ANNUAL REPORT 2017

Singapore Corporation of Rehabilitative Enterprises

SCORE

Building Bridges, Changing Lives

Enhancing Employability, Creating Opportunities

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
Enhancing employability potential

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.

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Chairman's Message

MR CHNG HWEE HONG

2017 was yet another year where many disruptive innovations emerged and changed the way the world operates, as well as, the people's way of life. The advent of revolutionary technological initiatives pointed to the need for a strong innovative spirit and an open-mind to keep up with the demands of a more dynamic economic and labour landscape in Singapore.

I am proud to note that SCORE has kept pace on its transformation journey and implemented several key initiatives and programmes in 2017. Many of these initiatives are bold changes, which is a huge shift from our default operating model. These changes are designed to help equip ex-offenders with practical skill-sets to meet the needs of the new labour landscape.

In 2017, SCORE developed the Reintegrative Framework for Workshops (RFW) to holistically transform the Work Programme, which has been a stable and key component in SCORE's mandate to providing industrial training. We piloted a series of initiatives under the RFW at four workshops in 2017. Inmates are put through validated job profiling to find out their skills and aptitude before assigning them to these workshops. The workshop supervisors are trained in motivational interviewing and equipped with skills for performance coaching. Every inmate in the pilot workshops will be regularly coached by their workshop supervisors on work behaviours and work performance. The RFW not only serves to simulate a more realistic work environment, but incorporates industry performance management practices, so as to better prepare the inmates and bring about higher job placement and retention.

We are appreciative that Samsui Supplies & Services Pte Ltd (Samsui) came on board our Private Firm Participation Scheme to set up a central kitchen in Changi Prison Complex. Samsui had partnered Standard Chartered Bank to invest $1 million on this 408 square metres kitchen, which is equipped with advanced facilities and technologies to prepare up to 6,000 meals a day. The kitchen engaged 30 inmates and provided them with relevant skills training and exposed them to the latest Food & Beverage industry technologies and operations.

SCORE also stepped up its efforts in the provision of Skills Training. To keep inmates updated on the rapid technological changes and prepare them for work in the highly digitalised work environment upon their release, SCORE has introduced a new WSQ certified course on 'Functions and applications of a tablet' to the inmates. Advanced WSQ-certified training courses in Logistics (WSQ Certified Operations Professional and WSQ Operate Forklift) were also rolled out in May 2017.

To further the collaboration within CARE Network (CN) agencies and better leverage its collective strengths, SCORE engaged ISCOS, SACA and SANA to provide employment assistance to ex-offenders of lower risk of re-offending. I thank ISCOS, SACA and SANA for coming on board this initiative. In 2017, they had helped 256 ex-offenders found jobs.

We are soundly aware that sustained employment is crucial in keeping the recidivism rate low. Therefore SCORE extended its job retention support from six months to 12 months. The 12 months' job retention support aims to help ex-offenders resolve their work challenges through sustained positive behavioural change over a longer period of time. Our SCORE Job Coaches constantly reinforce to ex-offenders the importance of achieving their goals, coach them on how to execute their plans and also assist to mitigate potential obstacles.

SCORE piloted the collaborative performance management approach with employers in the F&B and Logistics industries in 2017. Here, SCORE worked with the employers, to develop specific coaching plans for the ex-offender workers, and would review the ex-offenders progress on the employment-related goals. This initiative will be expanded to employers in other industries over the next few years.

As part of CN's strategic direction towards preventing inter-generational offending, we have rolled out a two-year pilot children programme in Apr 2017, to nurture cognitive and socio-emotional skills among children of offenders, as well as, provide seamless referrals and case management services to their families. I would like to thank CapitaLand Hope Foundation for their tremendous support of $500,000 to the CapitaLand – YRF Children Support Programme. As of Dec 2017, five children were enrolled and 55 families were assisted under this programme.

I would like to extend my deepest appreciation to Mr Stanley Tang for his invaluable contributions to SCORE during his tenure as CEO SCORE. Over the last 4 years, SCORE has benefitted greatly from his leadership in driving the implementation of the many initiatives to enhance the employability potential of ex-offenders.

"We have started our transformation journey in 2016, and made progress in 2017. The whole of SCORE will continue to push forth in our transformation. With the support of all our partners, I am confident that we can help ex-offenders work towards rebuilding their lives and become contributing members of society."

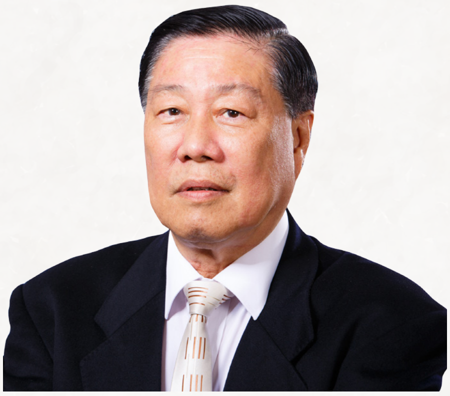
At the same time, I would like to welcome Mr Chow Chee Kin, the incoming CEO, to the SCORE family. I am confident that Chee Kin will build upon the good work of Stanley and take SCORE forward in its transformation.

We have started our transformation journey in 2016, and made progress in 2017. The whole of SCORE will continue to push forth in our transformation. With the support of all our partners, I am confident that we can help ex-offenders work towards rebuilding their lives and become contributing members of society.

CHNG HWEE HONG
Chairman
Singapore Corporation of Rehabilitative Enterprises

Our Leadership

Board of Directors (As of end Feb 2018)



Mr Chng Hwee Hong
Chairman
Independent Director
United Overseas Insurance Ltd

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

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

Mr Chay Wai Chuen
Member
Singapore's Non-Resident Ambassador to the Slovak Republic,
and Independent Non-Executive Director
Frasers Centrepoint Asset Management (Commercial) Ltd

Professor David Chan
Member
Director, Behavioural Sciences Institute, and Professor of Psychology, School of Social Sciences
Singapore Management University

Mr David Toh Seng Hong
Member
Partner
PricewaterhouseCoopers LLP Singapore

Dr Kee Kirk Chin
Member
Chairman and CEO
Apex Healthcare Berhad

Ms Lien Siaou-Sze
Member
Senior Executive Coach
Mobley Group Pacific Ltd

Mr Ng Kok Siong
Member (till 31 March 2018)
Chief Corporate Development Officer
CapitaLand Limited

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

Ms Sharon Ang Ee Hsien
Member
Director
Sector Planning & Development Division
Ministry of Social & Family Development

Mr Desmond Chin
Member
Commissioner
Singapore Prison Service

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

Mr Wan Shung Ming
Member
Director
Tin Sing Goldsmiths Pte Ltd

Mr Yeo Meng Hin
Member
Senior Vice President
Human Resources Asia Pacific
DHL Global Forwarding Management
(Asia Pacific) Pte Ltd

Our Committees

(As of end Feb 2018)

Audit & Risk Management Committee

The Audit & Risk Management Committee oversees the internal and external audits on SCORE's risk management and internal control systems. Its review and findings ensure that SCORE's work processes are rigorous and robust, based on the principles of good governance and risk management.

From left to right:

Seated: Ms Lynn Chng Lay Peng, Mr Abdul Rohim Bin Sarip, Dr Kee Kirk Chin (Chairman), Mr David Toh Seng Hong, Ms Carolyn Kan Hsueh Yee
Standing: Mr Bernard Tan, Mr Lim Lee Meng, Mr Soh Tze Churn Jack, Mr Chun Wai Seng, Mr Loh Teck En

Establishment Committee

The Establishment Committee seeks to build a dedicated and passionate workforce necessary to deliver SCORE's mission. It advises on effective human resource policies and practices to attract, nurture and retain good staff.

From left to right:

Seated: Mr Ethan Tan, Mr Yeo Meng Hin (Chairman), Mr Lim Kian Kok, Mr Mayank Parekh
Standing: Ms Shirlyn Ng Siok Har, Ms Mabel Chan, Ms Susan Mary de Silva, Ms Sharon Ang Ee Hsien

Industry & Development Committee

The Industry & Development Committee ensures that SCORE's work programmes are aligned to the changing needs of the industries. It provides advice on all aspects of SCORE's industrial activities, from industry trends and developments to potential business opportunities.

From left to right:

Seated: Mr Abdul Rohim Bin Sarip, Mr Wan Shung Ming (Chairman), Ms Jannie Wan Peck Fong (till 28 Feb 2018), Mr Teh Chun Siong (from 2 Jan 2018)
Standing: Mr Khew Sin Khoon, Mr Seah Boon Kheng Rodney

Not in picture: Mr Ng Kok Siong, Mr Tan Aik Hock, Mr Terrence Goh Leng Chuang

Investment & Finance Committee

The Investment & Finance Committee plays an integral role in ensuring SCORE's long-term financial sustainability. It provides oversight on SCORE's investment, financial and funding policies.

From left to right:

Seated: Mr Oh Wee Khoon, Mr Chay Wai Chuen (Chairman), Mr Khoo Tiam Hock Vernon, Ms Koh Chiao-Jian Felicia
Standing: Mr David Toh Seng Hong, Mr Hor Siew Fu

Not in picture: Mr Lau Tai San

Our Committees

(As of end Feb 2018)

Rehabilitation Committee

The Rehabilitation Committee promotes the rehabilitation and reintegration of inmates. It advises on suitable training programmes, and also recommends funding schemes that SCORE can tap on.

From left to right:

Seated: Mr Siew Heng Kwok, Ms Lien Siaou-Sze, Mr Thiagarajan s/o Subramaniam (Chairman), Ms Lee Kwai Sem
Standing: Mr Gary Goh Choon Siah, Mr Dedar Singh Gill, Mr Lim Fung Wan Colin

Not in picture: Prof David Chan, Mr Peter Ong, Mr Chua Chim Kang, Mr Daniel Teo, Mr Tan Tho Eng Darren

Special Projects Committee (Branding Committee)

The Branding Committee aims to strengthen SCORE's brand position so that it can better reach its stakeholders and forge stronger partnerships. To achieve this, it guides SCORE in formulating and implementing a comprehensive and sustainable brand strategy.

From left to right:

Seated: Ms Chew Lee Ching, Mr Peter Ong (Chairman), Ms Josephine Gan Ser Khoon
Standing: Ms Sharon Ang Ee Hsien, Associate Professor Vincent Chua

Our Team

Management Team (As of end Feb 2018)

From left to right:

Reintegration & Aftercare Cluster

Jason Ng
Director
Reintegration

Ravi s/o Subramanian
Senior Director
Reintegration & Aftercare

Corporate Office

Stanley Tang
CEO

Chow Chee Kin
CEO, Designate

Rehabilitative Enterprises Cluster

Rosanna Yam
Senior Director
Rehabilitative Enterprises

Paulin Chua
Director
Business Enterprise & Industry

Our Team

Management Team (As of end Feb 2018)

From left to right:

Audits & Risk Management Team

Tan Yew Teck
Chief Audits & Risk Officer

Corporate Services Cluster

Jimmy Lee
Senior Director
Corporate Services

Alan Oh
Director
Finance & Administration

Foo Kok Chuen
Director
Human Resource

Ng Gee Tiong
Director
Planning & Organisational Development

Our Team

Middle Management (As of end Feb 2018)

From left to right:

Audits & Risk Management Team

Kenny Lee
Internal Auditor
(Safety & Risk Management)

Lina Lim
Internal Auditor
(Audits & Compliance)

Business Enterprise & Industry Division

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

Waida Binte Jumaat
Senior Assistant Director
(Food Services)

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

John Low
Assistant Director
(Food Services)

CARE Network Office

Grace Chan
Assistant Director
(Service Management)

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

Not in picture:
Chen Yingli
Senior Assistant Director
(Sector Planning and Service Management)

Koh Shukai
Assistant Director
(Community Relations)

Our Team

Middle Management (As of end Feb 2018)

From left to right:

Finance & Admin

Wu Chenghui
Senior Assistant Director
(Administration)

Steven Lee
Senior Assistant Director
(Finance)

Lee Geok Buay
Assistant Director
(Finance)

Human Resource

Lisa Tan Mei Yung
Senior Assistant Director

Alicia Soh Sin Yee
Assistant Director

Planning & Organisational Development

Tai Junni
Assistant Director

Leslie Jin
Assistant Director

Reintegration Division

Arputhasamy Nathan
Senior Assistant Director
(Employment Assistance)

Teng Jie Hui Paul
Assistant Director
(Employment Assistance)

Not in picture:

Nikole Xu Yingxia
Assistant Director
(Employer Engagement)

Freddy Low
Senior Assistant Director
(Retention Support)

Marc Chong Kok Loon
Assistant Director
(Retention Support)

Enhance 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 inmates' 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.

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 programmes.

Current business operations include food manufacturing, electronics assembly, post-print production, call centre operations, secondary repackaging works, and laundry and dry cleaning services. More than 69% of tenants have leased workshops for more than five years.

SCORE-Managed Industries

SCORE-managed industries currently occupy 26 workshops. The units managed by SCORE include:

Food Services

SCORE Food Services manages the Central Kitchens in Cluster A, Cluster B and Admiralty West Prison. The unit also manages the Catering Kitchen and the Bakery.

The Central Kitchens provide meals for about 11,500 inmates and serve 23,000 meals daily. The Catering Kitchen provides external catering for corporate and private functions. All kitchens are awarded Grade 'A' by the National Environment Agency (NEA) and Halal certification by the Majlis Ugama Islam Singapura (MUIS) valid until 2018.

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 from 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

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.

YR Industries Pte Ltd

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 CPC and Loyang to suit hospital and hospitality customers' laundry needs. Operating from inside CPC, the Changi Plant processes up to a maximum daily capacity of 48 tonnes.

Laundry processes at both plants are robust and in compliance with ISO 9001: 2015 standards. It also abides by the Australian / New Zealand Laundry Practice (AS/NZS 4146:2000) and local Ministry of Health infection control standards.

Developed as an extension to the Changi Plant, the Loyang Plant has been operational since Nov 2016. Besides serving as a contingency for the Changi Plant, it mirrors the industry in Prisons and provides transitional employment to ex-offenders. As at 31 Dec 2017, 42% of the linen workforce at YRI are ex-offenders. The Loyang Plant processes a maximum capacity of 23 tonnes of linen daily for the healthcare and hospitality sectors.

Developing Reintegrative Framework for Workshops

To further strengthen the employability of ex-offenders, a Reintegrative Framework for Workshops (RFW) was established in 2017.

Four workshops were identified for the pilot implementation. They include SCORE Bakery, a SCORE-tenanted tailoring workshop, a SCORE-tenanted call centre and a SCORE-tenanted food workshop. Inmates in these workshops will undergo an online profiling assessment to identify their strengths and their development plans.

Each inmate will have a personal file where the profiling report and developmental plan will be documented. The Human Resource Framework for workshop inmates covers the following:

- Induction programme for new inmates;
- Briefing on workplace policies and safety guidelines;
- Briefing on job scope and required targets, and
- Periodic performance coaching.

In preparation for the implementation of performance coaching in 2018, workshop supervisors were trained on:

- Motivational interviewing techniques to engage inmates in intrinsic motivation to encourage behavioural change; and
- Competency to conduct performance coaching and appraisals.

Through regular performance management and coaching, inmates will learn positive work behaviours, right values and mindsets. The vocational and skills trainings will instill productivity in relation to a near real-work environment, which will help to enhance inmates' employability potential.

Introduction of Workplace Technology

Singapore has embarked on a Smart Nation initiative. This has led to the economy being increasingly digitalised and more organisations are integrating technology into their business processes. In 2017, SCORE introduced the WSQ-ICDL Use Primary Functions and Applications of a Tablet to equip inmates with basic digital literacy skills through both classroom and practical sessions during the course. The training offered to inmates is aligned to the Workforce Singapore's (WSG) Workforce Skills Qualification (WSQ) framework and incorporates current industry trends. This alignment allows inmates to pick up skills relevant to future economy and also transfer the skills to employment settings.

Courses Provided to Inmates

The courses that were provided to inmates in 2017 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
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 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 Certificate in Generic Manufacturing (Logistics and Precision 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 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)

Differentiated Employment Assistance

SCORE embarked on a one-year pilot (Jun 2017 to May 2018) with three CARE Network (CN) agencies to extend employment services to ex-offenders who have a low-risk of reoffending. In 2017, 256 ex-offenders had benefited from employment assistance services and stayed on the job for at least a month.

Certified Training to Level Up Workplace Competency

Since May 2017, SCORE embarked on a pilot to offer higher WSQ-certified training courses in Logistics to further deepen the skillsets of 300 inmates who achieved competency in WSQ Certificate in Generic Manufacturing (CGM) modules.

The WSQ courses include WSQ Certified Operations Professional (COP) courses and WSQ Operate Forklift (OFL). These accredited advanced skill courses will help inmates secure higher starting salaries, promote higher job retention rates and thus reduce re-offending rates.

Extended Job Retention Support

SCORE leveraged the use of a validated profiling tool and the behavioural nudge of setting personal goals during one-on-one engagements with SCORE Job Coaches to help support the extension of job retention support from six to 12 months.

The 12 months job retention support aims to help ex-offenders resolve their work challenges through sustained positive behavioural change over a longer period of time. SCORE Job Coaches constantly reinforce to ex-offenders the importance of achieving their goals, coach them on how to execute their plans and also assist to eliminate potential obstacles.

SCORE also implemented collaborative coaching with seven employers to conduct joint engagement sessions between the Job Coaches, Human Resource (HR) and supervisors to better retain ex-offenders at work. These employers have supportive HR practices like structured On-the Job Trainings (OJT), buddy systems and skills upgrading leading to career progression opportunities.

Press Release

Samsui Supplies & Services Pte Ltd and Standard Chartered Bank Singapore launched Singapore's First Social Service System[1] with support of SCORE

Tripartite collaboration sets up central kitchen to supply meals to underprivileged elderly and provide inmates with culinary skills.

13 October, 2017, Singapore – Samsui Supplies & Services Pte Ltd (Samsui) and Standard Chartered Bank Singapore (the Bank) today announced the establishment of the first social service system in Singapore, with the support of Singapore Corporation of Rehabilitative Enterprises (SCORE).

Samsui, SCORE and the Bank have set up a central kitchen located in Changi Prison Complex. The S$1 million kitchen, spanning 408 square metres, is equipped with advanced facilities and technologies. The close collaboration between social enterprise, the public and private sectors to leverage their collective strengths will create a long term sustainable impact on the community. The kitchen engages 30 inmates, will prepare up to 6,000 meals a day and deliver an estimated 1.8 million meals each year to nursing homes and VWOs across Singapore.

SCORE facilitates the selection and engagement of the inmates with Samsui for the kitchen. Samsui uses its food & beverage experience to rigorously train these inmates in culinary skills and plans to offer them employment upon their release from the prison. Standard Chartered contributes S$200,000 towards the project and plans to deploy volunteers from the Bank to deliver the meals to the beneficiaries. This innovative project enables the provision of affordable, high quality food to the less privileged and useful, practical skills for the inmates to support their reintegration back into society.

[1] A Social Service System is a collaboration between the public, private sectors and social enterprise which leverages their respective strengths and resources to deliver sustainable long-term impact on the community.

Mr Edwin Tong, Member of Parliament for Marine Parade GRC said,

"It is heartening that a Singapore home-grown company is spearheading this tripartite project to do good. The collaboration between Samsui, SCORE and Standard Chartered Bank underscores the importance of partnerships between the government and private sector in the social service ecosystem.

"Samsui Central Kitchen is a novel project, the first of its kind in Singapore. In bringing together diverse groups with different strengths, Samsui has forged a partnership that makes a positive impact on both the elderly and needy in Singapore, as well as those who need a second chance. This project recognises that everyone has a part to play in the social service ecosystem and celebrates diversity by leveraging off individual strengths for the common good."

Mr Ang Kian Peng, Director of Samsui Supplies & Services Pte Ltd, said,

"With 26 years of experience in the F&B sector, Samsui's focus has always been quality meals. We emphasise on the nutritional value, health benefits and calorie count of meals we serve to beneficiaries of nursing homes and VWOs, without compromising on taste.

"All meals served from Samsui Central Kitchen leverage off Samsui's core competencies in sourcing for produce, menu planning and food preparation. While our food is reminiscent of the traditional recipes of the Samsui Women, we also tap on advanced equipment and technology to deliver 6,000 meals everyday. In training the inmates in kitchen operations and giving them employment offers, we hope to equip them with a useful skill and trade, so they can move forward in a meaningful way."

Ms. Judy Hsu, Chief Executive Officer, Standard Chartered Bank Singapore, said,

"We are proud to be part of this meaningful partnership with Samsui and SCORE. I strongly believe that private, public sectors and social enterprises can partner to be a strong force for good. Doing more for the elderly in Singapore is very close to our hearts, and this collaboration will enable us to do more by delivering quality meals for the elderly. It will also develop skill training for the inmates, helping them to reintegrate back into society."

Mr Stanley Tang, Chief Executive Officer, SCORE, said,

"SCORE is committed to rebuilding the lives of ex-offenders by helping them enhance their employability potential. This strategic partnership with Samsui via our Private Firm Participation Scheme will provide inmates the necessary training and head-start into the Food & Beverage industry.

"I hope to encourage more corporations beyond the Food & Beverage industry to step forward and support us by offering training opportunities for our inmates."

An inmate beneficiary said,

"I am grateful for the opportunity to train in the workshop. This has enabled me to pick up skills in kitchen operations which will help me find a job when I am released."

SCORE Singapore Corporation of Rehabilitative Enterprises
Building Bridges, Changing Lives

samsui SUPPLIES & SERVICES

Standard Chartered

Success Stories

Here are two success stories of ex-offenders who have performed well at work. Their accomplishments would not be possible without the strong support of their employers - Smart Relocators Pte Ltd and ABR Holdings Limited.

SCORE is happy to partner employers like Smart Relocators Pte Ltd and ABR Holdings Limited to offer second chances to ex-offenders.

Success Story 1

Timothy (not his real name) left prisons on 13 Aug 2016 and was determined not to return to a life of drugs. To achieve that, he made plans to attend training courses during his pre-release phase and to secure stable employment through SCORE. Timothy also focused his mind on caring for his sick wife and to complete his Urine Reporting regime as soon as possible.

On 1 Sep 2016, Timothy started work with Smart Relocators Pte Ltd as a Storeman cum Class 3 Driver. His job scope required him to help out in managing the inventory of the store, transporting workers and moving goods on both residential and commercial projects.

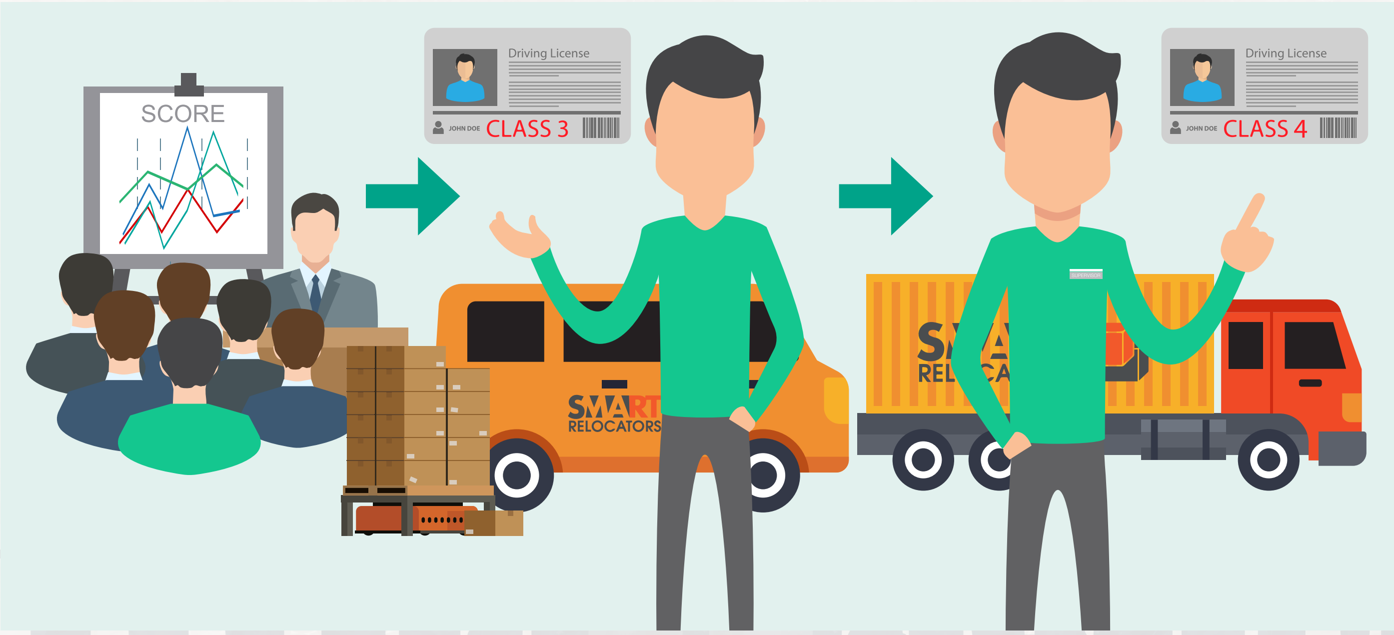
To help Timothy assimilate into this workplace, Smart Relocators Pte Ltd assigned a mentor. During his first week into the job, Timothy was observed to be a hardworking and positive individual. Within a month, Timothy was able to blend in well with his co-workers. SCORE's Job Coaches observed that Timothy was well-respected by his co-workers because of his diligence and work discipline.

Timothy was not fussy about the work location and the nature of the job. He made the commute from his home in Jalan Bukit Merah to his workplace in Mandai without complaints. His mentor noted that while Timothy was 56 years old, he did his best to fulfil the physical demands of his job and motivated himself by seeing work as a form of daily exercise. Timothy also believed in being financially independent and had never borrowed money from others or sought any form of financial assistance. He managed his finances by budgeting well and spending prudently.

Smart Relocators Pte Ltd was flexible with Timothy's working schedule and accommodated to his request to not work overtime, so that he could spend more time with his family and to take care of his sick wife. Recognising Timothy's contributions to the company, Smart Relocators Pte Ltd also provided Timothy with skills upgrading and career progression opportunities.

Timothy's employment term was confirmed in his second month and he received a $100 increment. Timothy was further commended by his supervisor for his leadership qualities and patience in coaching new staff. Four months into the job, Timothy was shortlisted to embark on an in-house supervisory training programme. He completed the training programme in his sixth month and was promoted to a Supervisor with an additional $150 increment from $1,500 to $1,650.

Recognising his employability potential, Smart Relocators Pte Ltd also sponsored Timothy for his Class 4 driving license. These achievements have encouraged Timothy and reinforced his belief that gainful employment will help him stay off drugs. As of Feb 2018, Timothy's employment term with Smart Relocators would be about one year and five months.



Success Story 2

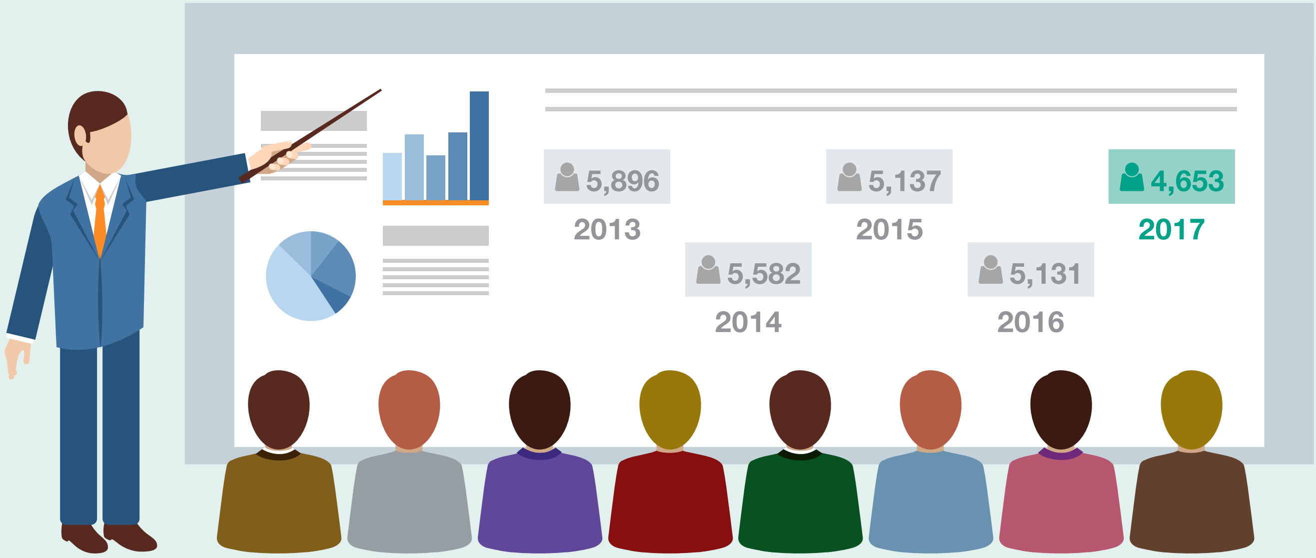
Ben (not his real name) served a number of years in prisons. Prior to his incarceration, he had been working with ABR Holdings Limited as a Service Crew. ABR Holdings Limited was willing to offer him another chance to work with them, and even offered him a Supervisor position.

Apart from performing the role of a Service Crew, Ben was also tasked to assist his managers with ad-hoc duties such as stock-taking of inventory. While Ben required a period to adjust to work demands, he was determined to repay the faith shown by his company. Thus, he was able to quickly adapt to new operational procedures and memorised the food menu within one week of commencing employment.

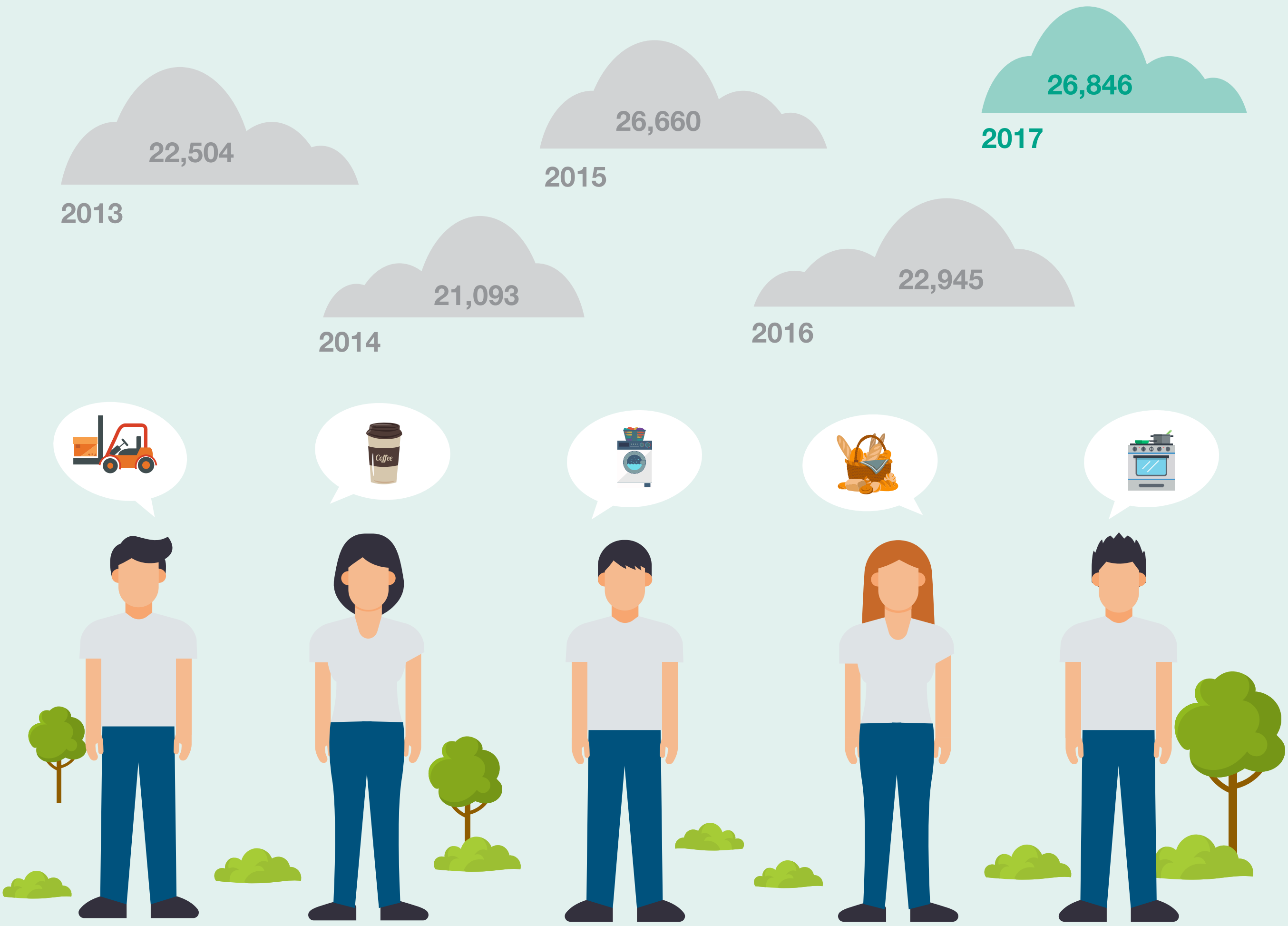
Despite being able to perform in his job, Ben was in search of further developments to upgrade himself. He made contact with his F&B course instructor in prisons and also enrolled in an accelerated F&B Diploma Programme with Kaplan Singapore. He was thus able to translate the skills learned into action, by providing excellent service to diners at his outlet. ABR Holdings Limited acknowledged Ben's positive work attitude and desire for improvement and deployed him to a different outlet after one year to allow him to gain exposure. As a result of his good performance, Ben is currently undergoing further in-house training to eventually assume the role of an Assistant Manager.

Performance Highlights

No. of Inmates Trained



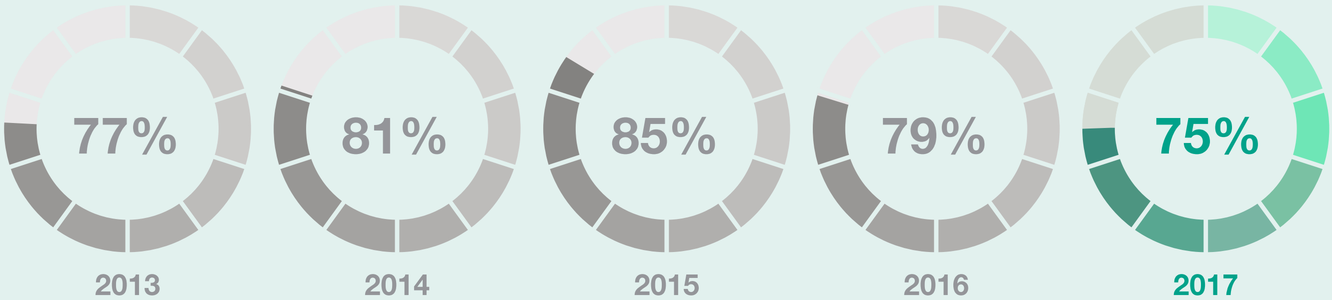
No. of Training Places Taken Up by Inmates



No. of Eligible Inmates Engaged in Work Programme Daily

Year	No.
2013	3,109
2014	3,247
2015	3,151
2016	2,932
2017	2,516

Percentage of Eligible Inmates Engaged in Work Programme



No. of Employers Registered

Year	No.
2013	3,876
2014	4,433
2015	4,745
2016	5,093
2017	5,520

No. of Inmates Assisted with Employment Before Release

2013	2014	2015	2016	2017
2,123	1,938	2,157	2,061	2,201

Percentage of Inmates Securing Jobs Before Release

2013	2014	2015	2016	2017
99%	96%	95%	96%	97%

Job Retention

	2013	2014	2015	2016	2017
3-month	81%	85%	84%	79%	81%
6-month	59%	67%	70%	60%	63%*

*Provisional as at 30 April 2018

Engaging the Community

Engaging the Community

Yellow Ribbon Fund (YRF)

Launched in 2004, the YRF is the first and only national charity dedicated to funding, developing and implementing reintegration programmes for inmates and ex-offenders, and family support programmes to strengthen their family ties.

Supporting the Community

In 2017, YRF made a disbursement of $1,034,653 to 14 programmes and services benefitting 2,749 ex-offenders and their family members. The fund goes toward programmes and services that help ex-offenders reconnect with their families, provide financial assistance, education and residential support, and other rehabilitative initiatives in the reintegration journey of the ex-offenders into the society.

Review of Yellow Brick Road Programme

The Yellow Brick Road Programme was developed in 2014 with the aim of reducing the detrimental effects of incarceration and burden on families and children of inmates. This is done through the provision of case management services for families, structured workshops and enrichment activities for the children. In 2017, the Yellow Brick Road Programme was enhanced with a provision of one-to-one home-based tuition to improve the children's academic grades. To date, more than 54 families and 86 children of inmates and ex-offenders have benefited from programmes under the Yellow Brick Road.

YRF Micro-Financing Programme

With support from Singapore Polytechnic, YRF has supported an ex-offender in setting up a food stall in the school. The programme funded the start-up expenditure of the stall and provided mentorships for the ex-offender.

Galvanising Support from Community Towards Second Chances

YRF received strong support from wide-ranging sources in 2017. Corporate and individual donors gave generously to the Fund, hitting a total of $2,500,159.

The Yellow Ribbon Project – Second Chance, Inspire Change

Yellow Ribbon Prison Run (Sunday, 17 Sep 2017) - *Take That Chance, Make YR Change*

The ninth edition of the Yellow Ribbon Prison Run (YRPR) saw about 7,000 runners, 180 volunteers and 50 organisations coming together in a show of support for second chances. Through the "Run for Second Chances" movement, 13 corporations raised a total of $123,956 for the Yellow Ribbon Fund. The event was graced by Deputy Prime Minister Teo Chee Hean.

> *We must open up our hearts, reach out to, and also help them, in whatever ways we can, to feel back at home in the community. We want our citizens, our people – even if they have had some difficulties in the past – to be able to have a chance to come back and make something of their lives. This is a very important aspect of being Singaporean.*
>
> \- Deputy Prime Minister Teo Chee Hean

Yellow Ribbon Community Art Exhibition (7 to 21 Oct 2017) - *For Better Endings and New Beginnings*

Held at Singapore Art Museum (SAM) at 8Q, the Yellow Ribbon Community Art Exhibition (YRCAE) marked the eighth year of partnership between Yellow Ribbon Project (YRP) and SAM.

Themed "For Better Endings and New Beginnings", the YRCAE was a platform for inmates to reach out to the community and mend family relationships, while showcasing their talents, creativity and artistic inclinations. This year, the exhibition highlighted inmates' resolve in righting past wrongs, and starting anew with their loved ones. The exhibition showcased a total of 108 artworks created by inmate artists on different mediums, such as canvas, ceramics and sculptures; providing a window into the artists' inner struggles and resolve to forge a brave new path ahead.

Yellow Ribbon Celebrating Second Chances Awards Ceremony (Saturday, 4 Nov 2017)

Organised by the CARE Network, the Yellow Ribbon Celebrating Second Chances (C2C) Awards Ceremony aims to recognise and celebrate the efforts of ex-offenders who have stayed crime- and drug-free.

This year, the ceremony saw awards presented to 197 ex-offenders who had turned their lives around and successfully reintegrated into the community.

Guest-of-Honour, Parliamentary Secretary, Ministry of Home Affairs and Ministry of Health, Mr Amrin Amin

Success Story

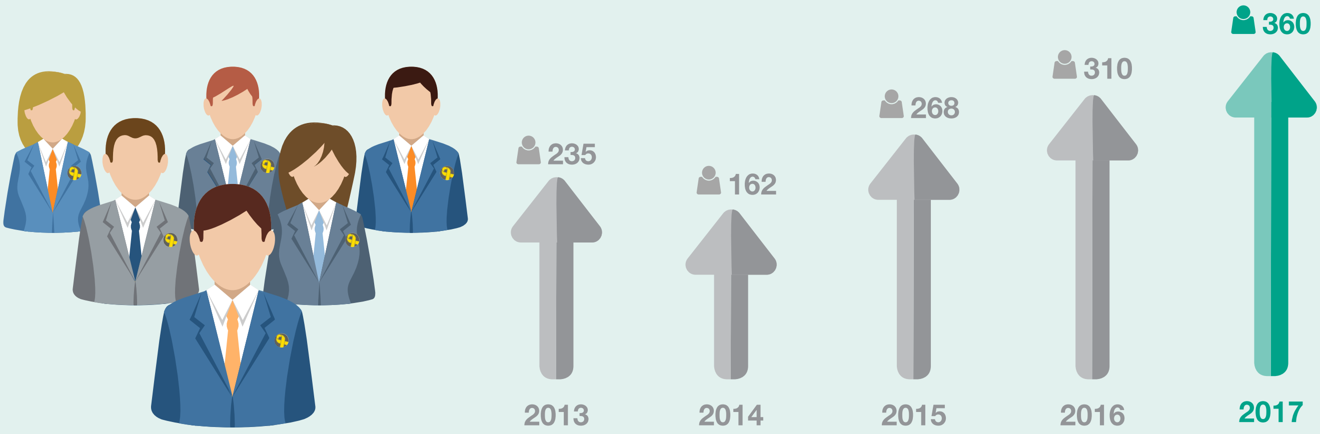
Mr Tan Han Lay, an award recipient of the Merit Achievement (Bronze) Award, has stayed crime- and drug-free since his release in 2010.

With the unconditional support from his wife, Mr Tan spent time rebuilding his life. He now runs his own company where close to 40 per cent of his employees are ex-offenders. He believes that they too can rebuild their lives if they are given a second chance. Mr Tan aspires to be someone who can go forth and extend a helping hand to ex-offenders.

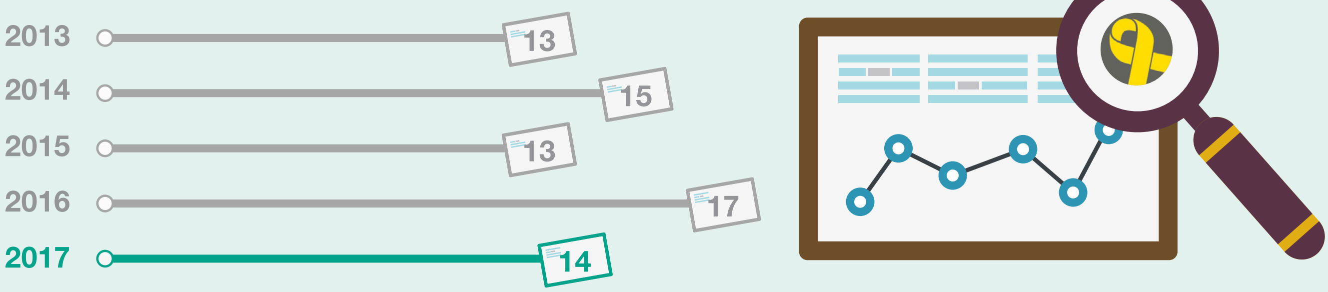
Apart from his family, Mr Tan remembers the help provided by the community in his reintegration journey. He is especially grateful to the Teen Challenge, which provided counselling support and opportunities for skills upgrading to enhance his employability. This enabled him to get back on his feet. Today, Mr Tan and his wife actively volunteer as prison counsellors to support the inmates.

Performance Highlights

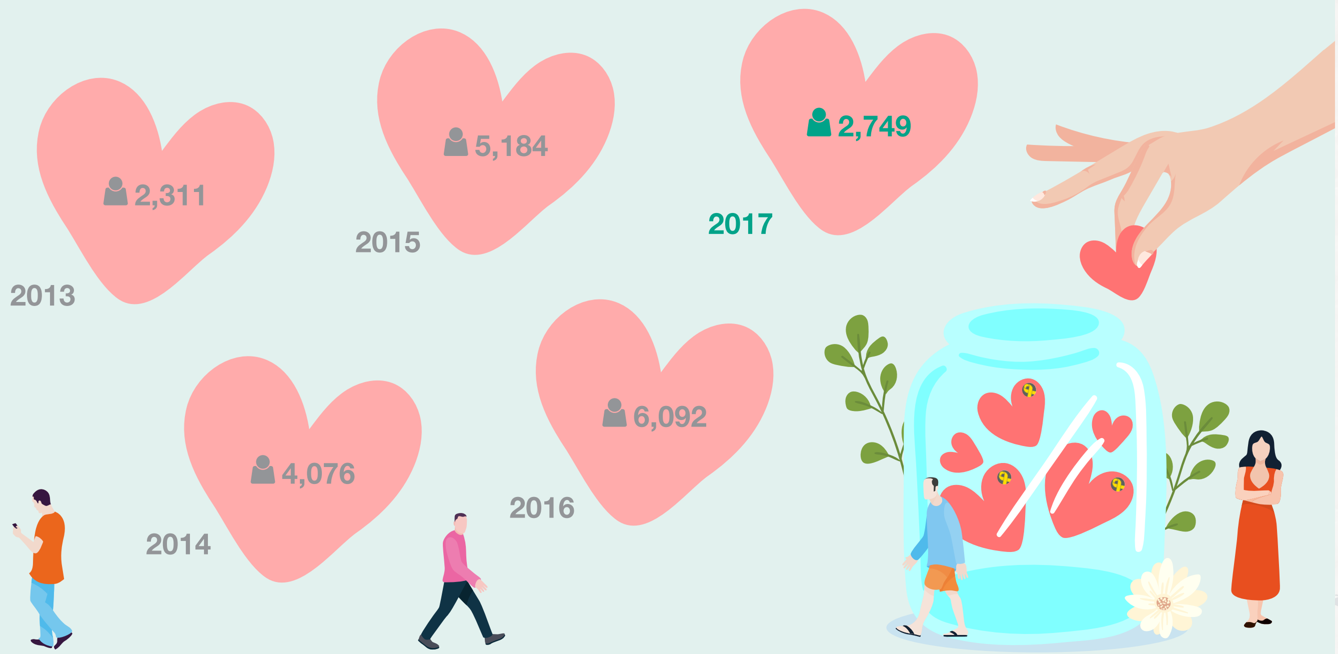
No. of Community Partners Engaged



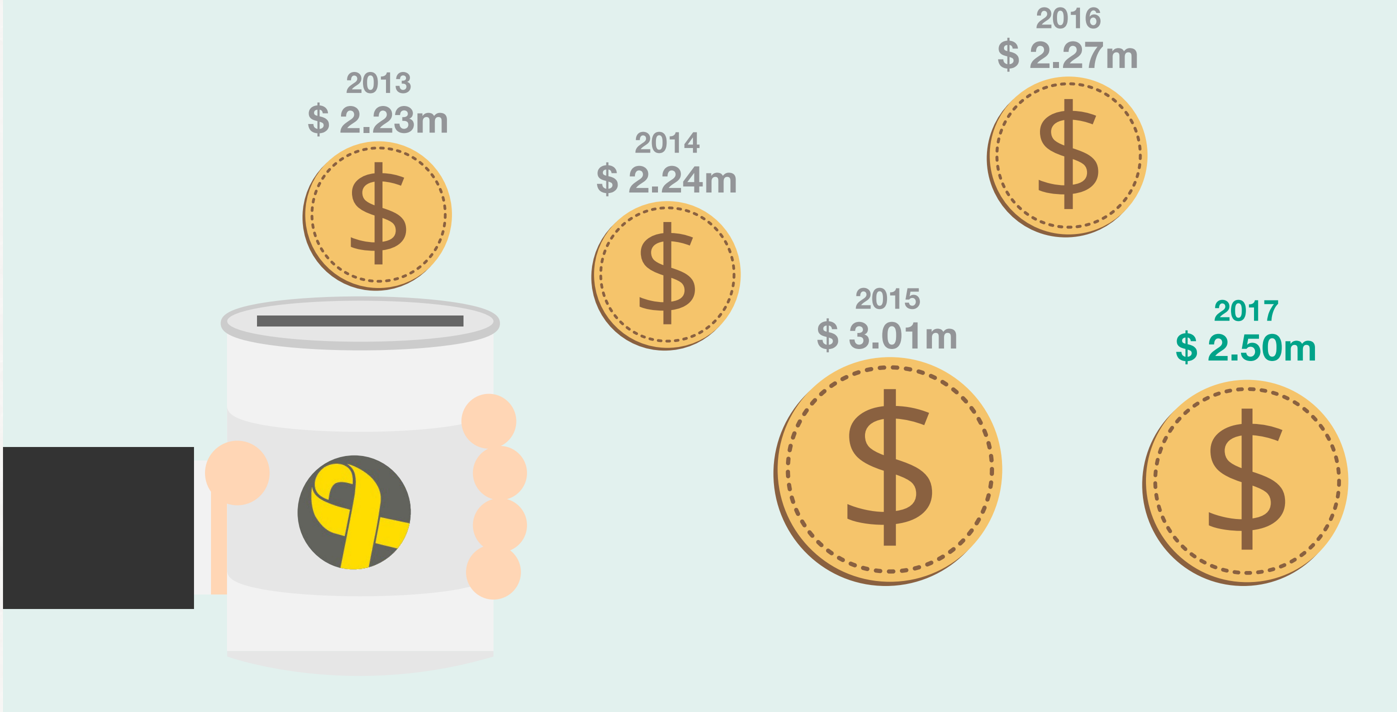
No. of Programmes Funded by Yellow Ribbon Fund



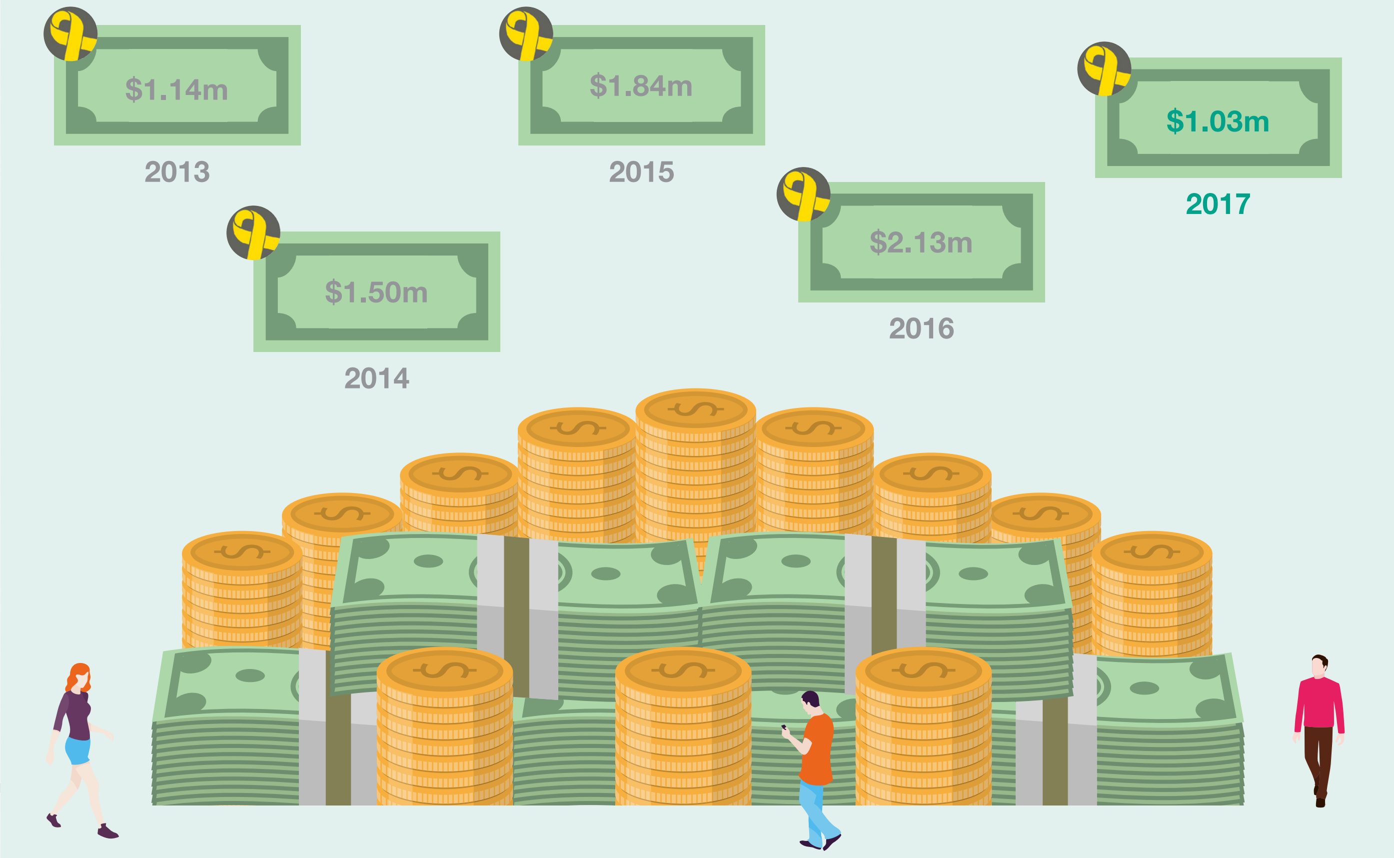
No. of Beneficiaries of Yellow Ribbon Fund



Amount Raised by Yellow Ribbon Fund



Amount Disbursed by Yellow Ribbon Fund



Providing Transitional Aftercare Support

Providing Transitional Aftercare Support

Selarang Halfway House (SHWH)

Appointed as the managing agent by the Singapore Prison Service (SPS), SCORE commenced operations of the SHWH in Jan 2017 through its wholly-owned subsidiary company, YR Industries Pte Ltd (YRI). SHWH admits ex-offenders who are on the Mandatory Aftercare Scheme (MAS), a scheme legislated under Division 5 of the Prisons Act, Chapter 247. SWHW is located within the Lloyd Leas Community Supervision Centre in the interim.

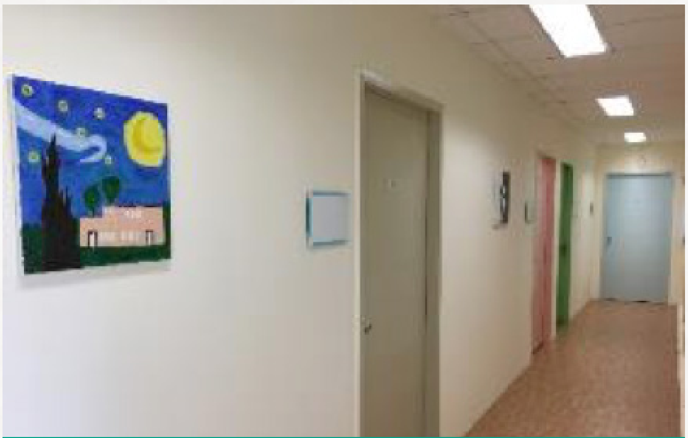
Being the first out of the three phases of the MAS, selected ex-offenders are emplaced at SHWH upon their release from prisons. To ease the transition from prisons to community living, SHWH undertakes to create a safe and supportive environment and mirrors a normalised structured lifestyle that supports and guides residents in their desistance from crime and reintegration journey before they progress to the next two phases of the MAS, namely Home Supervision phase and Community Reintegration phase.

SHWH profiles every resident holistically as one with varied strengths, weaknesses and the potential to become responsible and independent individuals. Every resident has a differentiated duration of stay based on their risks and needs. In SHWH, residents are engaged through regular individual sessions, open group sessions which focus on life skills (e.g. budgeting, communication skills, emotional regulation, refusal skills etc.), community service projects and regular feedback sessions. Through gainful employment, vocational training or studies, residents are kept meaningfully engaged.

Entrance of Selarang Halfway House

Compound of Selarang Halfway House

Residents' dormitory at Selarang Halfway House



Programme Cabin at Selarang Halfway House
(computer room, music room and rooms for individual and group sessions, etc.)

To ensure that the SHWH programme adheres to the principles of effective intervention, SHWH hosted and facilitated the Halfway House Programme evaluation on 14 Sep 2017 based on the evidence-based Correctional Program Checklist (CPC) by assessors from University of Cincinnati Corrections Institute (UCCI), John Jay College of Criminal Justice and representatives from SPS Psychological and Correctional Rehabilitation Division (PCRD). Findings gathered from the evaluation will be reviewed for the SHWH programme to be tweaked or improved accordingly.

As of 31 Dec 2017, SHWH received a total of 88 male resident emplacements with 32 residents who had since progressed to the Home Supervision phase. In 2018, SHWH will expect to receive an estimated emplacement of 300 male and female residents in total. In the fourth quarter of 2018, SHWH will be expected to move in to its purpose-built facility at Selarang Park complex.

Halfway House Service Model 3.0

Prisons Halfway House (HWH) Scheme started in 1995 to allow amendable inmates without strong family support to spend the last stage of their detention at selected HWHs to facilitate reintegration and aftercare. The Halfway House Service Model (HSM) was developed in 2010 to better meet the challenges of changing offender profile and enhance rehabilitation programmes. With the support of selected HWHs in the community, more than 500 inmates benefited from HSM each year.

SCORE has been appointed as the managing agent of the HSM. As the Managing Agent, SCORE is responsible to review and implement policies related to HWH services, as well as maintain supervision over the training of HWH staff, HWH programmes, operations and facilities. SCORE also assists HWHs in cyclical maintenance and renovation to ensure adherence to safety standards.

In 2017, HSM 3.0 has been implemented after a review of the earlier version. In consultation with our community partners, HSM 3.0 was enhanced with key changes such as broadening the scope of minimum service requirements, streamlining outcome funding criteria to be more client-centric and allowing inmates to have greater exposure in evidence-based rehabilitative programmes.

Collective Effort to Prevent Inter-Generational Offending

As part of CARE Network's strategic direction towards preventing inter-generational offending, the CapitaLand – YRF Children Support Programme was implemented in Apr 2017. The two-year pilot aims to nurture the development of cognitive and socio-emotional skills among children of offenders with collective effort among multiple agencies, including CARE Network partners, grassroots volunteers, Family Service Centres and Voluntary Welfare Organisations (VWOs). The pilot programme aims to ensure seamless referrals, case management services for the families as well as children's programmes. Prior to the commencement of programme, there was a series of engagement session with grassroots volunteers and VWOs to seek inputs on the implementation model and engagement strategies with offenders' families. The conversations with the key stakeholders has helped to modify the programme before its eventual implementation in Apr 2017.

With the commitment from CARE Network partners for the programme, CapitaLand Hope Foundation has pledged its support by donating $500,000 over a two-year period. The cheque was presented to CARE Network during CapitaLand Digital Festival on 8 Jul 2017.

As of Dec 2017, the programme has outreached to 55 families and five children has been enrolled into the programme. Together with SPS, SCORE has reviewed the programme in late 2017 and incorporated additional referral touchpoints such as Family Resource Centre, Singapore After-Care Association (SACA) with the aim to benefit more families and children.

Enhancing Organisational Excellence

Enhancing Organisational Excellence

Development of Functional Training Framework

SCORE had developed a Functional Competency Training Framework for the Rehabilitative Enterprises Cluster. This framework established the main functional competencies as well as the corresponding behavioural descriptors and training for officers in SCORE's Business Enterprise & Industry Division, YRI's Linen Division and SHWH. Officers will attend training according to their work units' functional needs and be equipped with the necessary skills to help them achieve organisational excellence.

Staff Appreciation Night

Staff had a fun-filled evening at the annual Staff Appreciation Night (SAN) through various engaging activities. Chairman of SCORE and the Senior Management positioned themselves into an "Arch of Sword Ceremony" formation to cheer upon staff when they entered the ballroom.

> *A refreshing and welcoming change to see the Senior Management welcome the staff with confetti! Well done!*

Sports Day cum Earth Hour

In conjunction with Earth Hour 2017, lights and electricity were switched off in the afternoon to encourage staff to participate in the event. Staff partook in a friendly game of Captain's Ball and reminisced their school days by participating in old school games, which included materials that were crafted mainly from recycled items to tie in with the event.

> *It was fun to play against fellow colleagues during the Captain's Ball and I look forward to more of such activities in the future.*

Year-End Party

Due to the impending shift to the new headquarters, the year-end party was hosted at the old SCORE Headquarters. A total of 90 SCORE and YRI staff attended the event to pay homage to the many years spent in the current premises as well as to bid it farewell. Staff participated in a phototaking game whereby they had to identify memorable spots in Headquarters.

> *It was a bittersweet moment attending the year-end party at the old Headquarters for the final time. I thoroughly enjoyed the phototaking game as it made me reminisce my time in the old Headquarters.*

COVE Event at Red Cross Home for the Disabled

SCORE Community Outreach, Volunteerism and Environment Committee (COVE) arranged a visit to the Red Cross Home for the disabled whereby 17 SCORE and YRI staff dedicated their time to volunteer by caring for the residents on 6 Nov 2017. In preparation for the upcoming Christmas festivities, the volunteers set up Christmas decorations for the home. The volunteers also assisted in feeding the residents their afternoon meals. SCORE and YRI staff raised a total of $680 cash donations for the residents.

Awards Listing 2017

National Day Award - Commendation Medal

Yam Chui Mei Rosanna

National Day Award - Long Service Medal

Ravi s/o Subramanian

Minister for Home Affairs National Day Award (Individual)

Iu Wai Yee Fiona

Minister for Home Affairs Home Team Achievement Award

Home Team Show & Fest 2017

HOPE Award

Peh Beng Huat
Huzair Hyder s/o Abdul Rahman

Special Commendation Award

Nelson Ong Chee Keong
Tai Junni
Suzilawati Binte M'a Arip
Teng Jie Hui Paul
Sonam Damani
Tan Irene
Chu Jie Sheng
Tay Wei Liang, Gabriel

Retirement Award

Rookshana Binte Ali Khan
Fong Kah Foon
Tan Lai Beng
Ong Chwee Seng
Najimunnisa Binte Shahabuddin

Long Service Award

Nelson Ong Chee Keong
Iu Wai Yee Fiona
Wong Chin Yi
Alvin Tan Aik Beng
Suzilawati Binte M'a Arip
Kuganathan A/L K. Narayanasamy
Teo Buck Chai Richard
Chen Chin Keong
Muhammad Faiz Bin Abdul Kader
Shamshulbahri Bin Ismail
Tan Yew Lim

Special Appreciation Award

Fong Kah Foon
Yim Weng Fatt
Tan Baby

Esprit De Corp Award

Leaders Retreat

Statement by the Board and Financial Statements
Financial Year Ended 31 December 2017

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 Abdul Rohim Bin Sarip
Mr Chay Wai Chuen
Prof David Chan
Mr David Toh Seng Hong
Mr Desmond Chin Kim Tham
Dr Kee Kirk Chin
Ms Lien Siaou-Sze
Mr Peter Ong Boon Kwee
Ms Sharon Ang Ee Hsien
Mr Thiagarajan s/o Subramaniam
Mr Wan Shung Ming
Mr Yeo Meng Hin

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 2017

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 financial position of the Group and of the Corporation as at 31 December 2017 and the financial performance 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 Board, 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, in all material respects, 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: 17 May 2018

INDEPENDENT AUDITOR'S REPORT
TO THE CHAIRMAN OF SINGAPORE CORPORATION OF REHABILITATIVE ENTERPRISES
(Established under the Singapore Corporation of Rehabilitative Enterprises Act)

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 Corporation as at 31 December 2017, 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 2017 and the result and changes in equity of the Group and the Corporation and cash flows of the Group and the financial performance and changes in equity of the Corporation 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 Corporation 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 Statement by the Board set out on page 45.

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.

Responsibilities of Management for the Financial Statements (continued)

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 Board'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 Corporation or for the Corporation to cease operations.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit 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 and the Corporation'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 directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT
TO THE CHAIRMAN OF SINGAPORE CORPORATION OF REHABILITATIVE ENTERPRISES
(Established under the Singapore Corporation of Rehabilitative Enterprises Act)

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 Board 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: 17 May 2018

Singapore Corporation of Rehabilitative Enterprises and its Subsidiary
Statements of Comprehensive Income
For the year ended 31 December 2017

	Note	Group		Corporation	
		2017	**2016**	**2017**	**2016**
		S$	**S$**	**S$**	**S$**
Operating income					
Leasing income	4	3,302,860	3,538,669	3,505,630	3,538,669
Miscellaneous		95,391	223,642	12,316	58,715
Sale of goods		2,087,854	2,758,575	2,247,135	2,758,575
Rendering of services		41,894,100	42,160,897	27,953,336	35,077,600
Halfway house management fee		1,858,018	-	1,858,018	-
Rental and management fee		-	-	1,035,845	-
Funding from strategic partner		3,530,312	3,737,022	3,530,312	3,737,022
Sponsorship from strategic partners		5,179,314	4,723,161	5,179,314	4,723,161
		57,947,849	57,141,966	45,321,906	49,893,742
Less: Operating expenditure		58,861,867	53,597,116	43,441,179	46,506,229
(Deficit)/surplus from operations		(914,018)	3,544,850	1,880,727	3,387,513
Non-operating income					
Income from investments	5	534,712	486,782	534,712	486,782
Interest income from bank deposits		90,216	86,790	90,216	86,790
Interest from loans		-	-	-	130,455
Others		396	160	396	160
		625,324	573,732	625,324	704,187
Less: Non-operating expenses					
Amortisation of investment in bonds		44,416	51,383	44,416	51,383
Consultancy fees (project)		207,497	446,888	43,355	42,422
Total non-operating expenses		251,913	498,271	87,771	93,805
Surplus from non-operations		373,411	75,461	537,553	610,382
(Deficit)/surplus before income tax		(540,607)	3,620,311	2,418,280	3,997,895
Income tax expense	6	-	-	-	-
Net (deficit)/surplus for the year		(540,607)	3,620,311	2,418,280	3,997,895
Other comprehensive loss					
Items that may be reclassified subsequently to profit and loss					
Fair value loss on available-for-sale financial assets	22	(18,260)	(163,501)	(18,260)	(163,501)
		(18,260)	(163,501)	(18,260)	(163,501)
Total comprehensive (loss)/ income for the year		(558,867)	3,456,810	2,400,020	3,834,394

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 2017

	Note	Group		Corporation	
		2017	2016	2017	2016
		S$	S$	S$	S$
Advertising		37,373	225,714	37,373	225,714
Audit fees		84,423	72,167	67,196	68,987
Board members' allowance		149,063	161,250	149,063	161,250
Depreciation of property, plant and equipment	15	2,408,761	1,037,114	858,991	753,098
Director fee		30,221	-	-	-
Distribution costs		5,628,925	5,157,913	4,538,296	4,623,747
Finance cost		371,866	227,043	243,374	161,339
General office expenses		3,841,495	3,352,625	3,492,376	3,161,091
Grant, contributions and donations		21,383	10,300	21,383	9,700
Inmates earnings		2,078,778	2,354,041	1,308,836	1,895,286
Inmates training costs		3,507,563	3,412,561	3,507,563	3,412,561
Local transport		131,632	121,193	103,360	110,691
Maintenance of office and workshop		1,390,522	1,380,358	656,027	1,112,133
Management fee		-	-	1,847,723	-
Manpower costs	7	18,756,666	15,987,161	10,879,107	12,895,893
Material / production costs		15,094,027	16,070,806	13,542,556	15,232,003
Non-capitalised assets		139,402	104,482	66,110	52,885
Office rental		266,811	308,060	266,811	308,060
Official entertainment		14,982	19,961	14,982	19,961
Other operating expenses		1,061,065	195,943	925,930	120,478
Property, plant and equipment written off		1,240	14,579	115	14,579
Provision for linen loss		132,000	66,282	-	282
Staff development		237,297	228,953	186,822	213,451
Staff welfare		445,870	316,365	316,683	297,945
Utilities		3,030,502	2,772,245	410,502	1,655,095
		58,861,867	53,597,116	43,441,179	46,506,229

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 2017

	Note	Group 2017	Group 2016	Corporation 2017	Corporation 2016
		S$	S$	S$	S$
Group					
Assets					
Current assets					
Cash and cash equivalents	8	5,967,548	3,903,530	3,484,448	2,012,890
Held-to-maturity financial assets	9	2,015,130	-	2,015,130	-
Trade and other receivables	10	17,757,627	18,993,746	14,693,965	13,975,799
Inventories	11	719,622	1,114,484	-	-
Other current assets	12	2,255,312	507,927	1,916,186	430,046
		28,715,239	24,519,687	22,109,729	16,418,735
Non-current assets					
Held-to-maturity financial assets	9	5,725,144	6,785,628	5,725,144	6,785,628
Available-for-sale financial assets	13	3,127,741	6,142,898	3,127,741	6,142,898
Investment in a subsidiary	14	-	-	17,100,307	17,100,307
Property, plant and equipment	15	27,533,790	28,800,056	11,010,772	11,402,823
		36,386,675	41,728,582	36,963,964	41,431,656
Total assets		65,101,914	66,248,269	59,073,693	57,850,391
Equity and liabilities					
Current liabilities					
Trade and other payables	16	10,321,706	13,068,267	7,768,112	8,568,895
Equipment loans	17	-	3,715,221	-	-
Finance leases	18	1,038,321	164,834	-	-
Term loan	19	387,663	371,674	387,663	371,674
Provision for linen loss	20	219,291	168,093	82,278	102,093
		11,966,981	17,488,089	8,238,053	9,042,662
Non-current liabilities					
Finance leases	18	6,419,548	1,113,819	-	-
Term loan	19	6,521,562	6,893,671	6,521,562	6,893,671
		12,941,110	8,007,490	6,521,562	6,893,671
Total liabilities		24,908,091	25,495,579	14,759,615	15,936,333
Equity					
Capital account	21	1,662,262	1,662,262	1,662,262	1,662,262
Fair value reserve	22	17,240	35,500	17,240	35,500
Accumulated surplus		38,514,321	39,054,928	42,634,576	40,216,296
		40,193,823	40,752,690	44,314,078	41,914,058
Total equity and liabilities		65,101,914	66,248,269	59,073,693	57,850,391
Net assets of Yellow Ribbon Fund	25	5,010,169	4,587,344	5,010,169	4,587,344

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 2017

	Capital account S$	Fair value reserve S$	Accumulated surplus S$	Total equity S$
Group				
Balance as at 1 January 2016	1,662,262	199,001	35,434,617	37,295,880
Surplus for the year	-	-	3,620,311	3,620,311
Other comprehensive loss for the year	-	(163,501)	-	(163,501)
Total comprehensive (loss)/income for the year	-	(163,501)	3,620,311	3,456,810
Balance as at 31 December 2016	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
Corporation				
Balance as at 1 January 2016	1,662,262	199,001	36,218,401	38,079,664
Surplus for the year	-	-	3,997,895	3,997,895
Other comprehensive loss for the year	-	(163,501)	-	(163,501)
Total comprehensive (loss)/income for the year	-	(163,501)	3,997,895	3,834,394
Balance as at 31 December 2016	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

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 2017

	2017	2016
	S$	**S$**
Cash flows from operating activities		
(Deficit)/surplus for the year	(540,607)	3,620,311
Adjustments for:		
Amortisation of bonds	44,416	51,383
Bad debts	16,613	-
Depreciation of property, plant and equipment	2,408,761	1,037,114
Interest expense	371,866	227,043
Income from investments	(534,712)	(486,782)
Interest income from bank deposits	(90,216)	(86,796)
Property, plant and equipment written off	1,240	14,579
Provision for linen loss	51,198	36,093
Operating surplus before working capital changes	1,728,559	4,412,945
Changes in working capital:		
Trade and other receivables	1,350,391	(1,918,822)
Inventories	394,862	108,510
Other current assets	(1,747,385)	1,321,179
Trade and other payables	632,950	41,835
Net cash flows generated from operating activities	2,359,377	3,965,647
Cash flows from investing activities		
Dividend income received	-	57,500
Interest income received	494,043	508,479
Proceeds from sale of held-to-maturity financial assets	1,997,835	2,360,000
Purchase of property, plant and equipment	(1,143,735)	(5,728,396)
Net cash flows generated from/(used in)investing activities	1,348,143	(2,802,417)
Cash flows from financing activities		
Interest paid	(371,866)	(227,043)
Repayment of equipment loans	-	(74,770)
Repayment of finance leases	(915,516)	(39,618)
Repayment of term loan	(356,120)	(376,214)
Net cash flows used in financing activities	(1,643,502)	(717,645)
Net increase in cash and cash equivalents	2,064,018	445,585
Cash and cash equivalents at the beginning of financial year	3,903,530	3,457,945
Cash and cash equivalents at the end of financial year (Note 8)	5,967,548	3,903,530

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

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 407 Upper Changi Road North, 20km (within Prison HQ complex), Singapore 507658. The Corporation has changed its address to 980 Upper Changi Road North, Singapore 507708 with effect from 22 March 2018.

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 13.

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 Changes in accounting policies

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 2017 including the Amendments to FRS 7 *Disclosure Initiative*. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Corporation.

2. Summary of significant accounting policies (continued)

2.3 Standards 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 109 *Financial* Instruments	1 January 2018
SB-FRS 115 *Revenue* from Contracts with Customers	1 January 2018
SB-FRS 116 *Leases*	1 January 2019

The board expects that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

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

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 and duty.

a. Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on 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 loans are recognised on an accrual basis.

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).

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.

2.7 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.

2.8 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.

2.9 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.

2. Summary of significant accounting policies (continued)

2.9 Taxes (continued)

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.

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.

2.10 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.

2. Summary of significant accounting policies (continued)

2.10 Leases (continued)

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 2.5(c). Contingent rents are recognised as revenue in the period in which they are earned.

2.11 Cash and cash equivalents

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

2.12 Financial instruments

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.

Cash and cash equivalents comprise cash at banks and on hand.

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.

2. Summary of significant accounting policies (continued)

2.12 Financial instruments (continued)

a. Financial assets (continued)

Subsequent measurement (continued)

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

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.

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, equipment loans, finance leases and term loan.

2. Summary of significant accounting policies (continued)

2.12 Financial instruments (continued)

b. Financial liabilities (continued)

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.

2.13 Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset is impaired.

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.

2. Summary of significant accounting policies (continued)

2.13 Impairment of financial assets (continued)

b. Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had 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 current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

c. 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.

2.14 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

2.15 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.

2. Summary of significant accounting policies (continued)

2.16 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.

2.17 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.

2. Summary of significant accounting policies (continued)

2.18 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.

2.19 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. Significant accounting judgments and estimates (continued)

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.

a. Fair value of unquoted available-for-sale financial assets

The fair values of unquoted available-for-sale financial assets are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The assumptions applied in determination of the valuation of these unquoted available-for-sale financial assets and a sensitivity analysis are described in more detail in Note 28.

The carrying amount of the unquoted available-for-sale financial assets as at 31 December 2017 is S$3,127,741 (2016: S$3,146,001).

b. Impairment of loans and receivables

The impairment of trade and other receivables is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Group's and Corporation's trade and other receivables as at 31 December 2017 were S$17,757,626 and S$14,693,965 (2016: S$18,993,746 and S$13,975,799) respectively.

c. 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 2017 was S$27,533,790 and S$11,010,772 (2016: S$28,800,056 and S$11,402,823) respectively.

d. Recognition of other government grant income and expenses

Other government grants are recognised in profit or loss on a systematic basis over the periods when there is reasonable assurance that the Group complies with the conditions attached to them and there is reasonable assurance that the grant will be received. Factors such as historical claim experience, progress reports on related projects, on-site verification and payments of expenditure incurred will be considered by the Group. The Group recognises the costs or expenses for which the grant is intended to compensate when cost or expenses is incurred.

4. Leasing income

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

5. Income from investments

	Group		Corporation	
	2017	2016	2017	2016
	S$	S$	S$	S$
Dividend income from equity shares	164,000	164,000	164,000	164,000
Interest from bonds	370,712	322,782	370,712	322,782
	534,712	486,782	534,712	486,782

6. Income tax expense

	Group		Corporation	
	2017	2016	2017	2016
	S$	S$	S$	S$
(Deficit)/surplus before tax	(540,607)	3,620,311	2,418,280	3,997,895
Income tax rate using the statutory tax rate of 17% (2016: 17%)	(91,903)	615,453	411,108	679,642
Tax effects of:				
Non-deductible expenses	286,034	59,503	-	-
Deferred tax assets not recognised for current year	216,977	4,686	-	-
Surplus of the Corporation exempted from tax	(411,108)	(679,642)	(411,108)	(679,642)
Income tax expense recognised in profit or loss	-	-	-	-

At the reporting date, the Group has unutilised tax losses of S$2,058,711 (2016: S$782,376) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The amounts have not been recognised in the financial statements due to the uncertainty of their recovery.

The Corporation is tax-exempted institution under Section 13(1)(e) and the First Schedule of the Singapore Income Tax Act, Chapter 298.

7. Manpower costs

	Group		Corporation	
	2017	2016	2017	2016
	S$	S$	S$	S$
Medisave contribution	249,437	250,057	214,894	233,934
Central provident fund contributions	2,181,395	2,208,750	1,428,674	1,888,199
Salaries, wages and bonuses	16,325,834	13,528,354	9,235,539	10,773,760
	18,756,666	15,987,161	10,879,107	12,895,893

8. Cash and cash equivalents

	Group		Corporation	
	2017	2016	2017	2016
	S$	S$	S$	S$
Cash at bank and with AGD	5,966,996	3,903,530	3,484,448	2,012,890
Cash on hand	552	-	-	-
	5,967,548	3,903,530	3,484,448	2,012,890

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

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.

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

c. The interest rate of cash with AGD is from 0.08% to 0.28% per month (2016: 0.05% to 0.45% per month) based on interest earned to the average cash balance.

d. A 50 basis points (2016: 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. Held-to-maturity financial assets

	Group		Corporation	
	2017	2016	2017	2016
	S$	S$	S$	S$
Quoted bonds at amortised cost:				
Maturing within 1 year	2,015,130	-	2,015,130	-
Maturing after 1 year	5,725,144	6,785,628	5,725,144	6,785,628
	7,740,274	6,785,628	7,740,274	6,785,628

The Group's securities bear interest ranging from 2.62% to 4.40% (2016: 2.62% to 4.40%) per annum with maturity dates ranging from 31 August 2018 to 18 March 2021 (2016: 15 July 2018 to 1 April 2021).

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

10. Trade and other receivables

	Group		Corporation	
	2017	2016	2017	2016
	S$	S$	S$	S$
Trade receivables:				
- third parties	6,234,516	4,853,281	3,602,900	2,226,937
- subsidiary	-	-	1,564,036	377,610
Accrued receivables	5,273,938	8,197,131	3,277,856	5,656,681
Total trade receivables	11,508,454	13,050,412	8,444,792	8,261,228
Non-trade receivables	6,118,288	5,435,612	6,118,288	5,435,612
Interest receivables	130,885	278,959	130,885	278,959
Other receivables	-	14,131	-	-
GST receivables	-	214,632	-	-
	17,757,627	18,993,746	14,693,965	13,975,799

Trade receivables are interest bearing and are generally on 30-60 days' terms. (2016: 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 Dollars.

10. Trade and other receivables (continued)

Receivables that are past due but not impaired

The Group and Corporation had trade receivables amounting to S$1,396,656 and S$1,663,108 (2016: S$828,146 and S$763,333) that were past due at the reporting date but not impaired. These receivables were unsecured and the analysis of their aging at the reporting date was as follows:

	Group		Corporation	
	2017	2016	2017	2016
	S$	S$	S$	S$
Trade receivables past due but not impaired:				
Lesser than 30 days	655,923	555,749	1,007,102	508,436
31 to 90 days	696,630	186,566	653,002	169,066
More than 90 days	44,103	85,831	3,004	85,831
	1,396,656	828,146	1,663,108	763,333

Receivables that are impaired

There were no trade receivables that were past due and impaired.

11. Inventories

	Group		Corporation	
	2017	2016	2017	2016
	S$	S$	S$	S$
Statement of financial position:				
Raw materials	-	41,476	-	-
Linen	719,622	1,073,008	-	-
	719,622	1,114,484	-	-
Statement of comprehensive income:				
Inventories recognised as an expense in operating expenditure	1,195,065	615,184	-	-

12. Other current assets

	Group		Corporation	
	2017	2016	2017	2016
	S$	S$	S$	S$
Deposits	1,606,490	106,097	1,602,584	102,585
Prepayments	648,822	401,830	313,602	327,461
	2,255,312	507,927	1,916,186	430,046

Other current assets are denominated in Singapore Dollars.

13. Available-for-sale financial assets

	Group		Corporation	
	2017	2016	2017	2016
	S$	S$	S$	S$
Equity securities (quoted)	-	2,996,897	-	2,996,897
Equity securities (unquoted)	3,127,741	3,146,001	3,127,741	3,146,001
	3,127,741	6,142,898	3,127,741	6,142,898

Available-for-sale financial assets are denominated in Singapore Dollars.

14. Investment in a subsidiary

	Corporation	
	2017	2016
	S$	S$
Shares, at cost	17,100,307	17,100,307

Details of the subsidiary are as follows:

Name	Principle place of business	Principal activities	Proportion (%) of ownership interest	
			2017	2016
YR Industries Pte Ltd	Singapore	Laundry and other residential care services	100	100

15. Property, plant and equipment

	Furniture, and fittings	Plant, equipment and machinery	Leasehold property	Renovation	Total
	S$	S$	S$	S$	S$
Group					
Cost					
At 1 January 2016	3,197,458	23,054,453	11,839,600	-	38,091,511
Additions	232,181	9,793,313	-	4,453,354	14,478,848
Written off	(640)	(140,722)	-	-	(141,362)
At 31 December 2016	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
Accumulated depreciation					
At 1 January 2016	3,020,908	19,056,813	640,889	-	22,718,610
Depreciation	50,995	376,337	575,117	34,665	1,037,114
Written off	(302)	(126,481)	-	-	(126,783)
At 31 December 2016	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
Carrying amount					
At 31 December 2016	357,398	13,400,375	10,623,594	4,418,689	28,800,056
At 31 December 2017	293,125	13,229,667	10,049,558	3,961,440	27,533,790

15. Property, plant and equipment (continued)

	Furniture, and fittings	Plant, equipment and machinery	Leasehold property	Total
	S$	S$	S$	S$
Corporation				
Cost				
At 1 January 2016	3,197,458	23,054,453	11,839,600	38,091,511
Additions	225,991	680,708	-	906,699
Transferred to subsidiary	(1,433,947)	(15,569,991)	-	(17,003,938)
Written off	(640)	(140,722)	-	(141,362)
At 31 December 2016	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
Accumulated depreciation				
At 1 January 2016	3,020,908	19,056,813	640,889	22,718,610
Depreciation	40,410	137,571	575,117	753,098
Transferred to subsidiary	(1,327,670)	(11,567,168)	-	(12,894,838)
Written off	(302)	(126,481)	-	(126,783)
At 31 December 2016	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
Carrying amount				
At 31 December 2016	255,516	523,713	10,623,594	11,402,823
At 31 December 2017	203,330	757,884	10,049,558	11,010,772

15. Property, plant and equipment (continued)

Asset held under finance leases

During the financial year, the Group acquired plant, equipment and machinery with an aggregate cost of Nil (2016: S$8,750,451) by means of finance leases. The cash outflow on the purchase of plant and machinery amounted to S$1,143,735 (2016: S$5,728,396).

The carrying amount of plant and machinery held under finance leases at the end of the reporting period was S$8,106,495 (2016: S$1,381,559).

Leased assets are pledged as security for the related finance lease liabilities (Note 18).

Assets pledged as security

In addition to assets held under finance leases, the following fixed assets are secured for the following facilities:

Asset	Carrying amount	Secured for
i) Leasehold property	S$10,049,558 (2016: S$10,623,594)	Term loan (Note 19)
ii) Plant, equipment and machinery	Nil (2016: S$7,321,218)	Equipment loans (Note 17)

16. Trade and other payables

	Group		Corporation	
	2017	2016	2017	2016
	S$	S$	S$	S$
Trade payables	2,177,824	5,897,189	1,628,747	2,158,074
Non-trade payables	1,919,224	616,539	1,692,780	390,081
Accruals	5,436,540	5,852,425	3,639,189	5,066,894
Deposits received	483,714	699,114	483,714	699,114
GST payables	268,402	-	287,682	251,732
Others	36,000	3,000	36,000	3,000
	10,321,704	13,068,267	7,768,112	8,568,895

Trade payables are non-interest bearing and are generally on 30-90 days' terms (2016: 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 Dollars.

17. Equipment loans

Equipment loans pertain to the purchase of the Group's plant and equipment. It was fully recognised as finance lease as the loans were 95% drawn down.

Equipment loans are subject to effective interest rate of 0.24% per month. Interest are fixed at the contract date.

Equipment loans are secured by the Group's plant and equipment (Note 15).

Equipment loans are denominated in Singapore Dollars.

18. Finance leases

	Minimum payment S$	Finance charges S$	Present value S$
Group			
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
2016			
Minimum lease payments payable:			
Due within one year	184,344	19,510	164,834
Due within two to five years	737,376	78,041	659,335
Due after five years	508,409	53,925	454,484
	1,245,785	131,966	1,113,819
	1,430,129	151,476	1,278,653

The Group has finance leases for plant equipment 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.

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 Dollars.

19. Term loan

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
	S$	**S$**	**S$**	**S$**
Within one year	387,663	371,674	387,663	371,674
Later than one year but not later than five years	1,673,690	1,619,990	1,673,690	1,619,990
Later than five years	4,847,872	5,273,681	4,847,872	5,273,681
	6,521,562	6,893,671	6,521,562	6,893,671
	6,909,225	7,265,345	6,909,225	7,265,345

On 18 November 2014, the Corporation entered into a mortgage loan with a financial institution, which is secured by the Group's leasehold property with a carrying amount of S$10,049,558 (2016: S$10,623,594) (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	8,050,000	Fixed at 1.80% p.a. effective 3 months from the date hereof or date drawdown of the loan for the first year	S$43,659 per month for first year
		Fixed at 1.98% per annum for the second year	S$44,334 per month for second year
		1.75% p.a. below the prevailing Commercial Property Rate for the third year	Thereafter, monthly instalment to be fixed by the financial institution
		1.52% p.a. below the financial instituition's prevailing Commercial Property Rate thereafter	

Term loan is denominated in Singapore Dollars.

20. Provision for linen loss

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

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
	S$	**S$**	**S$**	**S$**
The movement in provision of linen loss:				
At 1 January	168,093	132,000	102,093	132,000
Provision made during the year	132,000	66,000	-	-
Utilisation	(80,802)	(29,907)	(19,815)	(29,907)
At 31 December	219,291	168,093	82,278	102,093

21. Capital account

	Group and Corporation	
	2017	**2016**
	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

22. Fair value reserve

Fair value reserve records the cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired.

	Group		Corporation	
	2017	**2016**	**2017**	**2016**
	S$	**S$**	**S$**	**S$**
At beginning of the year	35,500	199,001	35,500	199,001
Loss during the year	(18,260)	(163,501)	(18,260)	(163,501)
At end of the year	17,240	35,500	17,240	35,500

23. 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	
	2017	2016
	S$	S$
Not later than one year	652,742	707,559
Later than one year but not later than five years	489,491	1,169,874
	1,142,233	1,877,433

Minimum lease payments of the Group recognised as an expense in profit or loss for the financial year ended 31 December 2017 amounted to S$601,767 (2016: S$392,782)

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 follow:

	Corporation	
	2017	2016
	S$	S$
Not later than one year	1,066,440	855,240
Later than one year but not later than five years	747,030	1,496,670
	1,813,470	2,351,910

24. 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	
	2017	**2016**
	S$	**S$**
Bankers' guarantees issued on behalf of third parties	239,554	289,936
Bankers' guarantees in respect of service contracts	-	176,000
	239,554	465,936

25. Net assets of Yellow Ribbon Fund

SCORE established Yellow Ribbon in 2004 as one of CARE Network's key initiative, the Yellow Ribbon 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 (UEN) is T04CC1808H.

25. Net assets of Yellow Ribbon Fund (continued)

Statement of financial activities of the fund are as follow:

	Group and Corporation	
	2017	**2016**
	S$	**S$**
Donations received	841,244	962,596
Events income	1,176,870	450,741
Grants & Bursary	466,746	643,307
Sales of items	3,596	10,687
Miscellaneous income	11,704	199,984
	2,500,160	2,267,315
Audit fee	4,718	33,019
Bank charges	2,842	1,902
Charity golf expenses	-	62,008
Charity Management System Maintenance Fee	4,280	2,140
Community art exhibition expenses	1,469	3,813
Depreciation	18,047	12,032
Fund raising expenses	221,210	12,974
General and miscellaneous expenses	34,927	26,742
Other events expenses	5,494	22,909
Printing and stationery	1,954	4,303
Production of yellow ribbon pack	-	7,448
Research fee	-	10,000
Staff costs	443,415	376,154
Supplies and material costs	-	3,493
Transport	7,306	16,409
Volunteer expenses	-	1,727
YBR programme expenses	64,387	-
YBR tuition fee	264,724	44,936
YMCA youth for course expenses	785	1,095
	1,075,558	643,104
Operating surplus for the year	1,424,602	1,624,211
Disbursement of funds	(1,013,895)	(2,260,921)
Interest income	12,118	8,695
	(1,001,777)	(2,252,226)
Surplus/(deficit) for the year	422,825	(628,015)
Surplus/(deficit) for the year	422,825	(628,015)
Accumulated fund at beginning of the year	4,587,344	5,215,359
Accumulated fund at end of the year	5,010,169	4,587,344

25. Net assets of Yellow Ribbon Fund (continued)

Statement of financial position of the Fund are as follow:

	Group and Corporation	
	2017	2016
	S$	S$
Represented by:		
Current assets		
Other receivables	359,960	541,577
Prepayments	5,565	37,921
Fixed deposits with bank	1,339,960	1,329,700
Cash and cash equivalents	3,563,049	2,779,131
	5,268,534	4,688,329
Non-current assets		
Plant and equipment	24,064	42,111
Current liabilities		
Other payables	282,429	143,096
Net assets	5,010,169	4,587,344

26. 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	
	2017	2016
	S$	S$
Sales to subsidiary company	106,418	122,764
Purchase from subsidiary company	52,863	130,455
Interest expense charged to subsidiary company	-	105,600
Rental income from subsidiary company	1,051,040	88,866
Management fee from subsidiary company	187,575	617,932

26. Significant related party transactions (continued)

Key management's remuneration and allowance

Key management personnel compensation is as follows:

	Group	
	2017	2016
	S$	S$
(i) Board members' allowance	149,063	161,250
(ii) Director fee of subsidiary	30,221	-
(iii) Other key management members' remuneration		
Short-term employee benefits	1,130,032	1,406,846
	1,309,316	1,568,096

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 arising from the inability of the counterparty to meet the terms of the Group's financial contracts is generally limited to the amounts, if any, by which the counterparty's obligations of the Group. It is the Group's policy to enter into financial instruments with a diversity of creditworthy counterparties. Therefore, the Group does not expect to incur any material losses on its risk management or other financial instruments.

The carrying amount of trade and other receivables, other current assets, investment securities and cash and bank balances represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk. Surplus are placed with reputable banks and/or invested in equity shares and bonds.

Concentrations of credit risk with respect to the trade receivables are limited due to the Corporation's large number of customers who are covering a large spectrum of industries and having a variety of end markets in which they sell. Due to these factors, management believe that no additional credit risk beyond amounts provided for collection losses is inherent in the Corporation's trade receivables.

27. Financial risk management (continued)

a. Credit risk (continued)

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	
	2017	2016	2017	2016
	S$	S$	S$	S$
By business segments:				
Industrial Space Leasing	492,776	692,456	492,776	692,456
Business Outsourcing	544,015	457,616	544,015	457,616
Bakery	307,461	749,460	307,461	749,460
Central Kitchens	4,322,502	3,849,329	4,322,502	3,849,329
Laundry	3,063,662	5,250,887	-	84,091
Logistics Management and Planning	1,195,241	1,563,956	1,195,241	1,563,956
Others	1,582,797	486,708	1,582,797	864,320
	11,508,454	13,050,412	8,444,792	8,261,228

b. Liquidity risk

Liquidity risk is the risk that the Group or the Corporation will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Corporation's exposure to liquidity risk are minimal as they adopt prudent liquidity risk management by regularly reviewing its cash flow needs, maintaining sufficient cash from its internally generated cash flow and putting in place adequate financing arrangement.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

27. Financial risk management (continued)

b. Liquidity risk (continued)

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 2017					
Financial assets:					
Cash and cash equivalents	5,967,548	5,994,402	5,994,402	-	-
Held-to-maturity financial assets	7,740,274	7,740,274	2,015,130	5,725,144	-
Available-for-sale financial assets	3,127,741	3,127,741	-	3,127,741	-
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 assets	36,199,680	36,226,534	27,373,649	8,852,885	-
Financial liabilities:					
Trade and other payables	10,321,706	10,321,706	10,321,706	-	-
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	24,688,800	27,381,842	12,095,885	7,096,717	8,189,240
Net undiscounted financial assets/(liabilities)	11,510,880	8,844,692	15,277,764	1,756,168	(8,189,240)

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 2016					
Financial assets:					
Cash and cash equivalents	3,903,530	3,903,530	3,903,530	-	-
Held-to-maturity financial assets	6,785,628	6,785,628	-	6,785,628	-
Available-for-sale financial assets	6,142,898	6,142,898	-	6,142,898	-
Trade and other receivables	18,993,746	18,993,746	18,993,746	-	-
Other current assets	106,097	106,097	106,097	-	-
Total undiscounted financial assets	35,931,899	35,931,899	23,003,373	12,928,526	-
Financial liabilities:					
Trade and other payables	13,068,267	13,068,267	13,068,267	-	-
Equipment loans	3,715,221	3,770,206	3,770,206	-	-
Finance leases	1,278,653	1,430,129	184,344	737,376	508,409
Term loan	7,265,345	9,310,916	612,939	2,451,757	6,246,220
Total undiscounted financial liabilities	25,327,486	27,579,518	17,635,756	3,189,133	6,754,629
Net undiscounted financial assets/(liabilities)	10,604,413	8,352,381	5,367,617	9,739,393	(6,754,629)
Corporation					
At 31 December 2017					
Financial assets:					
Cash and cash equivalents	3,484,448	3,484,448	3,484,448	-	-
Held-to-maturity financial assets	7,740,274	7,740,274	2,015,130	5,725,144	-
Available-for-sale financial assets	3,127,741	3,127,741	-	3,127,741	-
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	7,768,112	7,768,112	7,768,112	-	-
Term loan	6,909,225	8,719,383	612,939	2,451,757	5,654,687
Total undiscounted financial liabilities	14,677,337	16,487,495	8,381,051	2,451,757	5,654,687
Net undiscounted financial assets/(liabilities)	15,971,675	14,161,517	13,415,076	6,401,128	(5,654,687)

27. Financial risk management (continued)

b. Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

Corporation (continued)					
At 31 December 2016					
Financial assets:					
Cash and cash equivalents	2,012,890	2,021,948	2,021,948	-	-
Held-to-maturity financial assets	6,785,628	6,785,628	-	6,785,628	-
Available-for-sale financial assets	6,142,898	6,142,898	-	6,142,898	-
Trade and other receivables	13,975,799	13,975,799	13,975,799	-	-
Other current assets	102,585	102,585	102,585	-	-
Total undiscounted financial assets	29,019,800	29,028,858	16,100,332	12,928,526	-
Financial liabilities:					
Trade and other payables	8,568,895	8,568,895	8,568,895	-	-
Term loan	7,265,345	9,310,916	612,939	2,451,757	6,246,220
Total undiscounted financial liabilities	15,834,240	17,879,811	9,181,834	2,451,757	6,246,220
Net undiscounted financial assets/(liabilities)	13,185,560	11,149,047	6,918,498	10,476,769	(6,246,220)

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	
	2017	**2016**
	S$	**S$**
Not later than 3 years	132,386	185,404
Later than 3 years	107,168	56,240
	239,554	241,644

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.

27. Financial risk management (continued)

c. Market risk (continued)

Sensitivity analysis for market risk

A 10% (2016: 10%) increase/(decrease) in the underlying bonds prices at the statement of financial position date would increase/(decrease) the equity by the following amount:

	The Corporation	
	2017	2016
	S$	S$
Financial assets, available-for-sale	312,774	614,290

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 0.05% (2016: 3%) lower/higher with all other variables held constant, the Group's profit would have been S$3,399 (2016: S$28,570) 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 equivalent 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.

28. Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

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

28. Fair values (continued)

Finance leases and term loans

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

Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	S$	S$	S$
2017			
Financial assets:			
Held-to-maturity financial assets (Note 8)			
- Equity securities (quoted)	7,740,274	-	-
Available-for-sale financial assets (Note 12)			
- Equity securities (unquoted)	-	3,127,741	-
	7,740,274	3,127,741	-
2016			
Financial assets:			
Held-to-maturity financial assets (Note 8)			
- Equity securities (quoted)	6,785,628	-	-
Available-for-sale financial assets (Note 12)			
- Equity securities (quoted)	2,996,897	-	-
- Equity securities (unquoted)	-	3,146,001	-
	9,782,525	3,146,001	-

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.

29. Financial instruments by category

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

	Group		Corporation	
	2017	2016	2017	2016
	S$	S$	S$	S$
Loans and receivables				
Cash and cash equivalents (Note 8)	5,967,548	3,903,530	3,484,448	2,012,890
Trade and other receivables (Note 10)	17,757,627	18,993,746	14,693,965	13,975,799
Other current assets	1,606,490	106,097	1,602,584	102,585
Total loans and receivables	25,331,665	23,003,373	19,780,997	16,091,274
Financial liabilities measured at amortised cost				
Trade and other payables (Note 16)	10,321,706	13,068,267	7,768,112	8,436,895
Equipment loans (Note 17)	-	3,715,221	-	-
Finance leases (Note 18)	7,457,869	1,278,653	-	-
Term loan (Note 19)	6,909,225	7,265,345	6,909,225	7,265,345
Total financial liabilities measured at amortised cost	24,688,800	25,327,486	14,677,337	15,702,240

30. 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 2017 and 2016.

31. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2017 were authorised for issue by the Board on the date of the Statement by the Board.

Singapore
Corporation of
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Building Bridges, Changing Lives

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