,223,305	3,302,860	3,434,505	3,505,630
Miscellaneous		390,513	95,391	12,034	12,316
Business outsourcing		2,040,943	2,087,854	2,040,943	2,247,135
Rendering of services		45,796,578	41,894,100	29,561,797	27,953,336
Halfway house management fee		4,808,601	1,858,018	4,808,601	1,858,018
Rental and management fee		-	-	1,032,814	1,035,845
Funding from strategic partner		2,974,980	3,530,312	2,974,980	3,530,312
Sponsorship from strategic partners		4,854,916	5,179,314	4,854,916	5,179,314
	4	64,089,836	57,947,849	48,720,590	45,321,906
Less: Operating expenditure		66,540,342	58,861,867	48,967,724	43,441,179
(Deficit)/surplus from operations		(2,450,532)	(914,018)	(247,134)	1,880,727
Non-operating income					
Income from investments	6	329,837	534,712	329,837	534,712
Interest income from bank deposits		170,066	90,216	158,756	90,216
Written back of amortisation of investment in securities		32,153	-	32,153	-
Others		682	396	682	396
		532,738	625,324	521,428	625,324
Less: Non-operating expenses					
Amortisation of investment in securities		-	44,416	-	44,416
Consultancy fees (project)		90,210	207,497	56,040	43,355
Bad debt written off		631	-	631	-
Loss on call back of securities		110,500	-	110,500	-
Total non-operating expenses		201,341	251,913	167,171	87,771
Surplus from non-operations		331,397	373,411	354,257	537,553
Net (deficit)/surplus for the year		(2,119,135)	(540,607)	107,123	2,418,280
Other comprehensive loss					
Items that may be reclassified subsequently to profit and loss					
Net fair value gains on debt instruments at fair value through other comprehensive income	21	-	(18,260)	-	(18,260)
Net fair value changes on debt instruments at fair value through other comprehensive income reclassified to profit or loss	21	(17,240)	-	(17,240)	-
		(17,240)	(18,260)	(17,240)	(18,260)
Total comprehensive (loss)/ income for the year		(2,136,375)	(558,867)	89,883	2,400,020

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

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
Statements of Operating Expenditure
For the year ended 31 December 2018

		Group		Corporation	
	Note	2018	2017	2018	2017
		S$	S$	S$	S$
Advertising		88,295	37,373	78,718	37,373
Audit fees		126,444	84,423	85,380	67,196
Board members' allowance		159,375	149,063	159,375	149,063
Contract service		325,913	117,516	325,913	117,516
Depreciation of property, plant and equipment	15	2,643,663	2,408,761	1,073,983	858,991
Director fee		45,000	30,221	-	-
Distribution costs		6,032,814	5,628,925	4,776,996	4,538,296
Finance cost		362,611	371,866	239,692	243,374
General office expenses		4,521,156	3,841,495	4,053,080	3,492,376
Grant, contributions and donations		7,441	21,383	7,441	21,383
Inmates earnings		1,904,101	2,078,778	1,269,974	1,308,836
Inmates training costs		3,440,628	3,507,563	3,440,628	3,507,563
Local transport		155,595	131,632	87,137	103,360
Maintenance of equipment and premises		1,508,010	1,390,522	780,758	656,027
Management fee		-	-	4,751,472	1,847,723
Manpower costs	7	20,975,203	18,738,949	11,024,896	10,861,390
Material / production costs		16,940,780	15,094,027	14,200,346	13,542,556
Non-capitalised assets		619,782	139,402	150,037	66,110
Office rental		428,346	266,811	428,346	266,811
Official entertainment		11,735	14,982	11,735	14,982
Other operating expenses		1,396,047	961,266	1,117,909	826,131
Property, plant and equipment written off		37,350	1,240	37,350	115
Provision for linen loss		-	132,000	-	-
Relocation expenses		6,428	-	6,428	-
Staff development		297,526	237,297	221,903	186,822
Staff welfare		551,304	445,870	184,561	316,683
Utilities		3,954,821	3,030,502	453,666	410,502
		66,540,368	58,861,867	48,967,724	43,441,179

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

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
Statements of Financial Position
As at 31 December 2018

	Note	Group 2018	Group 2017	Corporation 2018	Corporation 2017
		S$	S$	S$	S$
Group					
Assets					
Current assets					
Cash and cash equivalents	8	12,728,653	5,967,548	8,647,446	3,484,448
Investment securities	9	1,010,503	2,015,130	1,010,503	2,015,130
Trade and other receivables	10	12,308,765	17,757,627	9,851,396	14,693,965
Inventories	11	821,229	719,622	-	-
Other current assets	12	2,513,946	2,255,312	2,013,242	1,916,186
		29,383,096	28,715,239	21,522,587	22,109,729
Non-current assets					
Fixed deposits	13	1,000,000	-	1,000,000	-
Investment securities	9	4,761,924	8,852,885	4,761,924	8,852,885
Investment in a subsidiary	14	-	-	20,600,307	17,100,307
Property, plant and equipment	15	27,747,832	27,533,790	11,467,344	11,010,772
		33,509,756	36,386,675	37,829,575	36,963,964
Total assets		62,892,852	65,101,914	59,352,162	59,073,693
Equity and liabilities					
Current liabilities					
Trade and other payables	16	11,687,886	9,791,706	8,405,259	7,618,112
Finance leases	17	1,038,321	1,038,321	-	-
Term loan	18	365,059	387,663	365,059	387,663
Provisions	19	185,028	749,291	-	232,278
		13,276,294	11,966,981	8,770,318	8,238,053
Non-current liabilities					
Finance leases	17	5,381,227	6,419,548	-	-
Term loan	18	6,177,883	6,521,562	6,177,883	6,521,562
		11,559,110	12,941,110	6,177,883	6,521,562
Total liabilities		24,835,404	24,908,091	14,948,201	14,759,615
Equity					
Capital account	20	1,662,262	1,662,262	1,662,262	1,662,262
Fair value reserve	21	-	17,240	-	17,240
Accumulated surplus		36,395,186	38,514,321	42,741,699	42,634,576
		38,057,448	40,193,823	44,403,961	44,314,078
Total equity and liabilities		62,892,852	65,101,914	59,352,162	59,073,693
Net assets of Yellow Ribbon Fund	24	6,376,003	5,010,169	6,376,003	5,010,169

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

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
Statements of Changes in Equity
For the year ended 31 December 2018

	Capital account	Fair value reserve	Accumulated surplus	Total equity
	S$	S$	S$	S$
Group				
Balance as at 1 January 2017	1,662,262	35,500	39,054,928	40,752,690
Deficit for the year	-	-	(540,607)	(540,607)
Other comprehensive loss for the year	-	(18,260)	-	(18,260)
Total comprehensive loss for the year	-	(18,260)	(540,607)	(558,867)
Balance as at 31 December 2017	1,662,262	17,240	38,514,321	40,193,823
Deficit for the year	-	-	(2,119,135)	(2,119,135)
Other comprehensive loss for the year	-	(17,240)	-	(17,240)
Total comprehensive loss for the year	-	(17,240)	(2,119,135)	(2,136,375)
Balance as at 31 December 2018	1,662,262	-	36,395,186	38,057,448
Corporation				
Balance as at 1 January 2017	1,662,262	35,500	40,216,296	41,914,058
Surplus for the year	-	-	2,418,280	2,418,280
Other comprehensive loss for the year	-	(18,260)	-	(18,260)
Total comprehensive (loss)/income for the year	-	(18,260)	2,418,280	2,400,020
Balance as at 31 December 2017	1,662,262	17,240	42,634,576	44,314,078
Surplus for the year	-	-	107,123	107,123
Other comprehensive loss for the year	-	(17,240)	-	(17,240)
Total comprehensive (loss)/income for the year	-	(17,240)	107,123	89,883
Balance as at 31 December 2018	1,662,262	-	42,741,699	44,403,961

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

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
Consolidated Statement of Cash Flows
For the year ended 31 December 2018

	2018	2017
	S$	S$
Cash flows from operating activities		
Deficit for the year	(2,119,135)	(540,607)
Adjustments for:		
Amortisation of bonds	(32,153)	44,416
Bad debts	12,616	16,613
Depreciation of property, plant and equipment	2,643,663	2,408,761
Gain on disposal of property, plant and equipment	(10,000)	-
Interest expense	362,611	371,866
Income from investments	(329,837)	(534,712)
Interest income from bank deposits	(158,757)	(90,216)
Loss on call back of securities	110,500	-
Property, plant and equipment written off	37,350	1,240
Provision for linen loss	(218,263)	51,198
Provision for gas rebate	346,000	380,000
Operating surplus before working capital changes	644,595	2,108,559
Changes in working capital:		
Trade and other receivables	5,570,056	1,350,391
Inventories	(101,607)	394,862
Other current assets	(258,634)	(1,747,385)
Trade and other payables	1,204,181	252,950
Cash flows generated from operating activities	7,058,591	2,359,377
Interest income received	76,349	90,216
Net cash generated from operating activities	7,134,940	2,449,593
Cash flows from investing activities		
Dividend income received	278,435	403,827
Proceeds from maturity/call back of securities	5,000,000	1,997,835
Proceeds from disposal of property, plant and equipment	10,000	-
Purchase of property, plant and equipment	(2,895,055)	(1,143,735)
Placement of fixed deposits	(1,000,000)	-
Net cash generated from investing activities	1,393,380	1,257,927
Cash flows from financing activities		
Interest paid	(362,611)	(371,866)
Repayment of finance leases	(1,038,321)	(915,516)
Repayment of term loan	(366,283)	(356,120)
Net cash used in financing activities	(1,767,215)	(1,643,502)
Net increase in cash and cash equivalents	6,761,105	2,064,018
Cash and cash equivalents at the beginning of financial year	5,967,548	3,903,530
Cash and cash equivalents at the end of financial year (Note 8)	12,728,653	5,967,548

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

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

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

1. General

Singapore Corporation of Rehabilitative Enterprises (the "Corporation") is a statutory board established under the Singapore Corporation of Rehabilitative Enterprises Act (Chapter 298). The address of its registered office is at 980 Upper Changi Road North, Singapore 507708.

The Corporation is under the purview of the Minister of Home Affairs. As a statutory board, the Corporation is subject to the directions of the Minister of Home Affairs and is required to follow policies and instructions issued from time to time by the supervising minister.

The principal activity of the Corporation is to rehabilitate and help reintegrate offenders to become responsible and contributing members of society. The principal activity of its subsidiary is set out in Note 14.

The consolidated financial statements relate to the Corporation and its subsidiary (together referred to as the "Group").

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the financial statements of the Corporation have been prepared in accordance with the provisions of the Singapore Corporation of Rehabilitative Enterprises Act (Chapter 298) and Statutory Board Financial Reporting Standards (SB-FRS).

SB-FRS includes Statutory Board Financial Reporting Standards, Interpretations of SB-FRS and SB-FRS Guidance Notes as promulgated by the Accountant-General. The Accountant-General is appointed as the legal authority to prescribe accounting standards for statutory boards under the Accounting Standards Act 2007 (No 39 of 2007) which came into effect on 1 November 2007.

The financial statements are presented in Singapore Dollars (S$).

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

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2018. Except for the adoption of SB-FRS 109 *Financial Instruments* and SB-FRS 115 *Revenue from Contracts with Customers* described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group.

SB-FRS 109 *Financial Instruments*

SB-FRS 109 replaces SB-FRS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.2 Adoption of new and amended standards and interpretations (continued)

SB-FRS 109 *Financial Instruments* (continued)

(a) Classification and measurement

Under SB-FRS 109, debt instruments are subsequently measured either at fair value through profit or loss (FVPL), amortised cost or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of SB-FRS 109 did not have a significant impact to the Group. The Group continued measuring at fair value all financial assets previously held at fair value under SB-FRS 39. The following are the changes in the classification and measurement of the Company's financial assets:

- Trade and other receivables and other current asset classified as loans and receivables as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These were classified and measured as debt instruments at amortised cost beginning 1 January 2018.

The Group has not designated any financial liabilities at FVPL. There are no changes in classification and measurement for the Group's financial liabilities.

(b) Impairment

The adoption of SB-FRS 109 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing SB-FRS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. SB-FRS 109 requires the Group to recognise an allowance for ECLs for all debt instruments not held at FVPL.

The Group has performed an analysis on the impact of this standard on the Group's financial instruments and determined this new standard does not have a material effect on the Group's financial statements.

SB-FRS 115 *Revenue from Contracts with Customers*

SB-FRS 115 supersedes SB-FRS 11 *Construction Contracts*, SB-FRS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. SB-FRS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflect the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

SB-FRS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.2 Adoption of new and amended standards and interpretations (continued)

SB-FRS 115 *Revenue from Contracts with Customers* (continued)

The Group has performed on analysis in the impact of this standard on the Group's financial statement and determined that the new standard does not have a material effect on the Group's financial statement.

The Group adopted SB-FRS 115 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at 1 January 2018.

The cumulative effect, if any of initially applying SB-FRS 115 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under SB- FRS 11, and related interpretations.

The following shows the amount by which each financial statement line item is affected for the year ended 31 December 2018 as a result of the adoption of SB-FRS 115. The adoption of SB-FRS 115 did not have a material impact on statement of financial position, other comprehensive income or the Company's operating, investing and financing cash flows. The third column shows amounts prepared under SB-FRS 115 and the first column shows what the amounts would have been had SB-FRS 115 not been adopted:

	2018 (SB-FRS 18)	SB-FRS 115 adjustments	2018 (SB-FRS 115)
	S$	S$	S$
Operating income			
Leasing income	3,223,305	-	3,223,305
Miscellaneous	390,513	-	390,513
Business outsourcing	2,040,943	-	2,040,943
Rendering of services	46,069,578	(273,000)	45,796,578
Halfway house management fee	4,808,601	-	4,808,601
Funding from strategic partner	2,974,980	-	2,974,980
Sponsorship from strategic partners	4,854,916	-	4,854,916
	64,362,836	(273,000)	64,089,836
Less: Operating expenditure	66,813,368	(273,000)	66,540,368
Deficit from operations	(2,450,532)	-	(2,450,532)

The nature of the adjustment as at 1 January 2018 and the reasons for the significant changes in the statement of comprehensive income for the year ended 31 December 2018 are described below:

Rendering of services – Laundry Services

The Group will pay for missing or damaged linen according to the compensation stated under the Agreement. Prior to the adoption of SB-FRS 115, the provision for liquidated damages is captured under expenses.

As at 31 December 2018, the provision for liquidated damages is net off with the revenue. The revenue for the year ended 31 December 2018 decreased by S$273,000.

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.3 Standard issued but not yet effective

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

Description	*Effective for annual periods beginning on or after*
SB-FRS 116 *Leases*	1 January 2019
Annual Improvements to SB-FRS (March 2018)	1 January 2018

Except for FRS 116, the Board expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of FRS 116 are described below.

SB-FRS 116 *Leases*

SB-FRS 116 requires lessees to recognise most leases on the statement of financial position. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SB-FRS 116 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SB-FRS 116 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SB-FRS 116, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SB-FRS 116 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply FRS 116 to all contracts that were previously identified as leases;
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019; and
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts FRS 116 in 2019.

It is currently impracticable to disclose any further information on the known or reasonable estimable impact to the SCORE's financial statement because the Authority is currently in the midst of renewing its rental contracts, expiring on 15 November 2019, with its landlord.

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation

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

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

2.5 Revenue recognition

These accounting policies are applied on and after the initial application date of FRS 115, 1 January 2018:

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

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

a) Business outsourcing

The Group will provide the labour intensive service to multinational corporation as well as small medium company.

The amount of revenue recognised is based on the transaction price. Revenue from business outsourcing are recognised upon the satisfaction of the performance obligation at the point of time.

b) Rendering of services

The Group sells standard kitchen meal. The Group also provide laundry, dry cleaning services and other residential care services.

The transaction price is allocated to the services based on their relative standalone selling prices. Revenue from rendering of services is recognised upon the satisfaction of the performance obligation at the point of time.

c) Rental income

Rental income arising from operating leases on leasehold property is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

d) Management fee

Management fee is recognised when the management services have been performed and rendered.

e) Interest income

Interest income arising from bank deposits and investment securities are recognised on an accrual basis.

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.5 Revenue recognition (continued)

f) Fund

The Group, in its role as an agent of the Government for rehabilitating the offenders, receives funds from Ministry of Home Affairs for the provision of skills training to offenders, job placement services, job retention support services, development of aftercare sector, managing agent of the halfway house and Drug Task Force Recommendations when the Group achieved the outcomes and key performance indexes (KPIs) set by the ministry. The fund is recognised when the Group achieved the outcomes and key performance indexes (KPIs).

These accounting policies are applied before the initial application date of FRS 115, 1 January 2018:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

a) Business outsourcing

Revenue from business outsourcing is recognised upon the satisfying of the performance obligation which is at the point of time during delivery of goods.

b) Rendering of services

Revenue from rendering of services is recognised when the services have been performed and rendered.

c) Rental income

Rental income arising from operating leases on leasehold property is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

d) Management fee

Management fee is recognised when the management services have been performed and rendered.

e) Interest income

Interest income arising from bank deposits and investment securities are recognised on an accrual basis.

f) Fund

The Group, in its role as an agent of the Government for rehabilitating the offenders, receives funds from Ministry of Home Affairs for the provision of skills training to offenders, job placement services, job retention support services, development of aftercare sector, managing agent of the halfway house and Drug Task Force Recommendations when the Group achieved the outcomes and key performance indexes (KPIs) set by the ministry. The fund is recognised when the Group achieved the outcomes and key performance indexes (KPIs).

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.6 Government grants

Government grants and contributions from other organisations for the establishment of the Corporation are taken to the capital account. Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as “Other income”. Alternatively, they are deducted in reporting that related expenses.

2.7 Trust fund

Trust funds are set up to account for funds held in trust where Yellow Ribbon Fund is not the owner and beneficiary of the funds received from the Government and other organisations. The receipts and expenditure in respect of fund are taken directly to the funds accounts and the net assets relating to the funds are shown as a separate line item in the statement of financial position. Trust fund are accounted for on the accrual basis.

Yellow Ribbon Fund administers the funds on behalf of the holders of these funds. Upon dissolution of these funds, the remaining moneys in these funds shall be returned to the owners of the funds.

2.8 Borrowing cost

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

2.9 Employee benefits

a) Defined contribution plans

The Group makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

b) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.10 Leases

a) As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rent, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

b) As lessor

Leases in which the Group does not transfer 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 2.6(c). Contingent rents are recognised as revenue in the period in which they are earned.

2.11 Taxes

a) Current income tax

The Corporation is a tax-exempted corporation under Section 13(1)(e) and the First Schedule of the Singapore Income Tax Act, Chapter 298. The subsidiary of the Corporation is subject to local tax legislation.

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

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

b) Deferred tax

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

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

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.11 Taxes (continued)

b) Deferred tax (continued)

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

c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.12 Cash and cash equivalents

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

2.13 Financial instruments

These accounting policies are applied on and after the initial application date of FRS 109, 1 January 2018:

(a) Financial assets

Initial recognition and measurement

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

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

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

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

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.13 Financial instruments (continued)

(a) Financial assets (continued)

Subsequent measurement (continued)

Investments in debt instruments (continued)

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

Investments in equity instruments

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

De-recognition

A financial asset is de-recognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.13 Financial instruments (continued)

These accounting policies are applied before the initial application date of FRS 109, 1 January 2018:

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise cash and cash equivalents, trade and other receivables and other current assets.

ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are de-recognised or impaired, and through the amortisation process.

iii) Available-for-sale financial assets

Available-for-sale financial assets are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
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2. Summary of significant accounting policies (continued)

2.13 Financial instruments (continued)

(a) Financial assets (continued)

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise trade and other payables, finance leases and term loan.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.14 Impairment of financial assets

These accounting policies are applied on and after the initial application date of FRS 109, 1 January 2018:

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.14 Impairment of financial assets (continued)

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

These accounting policies are applied before the initial application date of FRS 109, 1 January 2018:

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.14 Impairment of financial assets (continued)

(b) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.15 Inventories

Linen inventories purchased for the purpose of providing linen leasing services to hospitals are stated at cost determined on a weighted average basis. The cost of linen is amortised, on a first-in-first-out basis, over the period of useful life once it is put into circulation. The amortisation rates are as follow:

Towels	12 months
Other linen	18 months

2.16 Subsidiary

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Corporation’s separate financial statements, investment in a subsidiary is accounted for at cost less impairment losses.

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.17 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Years
Furniture and fittings	
Furniture, fixture and fittings	8
Plant, equipment and machinery	
Computer software, hardware and equipment	3 - 5
Office equipment	5
Plant, equipment and machinery	8 - 15
Leasehold property	20.5
Renovation	10

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives, and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

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 de-recognition of assets is included in the statement of comprehensive income in the year the asset is derecognised.

2.18 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.19 Provision

General

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

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

2.20 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

3. Significant accounting judgments and estimates

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

3.1 Judgments made in applying accounting policies

The management is of the opinion that there are no significant judgments made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

3. Significant accounting judgments and estimates (continued)

3.2 Key sources of estimation uncertainty (continued)

a) Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 27.

The carrying amounts of the Group's and Corporation's trade and other receivables as at 31 December 2018 were S$12,308,765 and S$9,851,396 (2017: S$17,757,627 and S$14,693,965) respectively.

b) Useful lives on property, plant and equipment

The useful life of an item of property, plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Group's and Corporation property, plant and equipment as at 31 December 2018 was S$27,747,832 and S$11,467,344 (2017: S$27,533,790 and S$11,010,772) respectively.

c) Estimation of variable consideration for laundry sales

The contracts for the laundry sale include the gas rebate and liquidated damages that give rise to variable consideration. Both of the variable consideration are determined under the Agreement.

Estimation of gas rebate and liquidated damages are sensitive to changes in circumstances and the Group's past experience regarding the gas rebate and liquidated damages may not be representative of customer's actual claimed. As at 31 December 2018, the provision for gas rebate and linen loss is S$185,028 (2017: S$749,291).

4. Operating income

	Group		Corporation	
	2018	2017	2018	2017
	S$	S$	S$	S$
Timing of transfer of goods or services				
At a point of time	64,089,836	57,947,849	48,720,590	45,321,906

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
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5. Leasing income

These are charges for inmates services rendered to firms and use of industrial space under the Private Sector Participation Scheme.

6. Income from investments

	Group		Corporation	
	2018	2017	2018	2017
	S$	S$	S$	S$
Dividend income from equity shares	80,633	164,000	80,633	164,000
Interest from bonds	249,204	370,712	249,204	370,712
	329,837	534,712	329,837	534,712

7. Manpower costs

	Group		Corporation	
	2018	2017	2018	2017
	S$	S$	S$	S$
Medisave contribution	239,310	249,437	204,287	214,894
Central provident fund contributions	2,470,134	2,181,395	1,463,647	1,428,674
Salaries, wages and bonuses	17,983,680	15,764,575	9,074,883	8,674,280
	20,693,124	18,195,407	10,742,817	10,317,848
Seconded staff	282,079	543,542	282,079	543,542
	20,975,203	18,738,949	11,024,896	10,861,390

8. Cash and cash equivalents

	Group		Corporation	
	2018	2017	2018	2017
	S$	S$	S$	S$
Cash at bank and with AGD	12,720,692	5,966,996	8,647,446	3,484,448
Cash on hand	7,961	552	-	-
	12,728,653	5,967,548	8,647,446	3,484,448

At the reporting date, the carrying amounts of cash and cash equivalents are denominated in Singapore Dollar.

Cash with Accountant-General's Department (AGD):

(a) Cash with the AGD refers to cash that are managed by AGD under Centralised Liquidity Management (CLM) as set out in the Accountant-General's Circular No. 4/2009 – Centralised Liquidity Management for Statutory Boards and Ministries.

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

8. Cash and cash equivalents (continued)

(b) Cash with AGD are placed with high credit quality financial institutions.

(c) The interest rate of cash with AGD is from 1.40% to 2.19% per annum (2017: 1.0% to 1.40% per annum).

(d) A 50 basis points (2017: 50 basis points) change in interest rates for cash with AGD would not have a material impact on the net surplus for the year.

9. Investment securities

Financial instruments as at 31 December 2018

	Group and Corporation
	2018
	S$
At amortised cost (quoted bonds):	
Current	1,010,503
Non-current	4,761,924
	5,772,427

During the year, the Group disposed off its investment equity securities of DBS and UOB due to the call back by the banks. The fair value at the date of derecognition amounted to S$17,240. The cumulative loss arising from the disposal amounted to S$17,240 were transferred from fair value reserve to retained earnings.

Financial instruments as at 31 December 2017

	Group and Corporation
	2017
	S$
Current:	
Held-to-maturity investments	
- Equity securities (quoted)	2,015,130
Non-current	
Held-to-maturity investments	
- Equity securities (quoted)	5,725,144
Available for sale financial assets	
- Equity securities (unquoted), at fair value	3,127,741
	8,852,885
	10,868,015

The Group's securities bear interest ranging from 2.94% to 3.42% (2017: 2.62% to 4.40%) per annum with maturity dates ranging from 31 October 2019 to 18 March 2021 (2017: 31 August 2018 to 18 March 2021).

Held-to-maturity financial assets are denominated in Singapore Dollar.

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
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10. Trade and other receivables

	Group		Corporation	
	2018	2017	2018	2017
	S$	S$	S$	S$
Trade receivables:				
- third parties	3,951,224	6,234,516	1,422,135	3,602,900
- subsidiary	-	-	2,118,174	1,564,036
Accrued receivables	5,562,752	5,273,938	3,158,665	3,277,856
Total trade receivables	9,513,976	11,508,454	6,698,974	8,444,792
Non-trade receivables	2,572,134	6,118,288	2,572,134	6,118,288
Interest receivables	141,080	130,885	141,080	130,885
Recoverable	81,305	-	439,208	-
Others	270	-	-	-
	12,308,765	17,757,627	9,851,396	14,693,965

Trade receivables are interest bearing and are generally on 30 to 60 days' terms. (2017: 30 to 60 days).

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

Trade and other receivables are denominated in Singapore Dollar.

Receivables that are impaired

There were no trade receivables that were impaired.

11. Inventories

	Group		Corporation	
	2018	2017	2018	2017
	S$	S$	S$	S$
Statement of financial position:				
Linen	821,229	719,622	-	-
Statement of comprehensive income:				
Inventories recognised as an expense in operating expenditure	955,459	1,195,065	-	-

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12. Other current assets

	Group		Corporation	
	2018	2017	2018	2017
	S$	S$	S$	S$
Deposits	1,858,040	1,606,490	1,775,641	1,602,584
Prepayments	655,906	648,822	237,601	313,602
	2,513,946	2,255,312	2,013,242	1,916,186

Other current assets are denominated in Singapore Dollars.

13. Fixed deposits

Fixed deposits has a maturity of 18 months from the date of placement and bear interest rates 1.82% per annum.

Fixed deposits is denominated in Singapore Dollar.

14. Investment in a subsidiary

	Corporation	
	2018	2017
	S$	S$
Shares, at cost	17,100,307	17,100,307
Addition	3,500,000	-
	20,600,307	17,100,307

The details of the subsidiary are as follows:

Name	Principle place of business	Principal activities	Proportion (%) of ownership interest	
			2018	2017
YR Industries Pte. Ltd.	Singapore	Laundry and dry cleaning services and other residential care services for ex-offenders	100	100

Singapore Corporation of Rehabilitative Enterprises and its subsidiary
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15. Property, plant and equipment

	Furniture, fixtures and fittings	Plant, equipment and machinery	Leasehold property	Renovation	Total
	S$	S$	S$	S$	S$
Group					
Cost					
At 1 January 2017	3,428,999	32,707,044	11,839,600	4,453,354	52,428,997
Additions	11,500	1,086,252	-	45,983	1,143,735
Written off	(283,620)	(3,226,837)	-	-	(3,510,457)
At 31 December 2017	3,156,879	30,566,459	11,839,600	4,499,337	50,062,275
Additions	99,303	2,657,552	-	138,200	2,895,055
Disposal	-	(1)	-	-	(1)
Written off	(264,265)	(510,334)	-	-	(774,599)
At 31 December 2018	2,991,917	32,713,676	11,839,600	4,637,537	52,182,730
Accumulated depreciation					
At 1 January 2017	3,071,601	19,306,669	1,216,006	34,665	23,628,941
Depreciation	75,773	1,255,720	574,036	503,232	2,408,761
Written off	(283,620)	(3,225,597)	-	-	(3,509,217)
At 31 December 2017	2,863,754	17,336,792	1,790,042	537,897	22,528,485
Depreciation	61,718	1,563,714	574,036	444,195	2,643,663
Disposal	-	(1)	-	-	(1)
Written off	(225,637)	(511,612)	-	-	(737,249)
At 31 December 2018	2,699,835	18,388,893	2,364,078	982,092	24,434,898
Carrying amount					
At 31 December 2017	293,125	13,229,667	10,049,558	3,961,440	27,533,790
At 31 December 2018	292,082	14,324,783	9,475,522	3,655,445	27,747,832

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15. Property, plant and equipment (continued)

	Furniture, fixtures and fittings	Plant, equipment and machinery	Leasehold property	Total
	S$	S$	S$	S$
Corporation				
Cost				
At 1 January 2017	1,988,862	8,024,448	11,839,600	21,852,910
Additions	11,500	465,014	-	476,514
Transferred to subsidiary	(174,130)	(244,534)	-	(418,664)
Written off	(283,620)	(3,224,839)	-	(3,508,459)
At 31 December 2017	1,542,612	5,020,089	11,839,600	18,402,301
Additions	4,803	1,563,103	-	1,567,906
Written off	(264,265)	(509,947)	-	(774,212)
At 31 December 2018	1,283,150	6,073,245	11,839,600	19,195,995
Accumulated depreciation				
At 1 January 2017	1,733,346	7,500,735	1,216,006	10,450,087
Depreciation	54,227	230,728	574,036	858,991
Transferred to subsidiary	(164,671)	(244,534)	-	(409,205)
Written off	(283,620)	(3,224,724)	-	(3,508,344)
At 31 December 2017	1,339,282	4,262,205	1,790,042	7,391,529
Depreciation	35,460	464,487	574,036	1,073,983
Written off	(225,637)	(511,225)	-	(736,862)
At 31 December 2018	1,149,105	4,215,467	2,364,078	7,728,650
Carrying amount				
At 31 December 2017	203,330	757,884	10,049,558	11,010,772
At 31 December 2018	134,045	1,857,778	9,475,522	11,467,344

Assets held under finance leases

The carrying amount of plant and machinery held under finance leases at the end of the reporting period was S$7,515,281 (2017: S$8,106,495).

Leased assets are pledged as security for the related finance leases liabilities (Note 17).

Assets pledged as security

In addition to assets held under finance leases, the Group's leasehold property with a carrying amount of S$9,475,522 (2017: S$10,049,558) are mortgaged to secure the Group's term loan (Note 18).

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16. Trade and other payables

	Group		Corporation	
	2018	2017	2018	2017
	S$	S$	S$	S$
Trade payables:				
- third parties	4,121,095	2,177,824	3,039,815	1,628,747
- subsidiary	-	-	5,934	-
Non-trade payables	326,507	1,919,224	-	1,692,780
Accruals	6,751,849	4,906,542	4,997,574	3,489,189
Deposits received	110,495	483,714	110,495	483,714
GST payables	336,856	268,402	210,357	287,682
Others	41,084	36,000	41,084	36,000
	11,687,886	9,791,706	8,405,259	7,618,112

Trade payables are non-interest bearing and are generally on 30-90 days terms (2017: 30-60 days).

Non-trade payables are unsecured, non-interest bearing and are normally settled on demand.

Trade and other payables are denominated in Singapore Dollar.

17. Finance leases

The Group has finance leases for plant and machinery with lease term of 8 years with effective interest rate of 0.24% per month. Interest rate are fixed at the contract date. All finance leases are on a fixed repayment basis.

	Minimum payment	Finance charges	Present value
	S$	S$	S$
Group			
2018			
Minimum lease payments payable:			
Due within one year	1,161,240	122,919	1,038,321
Due within two to five years	4,644,960	491,676	4,153,284
Due after five years	1,373,313	145,370	1,227,943
	6,018,273	637,046	5,381,227
	7,179,513	759,965	6,419,548
2017			
Minimum lease payments payable:			
Due within one year	1,161,240	122,919	1,038,321
Due within two to five years	4,644,960	491,676	4,153,284
Due after five years	2,534,553	268,289	2,266,264
	7,179,513	759,965	6,419,548
	8,340,753	882,884	7,457,869

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17. Finance leases (continued)

Interest rate are fixed at the contract date, and thus does not expose the Company to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The finance leases are secured by the Group's title to leased assets (Note 15).

Finance leases are denominated in Singapore Dollar.

18. Term loan

	Group		Corporation	
	2018	2017	2018	2017
	S$	S$	S$	S$
Within one year	365,059	387,663	365,059	387,663
Later than one year but not later than five years	1,669,591	1,673,690	1,669,591	1,673,690
Later than five years	4,508,292	4,847,872	4,508,292	4,847,872
	6,177,883	6,521,562	6,177,883	6,521,562
	6,542,942 -	6,909,225 -	6,542,942 -	6,909,225

Term loan is secured by legal mortgaged over the Group's leasehold property with net carrying value of S$9,475,522 (2017: S$10,049,558) (Note 15).

The details of the term loan are as follows:

Term loan	Principal sum	Effective interest rate	Repayment terms
	S$	% p.a.	
Term loan #1	6,574,712	3.25% p.a. below the prevailing Enterprise Base Rate for the first year 3.15% p.a. below the prevailing Enterprise Base Rate for the second year 2% p.a. below the prevailing Enterprise Base Rate for the third year	Monthly instalment shall be computed based on the principal loan outstanding and remaining loan period as at the date of conversion and is subject to variation in accordance with the interest rate.

Term loan is denominated in Singapore Dollar.

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19. Provisions

	Group		Corporation	
	2018	2017	2018	2017
	S$	S$	S$	S$
Provision for linen loss	1,028	219,291	-	82,278
Provision for gas rebate	184,000	530,000	-	150,000
	185,028	749,291	-	232,278

(a) Provision for linen loss

The provision for linen loss is pertaining to the compensation for lost or damaged linen.

	Group		Corporation	
	2018	2017	2018	2017
	S$	S$	S$	S$
The movement in provision of linen loss:				
At 1 January	219,291	168,093	82,278	102,093
Provision made during the year	89,000	132,000	-	-
Overprovision	(137,013)	-	(82,278)	-
Utilisation	(170,250)	(80,802)	-	(19,815)
At 31 December	1,028	219,291	-	82,278

(b) Provision for gas rebate

The provision for gas rebate is the rebate given to the customers for certain average gas unit price.

	Group		Corporation	
	2018	2017	2018	2017
	S$	S$	S$	S$
The movement in provision for linen loss:				
At 1 January	530,000	150,000	150,000	150,000
Provision made during the year	185,341	692,457	1,341	-
Overprovision	(138,116)	-	-	-
Utilisation	(393,225)	(312,457)	(151,341)	-
At 31 December	184,000	530,000	-	150,000

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20. Capital account

	Group and Corporation	
	2018	2017
	S$	S$
Value of assets taken over from former Prison Industries	1,443,262	1,443,262
Capital grants from Singapore Government	218,000	218,000
Capital injection from Ministry of Finance	1,000	1,000
	1,662,262	1,662,262

21. Fair value reserve

Fair value reserve records the cumulative fair value changes of investment securities until they are derecognised or impaired.

	Group		Corporation	
	2018	2017	2018	2017
	S$	S$	S$	S$
At beginning of the year	17,240	35,500	17,240	35,500
Loss during the year	-	(18,260)	-	(18,260)
Reserve transferred	(17,240)	-	(17,240)	-
At end of the year	-	17,240	-	17,240

22. Operating lease commitments

(a) As lessee

The Group leases building and IT equipment under non-cancellable operating lease agreements. These leases have varying terms, escalation clauses and renewal rights.

The future minimum rental payable under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group		Corporation	
	2018	2017	2018	2017
	S$	S$	S$	S$
Not later than one year	744,728	652,742	677,315	540,604
Later than one year but not later than five years	521,743	489,491	521,743	425,967
More than 5 years	127,380	-	127,380	-
	1,393,851	1,142,233	1,326,438	966,571

Minimum lease payments of the Group recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to S$673,302 (2017: S$601,767).

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22. Operating lease commitments (continued)

(b) As lessor

The Corporation has entered into operating lease on its leasehold building with its subsidiary.

The future minimum rental receivable under non-cancellable operating lease at the end of the reporting period is as follows:

	Group		Corporation	
	2018	2017	2018	2017
	S$	S$	S$	S$
Not later than one year	-	-	533,220	1,066,440
Later than one year but not later than five years	-	-	-	747,030
	-	-	533,220	1,813,470

23. Contingent liabilities

Performance guarantees

As at the reporting date, the Group has bankers' guarantee which have not been provided for in the financial statements.

	Group	
	2018	2017
	S$	S$
Bankers' guarantees issued on behalf of third parties	239,654	239,554

24. Net assets of Yellow Ribbon Fund

SCORE established Yellow Ribbon Fund in 2004 as one of CARE Network's key initiative. The project seeks to engage the community in accepting ex-offenders and their families, giving them a second chance at life and to inspire a ripple effect of concerted community action to support ex-offenders and their families.

The Yellow Ribbon Fund (the "Fund") administers funding to the development and implementation of reintegration programmes for inmates and ex-offenders as well as family support programmes to strengthen family ties of inmates and ex-offenders.

Proceeds from the various fund-raising activities will go towards funding a variety of rehabilitation and reintegration programmes as well as family support programmes which are in line with the vision of CARE Network to their family members.

The Yellow Ribbon Fund was granted Institute of Public Character (IPC) status since August 2004. Its Charity Registration Number is 01808.

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24. Net assets of Yellow Ribbon Fund (continued)

Statement of financial activities of the fund are as follows:

	Group and Corporation	
	2018	2017
	S$	S$
Donation income	1,466,549	841,244
Donation in kind	30,000	-
Events income	864,098	1,176,870
Grants and bursary	1,417,976	466,746
Sales of items	1,400	3,596
Miscellaneous income	114,840	11,704
	3,894,863	2,500,160
Audit fee	13,952	4,718
Accounting fee	9,300	-
Bank charges	2,119	2,842
Charity golf expenses	59,280	-
Community art exhibition expenses	1,482	1,469
Fund raising expenses	123,913	221,210
General and miscellaneous expenses	110,718	34,927
Other event expenses	7,669	5,494
Printing and stationery	3,160	1,954
Manpower cost	358,821	391,856
Transport	7,548	7,306
YBR programme expenses	64,602	64,387
YMCA youth for course expenses	-	785
	762,564	736,948
Operating surplus for the year	3,132,299	1,763,212
Disbursement of funds	(1,784,504)	(1,352,505)
Interest income	18,039	12,118
	(1,766,465)	(1,340,387)
Surplus for the year	1,365,834	422,825
Surplus for the year	1,365,834	422,825
Accumulated fund at beginning of the year	5,010,169	4,587,344
Accumulated fund at end of the year	6,376,003	5,010,169

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24. Net assets of Yellow Ribbon Fund (continued)

Statement of financial position of the Fund are as follows:

	Group and Corporation	
	2018	2017
	S$	S$
Represented by:		
Current assets		
Other receivables	282,568	349,047
Prepayments	6,954	5,565
Fixed deposits with bank	1,349,786	1,339,960
Cash and bank balances	5,319,731	3,563,049
	6,959,039	5,257,621
Non-current assets		
Equipment	6,017	24,064
Other receivables	9,350	10,913
	15,367	34,977
Current liabilities		
Other payables	598,403	282,429
Net assets	6,345,269	4,940,215

25. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year:

	Corporation	
	2018	2017
	S$	S$
Sales to subsidiary company	117,727	106,418
Purchase from subsidiary company	44,973	52,863
Rental income from subsidiary company	1,066,440	1,051,040
Management fee from subsidiary company	177,574	187,575
Halfway house management fee to subsidiary company	4,751,472	1,847,723

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25. Significant related party transactions (continued)

Key management's remuneration and allowance

Key management personnel compensation is as follows:

	Group	
	2018	2017
	S$	S$
(i) Board members' allowance	159,375	149,063
(ii) Director fee of subsidiary	45,000	30,221
(iii) Other key management members' remuneration		
Short-term employee benefits	1,526,264	1,624,865
	1,730,639	1,804,149

26. Fair values of assets and liabilities

(a) Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,

- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly, and

- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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26. Fair values of assets and liabilities (continued)

(b) Assets measured at fair value

The following table shows an analysis of each class of assets measured at fair value at the reporting date:

	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	S$	S$	S$
2018			
Financial assets:			
Held-to-maturity financial assets (Note 9)			
- Equity securities (quoted)	5,772,427	-	-
2017			
Financial assets:			
Held-to-maturity financial assets (Note 9)			
- Equity securities (quoted)	7,740,274	-	-
Available-for-sale financial assets (Note 9)			
- Equity securities (unquoted)	-	3,127,741	-
	7,740,274	3,127,741	-

(c) Assets and liabilities not measured at fair value

Cash and cash equivalents, other receivables and other current assets

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

Trade receivables and trade payables

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

Finance leases and term loan

The carrying amount of finance leases and term loan approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

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27. Financial risk management

The Group's and the Corporation's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including interest rate risk and foreign currency risk).

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Group's and the Corporation's policy that no trading in derivatives for speculative purposes shall be undertaken.

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

There has been no change to the Group's and the Corporation's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 180 days or there is significant difficulty of the counterparty.

To minimise credit risk, the Group has developed and maintained the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

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27. Financial risk management (continued)

(a) Credit risk (continued)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

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

The Group's current credit risk grading framework comprises the following categories:

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

Trade receivables

As of 31 December 2018, the Group recorded trade receivables of S$12,308,765 (2017: S$17,757,627). The Group assessed the impairment loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that these receivables are of low credit risk. Using Lifetime ECL (simplified), the Group determined that the ECL is insignificant.

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27. Financial risk management (continued)

(a) Credit risk (continued)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the business segment profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables by business segments at the reporting date is as follows:

	Group		Corporation	
	2018	2017	2018	2017
	S$	S$	S$	S$
By business segments:				
Industrial Space Leasing	406,199	492,776	458,999	492,776
Business Outsourcing	337,881	544,015	337,882	544,015
Bakery	369,983	307,461	369,983	307,461
Central Kitchens	2,267,263	4,322,502	2,277,285	4,322,502
Laundry	4,933,176	3,063,662	-	-
Logistics Management and Planning	915,873	1,195,241	915,873	1,195,241
Others	283,601	1,582,797	2,338,952	1,582,797
	9,513,976	11,508,454	6,698,974	8,444,792

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

Exposure to credit risk

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

Other current assets

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

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27. Financial risk management (continued)

(b) Liquidity risk

Liquidity risk refers to the risk that the Group and the Corporation will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Group and the Corporation's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of standby credit facilities. The Group and the Corporation finances its working capital requirements through a combination of funds generated from operations and term loans. The management are satisfied that funds are available to finance the operations of the Group and the Corporation.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Corporation's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Carrying amount	Contractual cash flows	One year or less	Two to five years	More than five years
	S$	S$	S$	S$	S$
Group					
At 31 December 2018					
Financial assets:					
Cash and cash equivalents	12,728,653	12,785,932	12,785,932	-	-
Investment securities	5,772,427	5,772,427	1,010,503	4,761,924	-
Trade and other receivables	12,308,765	12,308,765	12,308,765	-	-
Other current assets	1,858,040	1,858,040	1,858,040	-	-
Fixed deposits	1,000,000	1,002,393	1,002,393	-	-
Total undiscounted financial assets	33,667,885	33,727,557	28,965,633	4,761,924	-
Financial liabilities:					
Trade and other payables	11,687,886	11,687,886	11,687,886	-	-
Finance leases	6,419,548	7,179,513	1,161,240	4,644,960	1,373,313
Term loan	6,542,942	8,143,564	589,972	2,381,832	5,171,760
Total undiscounted financial liabilities	24,650,376	27,010,963	13,439,098	7,026,792	6,545,073
Net undiscounted financial assets/(liabilities)	9,017,509	6,716,594	15,526,535	(2,264,868)	(6,545,073)

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27. Financial risk management (continued)

(b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	Carrying amount	Contractual cash flows	One year or less	Two to five years	More than five years
	S$	S$	S$	S$	S$
Group (continued)					
At 31 December 2017					
Financial assets:					
Cash and cash equivalent	5,967,548	5,967,548	5,967,548	-	-
Investment securities	10,868,015	10,868,015	2,015,130	8,852,885	-
Trade and other receivables	17,757,627	17,757,627	17,757,627	-	-
Other current assets	1,606,490	1,606,490	1,606,490	-	-
Total undiscounted financial	36,199,680	36,199,680	27,346,795	8,852,885	-
Financial liabilities:					
Trade and other payables	9,791,706	9,791,706	9,791,706	-	-
Finance leases	7,457,869	8,340,753	1,161,240	4,644,960	2,534,553
Term loan	6,909,225	8,719,383	612,939	2,451,757	5,654,687
Total undiscounted financial liabilities	24,158,800	26,851,842	11,565,885	7,096,717	8,189,240
Net undiscounted financial assets/(liabilities)	12,040,880	9,347,838	15,780,910	1,756,168	(8,189,240)
Corporation					
At 31 December 2018					
Financial assets:					
Cash and cash equivalents	8,647,446	8,647,446	8,647,446	-	-
Investment securities	5,772,427	5,772,427	1,010,503	4,761,924	-
Trade and other receivables	9,851,396	9,851,396	9,851,396	-	-
Other current assets	1,775,641	1,775,641	1,775,641	-	-
Fixed deposits	1,000,000	1,002,393	1,002,393	-	-
Total undiscounted financial assets	27,046,910	27,049,303	22,287,379	4,761,924	-
Financial liabilities:					
Trade and other payables	8,405,259	8,405,259	8,405,259	-	-
Term loan	6,542,942	8,719,383	612,939	2,451,757	5,654,687
Total undiscounted financial liabilities	14,948,201	17,124,642	9,018,198	2,451,757	5,654,687
Net undiscounted financial assets/(liabilities)	12,098,709	9,924,661	13,269,181	2,310,167	(5,654,687)

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27. Financial risk management (continued)

(b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	Carrying amount	Contractual cash flows	One year or less	Two to five years	More than five years
	S$	S$	S$	S$	S$
Corporation (continued)					
At 31 December 2017					
Financial assets:					
Cash and cash equivalents	3,484,448	3,484,448	3,484,448	-	-
Investment securities	10,868,015	10,868,015	2,015,130	8,852,885	-
Trade and other receivables	14,693,965	14,693,965	14,693,965	-	-
Other current assets	1,602,584	1,602,584	1,602,584	-	-
Total undiscounted financial assets	30,649,012	30,649,012	21,796,127	8,852,885	-
Financial liabilities:					
Trade and other payables	7,618,112	7,618,112	7,618,112	-	-
Term loan	6,909,225	8,719,383	612,939	2,451,757	5,654,687
Total undiscounted financial liabilities	14,527,337	16,337,495	8,231,051	2,451,757	5,654,687
Net undiscounted financial assets/(liabilities)	16,121,675	14,311,517	13,565,076	6,401,128	(5,654,687)

The table below shows the contractual expiry by maturity of the Group and Corporation's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts is allocated to the earliest period in which the guarantee could be called.

	Group and Corporation	
	2018	2017
	S$	S$
Not later than 3 years	132,486	132,386
Later than 3 years	107,168	107,168
	239,654	239,554

(c) Market risk

At the reporting date, the Group has investments in quoted shares and bonds, which are subject to equity price risks as the market values of these investments are affected by changes in market prices. The Group manages its exposure to equity price risks by maintaining portfolio of equities and bonds with different risk profiles. These amounts are managed by the Investment & Finance Committee of the Corporation.

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27. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis for market risk

A 10% (2017: 10%) increase/(decrease) in the underlying bonds prices at the reporting date would increase/(decrease) the equity by the following amount:

	Corporation	
	2018	**2017**
	S$	**S$**
Financial assets, available-for-sale	-	312,774

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rate. The Group is minimally exposed to interest rate risk on its loan with financial institution and interest-earning bank deposits. The Group has cash balances placed with reputable banks and financial institutions which generate interest income for the Group. The Group manages its interest rates risks by placing such balances on varying maturities and interest rate terms.

The interest rates and terms of maturity of financial assets of the Group are disclosed in the notes to the financial statements except for the bank balances with AGD.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 0.08% (2017: 0.05%) lower/higher with all other variables held constant, the Group's profit would have been S$9,566 (2017: S$3,399) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate term loans, lower/higher interest income from cash and cash equivalents and lower/higher from held-to-maturity. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

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28. Financial instruments by category

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

	Group		Corporation	
	2018	2017	2018	2017
	S$	S$	S$	S$
Financial assets measured at amortised cost				
Cash and cash equivalent (Note 8)	12,728,653	5,967,548	8,647,446	3,484,448
Trade and other receivables (Note 10)	12,308,765	17,757,627	9,851,396	14,693,965
Other current assets	1,858,040	1,606,490	1,775,641	1,602,584
Fixed deposits (Note 13)	1,000,000	-	1,000,000	-
Investment securities (Note 9)	5,772,427	10,868,015	5,772,427	10,868,015
Total financial assets measured at amortised cost	33,667,885	36,199,680	27,046,910	30,649,012
Financial liabilities measured at amortised cost				
Trade and other payables (Note 16)	11,687,886	9,791,706	8,405,259	7,618,112
Finance leases (Note 17)	6,419,548	7,457,869	-	-
Term loan (Note 18)	6,542,942	6,909,225	6,542,942	6,909,225
Total financial liabilities measured at amortised cost	24,650,376	24,158,800	14,948,201	14,527,337

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29. Capital management

The Group defines “capital” to include capital account, share capital and reserves. The Group’s policy is to maintain a strong capital base to safeguard the ability to meet its long-term needs and to maintain creditor and market confidence.

The Group is not subject to externally imposed capital requirements and there were no changes to the Group’s approach to capital management during the financial years ended 31 December 2018 and 2017.

30. Events occurring after the reporting period

Subject to approval, the Corporation is in the process of transferring some of its business units to its subsidiary, YR Industries Pte. Ltd. As a result, there may be expenses associated with staff retrenchment. As this exercise is on-going, it is not possible to quantify the amount as at year end. No provision has been recorded in this financial statements.

31. Change in classification

During 2018, the Group modified the classification of provision for gas rebate and contract services to reflect more appropriately for current year presentation. Comparative amounts in the statements of financial position and statement of operating expenditure were reclassed for consistency. As a result, S$530,000 was reclassified from “trade and other payables” to “provisions”. S$17,717 and S$99,799 were reclassified from “manpower costs” and “other operating expenses” to “contract service”.

32. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2018 were authorised for issue by the Board on the date of the Statement by the Board.

SCORE Singapore Corporation of Rehabilitative Enterprises

Building Bridges, Changing Lives

980 Upper Changi Road North
Singapore 507708

www.score.gov.sg

SCORE_Contact_Us@score.gov.sg