BEYOND SECOND CHANCES

Yellow Ribbon
sg Beyond Second Chances

OVERVIEW

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

Here at Yellow Ribbon Singapore, we inspire community action to unlock ex-offender's potential by helping them enhance their skills acquisition and career growth

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

Organisations are faced with constant disruptions. At Yellow Ribbon Singapore (YRSG), we have experienced profound changes at the organisational front and in the aftercare sector.

A Harvard Business Review article titled "Disruption Starts with Unhappy Customers, not Technology" highlighted that disruptions are customer-driven. This is so true. Our customers include not just offenders and ex-offenders, but also the larger community we serve, as well as our staff. Thus, YRSG embarked on a transformation journey to rethink the way we work and re-organise ourselves to make our work more impactful.

On 1 May 2020, YRSG was rebranded from Singapore Corporation of Rehabilitative Enterprises or SCORE as we had been known for many years. This was a key recommendation from the Branding Committee in its review to enhance the corporate and brand image for the organisation. A taskforce was set up to bring the concept to fruition. The taskforce took care of the finer details to make the rebranding to YRSG a reality. I am extremely thankful to the many individuals who contributed to this successful endeavour.

As part of our transformation and rebranding efforts, we underwent two rounds of re-organisation.

First, we consolidated YRSG's Business Enterprise and Industry (BEI) Division into our wholly-owned subsidiary, YR Industries Pte Ltd (YRI) in July 2019. This was a strategic move for YRSG to focus on skills and long-term career development and mobility of ex-offenders, as well as building up the aftercare sector to collectively enhance the support for ex-offenders.

Second, we re-organised into the Corporate Development Group and Reintegration Group in November 2019 to better achieve our purpose. We strengthened our planning and transformation functions within the Corporate Development Group by setting up a strategic technology planning outfit to develop YRSG's digital and technology roadmap. This roadmap would ensure that YRSG has the necessary infrastructure to leverage on data analytics and harness new technologies.

Following the re-organisation, Matthew, CEO of YRSG, was concurrently appointed as CEO of YRI on 1 November 2019. His expanded role was instrumental in further improving the synergy between YRSG and YRI. I am grateful that Matthew took up the challenge and I am confident that both organisations would succeed under his leadership.

At the Board level, our transformation efforts included the renaming of the Rehabilitative Committee and establishment of the Reintegration Committee in 2019.

First, the Rehabilitative Committee was renamed as the Employability and Employment Committee to better encapsulate the objectives of the committee, which extended beyond simply training offenders for employment.

Second, we set up the Reintegration Committee to support YRSG's strategic direction in the area of aftercare. The committee is headed by Mr Wan Shung Ming, who previously served as Chairperson of the Industry & Development Committee closed in August 2018. Comprising members from various agencies like the Singapore Federation of Chinese Clans & Associations (SFCCA), Chinese Development Assistance Council (CDAC), MENDAKI SENSE, Association of Malay/Muslim Professionals (AMP) and Singapore Indian Development Association (SINDA), the committee garners support from stakeholders nationwide to partner YRSG in reducing recidivism rates by leveraging on pro-social support networks for offenders, among other initiatives.

Apart from YRSG's re-organisation, 2019 was exciting for many other reasons.

On the Careers front, I am pleased to note that of all the offenders YRSG assisted, 96% of them secured employment before their release. For the Career Trial (CT) programme with Workforce Singapore, 70% of the offenders that we placed on CT performed well and were offered permanent positions at the end of their trial periods. This encouraging result would not have been possible without the hard work of our staff and partners.

In the area of skills training for offenders, we expanded our training curriculum both in prisons and in the community. In July 2019, we signed a memorandum of understanding with the Singapore Precision Engineering and Technology Association to help raise the employability potential of offenders within the Precision Engineering industry. This is an exciting new partnership and I am hopeful that we will continue to inspire more employers to partner us and offer employment to ex-offenders.

Understanding that training should not only occur in the confines of prisons, we leveraged on SkillsFuture Singapore's SkillsFuture series to deepen the offenders' skills after their release from prisons. Since September 2019, we have enrolled over 200 offenders for the SkillsFuture for Digital Workplace programme in the community to better prepare them to embrace technology as Singapore gears up to be a Smart Nation. The employment landscape will be rather uncertain in 2020. In the immediate short term, YRSG would align our skills training based on the SG United Jobs & Skills package. We are in the midst of better understanding the key shifts in various sectors based on existing collaborations with industry partners. These would form the longer term plans enabling offenders to pursue suitable careers, including the type of digital as well as other new and emerging skills they should be equipped with.

On the community engagement front, 2019 was an eventful year. We saw the reintroduction of the Yellow Ribbon Culinary Competition in July 2019. Organised in collaboration with The Singapore Chef Association, the competition provided a platform for offenders to express their culinary creativity, hone their skills and strengthen their bonds with their loved ones.

The Yellow Prison Run 2019 was a spectacle and a record-setting event. We witnessed the enthusiastic participation of 10,000 supporters (second time we reached this number since its inception) who demonstrated their belief in giving second chances. I am proud to note that we raised over $120,000 from the run.

In addition, we had the generous support from Julie's Biscuits in our first joint exhibition at Our Tampines Hub in September 2019. A strong supporter of the Yellow Ribbon Project since 2014, Julie's Biscuits furthered their collaboration with us through the exhibition, where art pieces and inspirational stories by ex-offenders as well as art workshops took centre stage.

Our people are at the heart of what we do. They are the invaluable assets to our organisation and our enablers of change. As part of our ongoing efforts to make positive changes to our work and workplace, we introduced new technologies and changes to our environment and work practices. For example, we have eased the process for transportation claims by allowing staff to use Grab for Business. At the same time, we have adopted the use of CalSync for staff to view their work calendars on the move.

As many staff would have noticed, we have introduced subtle but significant changes to our office space. We are now welcomed by the sight of fresh flowers upon entering our office, and light music enlivens the mood. Telecommuting has become more commonplace, and the need to be dressed in office wear is no longer a must. Quite the contrary, we are actively promoting casual wear so that all of us can work more comfortably.

We concluded 2019 on a high note with YRSG's participation in the Home Team Festival (HTF) 2019, where we extended our reach and promoted our cause to over 100,000 visitors over three days. Our baked products by offenders proved immensely popular, stealing the hearts of many old and new-found fans, while our Yellow Ribbon display attracted many visitors to pen heartwarming messages in support of offenders and ex-offenders. To top it all, we celebrated the victory of Alan, Director of Technology@YR, in the Home Team Ultimate Guardian Challenge which showcased YRSG's might within the Home Team.

2019 would not have been a successful one without the guidance from our Board Committees.

First, I would like to thank the Branding Committee – led by Mr Peter Ong and comprising Ms Sharon Ang, Ms Chew Lee Ching, Ms Josephine Gan, and Associate Professor Vincent Chua – for kickstarting and accompanying us through our rebranding journey. Second, I would like to thank the Establishment Committee – headed by Mr Yeo Meng Hin and comprising Ms Sharon Ang, Ms Shirlyn Ng, Mr Lim Kian Kok, Mr Ethan Tan, Mr Mayank Parekh and Ms Susan Mary de Silva – for its guidance on YRSG's re-organisation. Third, I am grateful to the Strategic Review Committee – led by Dr Kee Kirk Chin and Deputy Commissioner of Prisons, Ms ShieYong Lee, and comprising Mr Abdul Rohim, Mr Thiagarajan, Mr Wan Shung Ming, Mr Yeo Meng Hin, Mr Lim Zhi Yang and Mr Terrence Goh – for providing invaluable inputs on YRSG's future directions.

There are new possibilities and opportunities awaiting us in 2020. I am also aware that there will be challenges as we strive to be the lead agency in advocating for second chances. Nonetheless, I am confident our efforts will bear fruit through the continued support of our staff and partners.

We will also continue to transform our workplace so that it remains attractive and existing staff and the new generation of officers can be inspired to give their best for offenders, ex-offenders and their families. Together, we can and will move the needle towards a safer, more inclusive and cohesive society where ex-offenders pay it forward by giving back.

CHNG HWEE HONG
Chairman
Yellow Ribbon Singapore

BOARD OF DIRECTORS
As of 30 Apr 2020

As of 30 Apr 2020

OUR BOARD COMMITTEES

Audit & Risk Management Committee

Chairman
Dr Kee Kirk Chin

Members
Mr David Toh Seng Hong
Mr Zhulkarnain Abdul Rahim
Ms Carolyn Kan Hsueh Yee
Mr Loh Teck En
Dr Jonathan Pan
Mr Chun Wai Seng
Mr Bernard Soh Hong Kuan
Ms Kuldip Gill
Ms Hah Yanying

Establishment Committee

Chairman
Mr Yeo Meng Hin

Members
Ms Sharon Ang Ee Hsien
Ms Shirlyn Ng Siok Har
Mr Lim Kian Kok
Mr Ethan Tan
Mr Mayank Parekh
Ms Susan Mary de Silva

Investment & Finance Committee

Chairman
Mr Abdul Rohim Bin Sarip

Member
Mr Jason Leow
Mr Khoo Tiam Hock Vernon
Ms Koh Chiao-Jian Felicia
Mr Lau Tai San
Dr Ernest Kan

Employability & Employment Committee

Chairman
Mr Thiagarajan s/o Subramaniam

Members
Mr Zhulkarnain Abdul Rahim
Ms Mable Chan
Mr Siew Heng Kwok
Mr Gary Goh Choon Siah
Mr Chua Chim Kang
Mr Lim Fung Wan Colin
Mr Daniel Teo
Ms Lee Kwai Sem
Mr Tan Tho Eng Darren
Ms Susan Mary de Silva

Branding Committee

Chairman
Mr Peter Ong

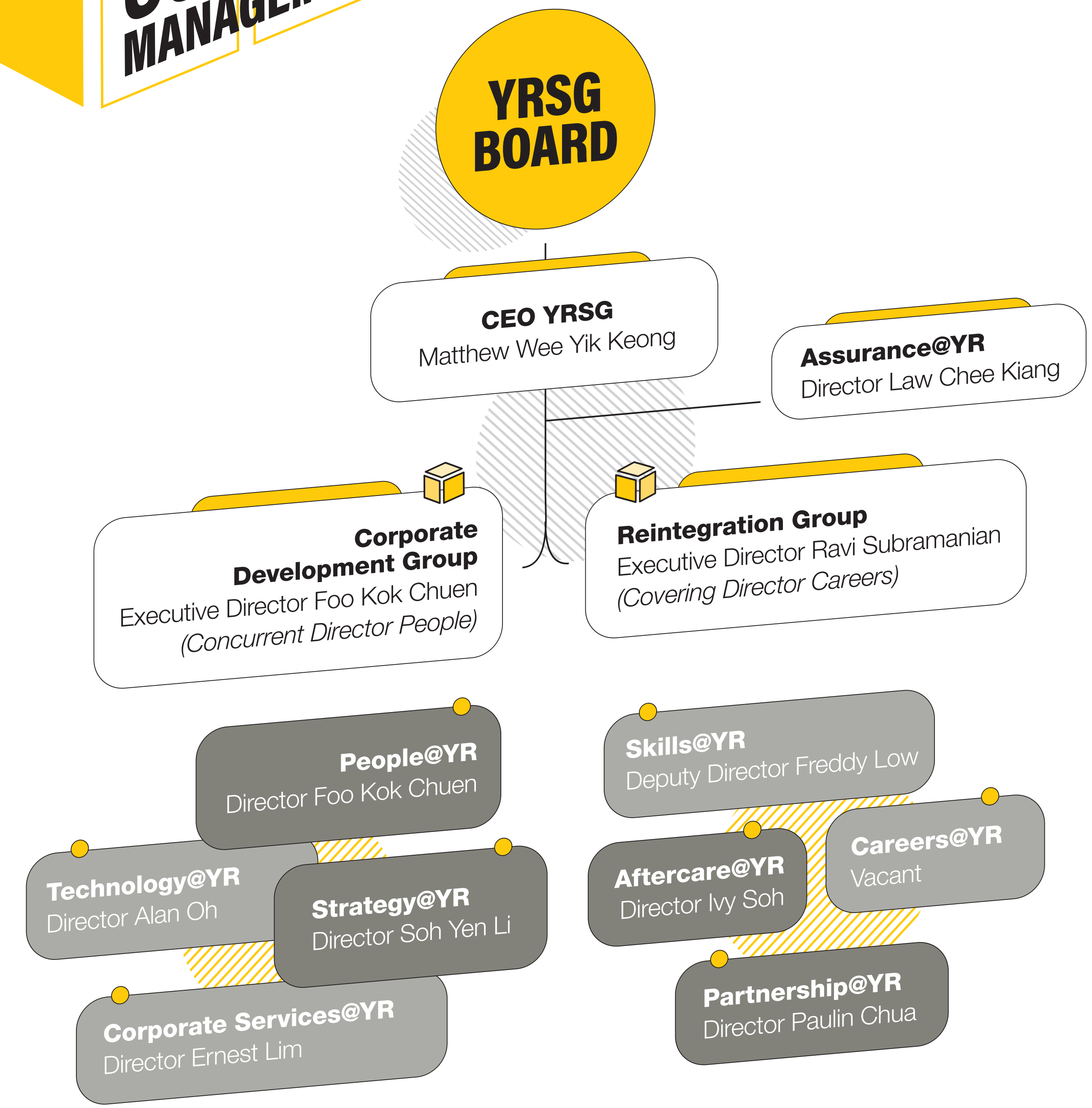
Members
Ms Sharon Ang Ee Hsien
Ms Chew Lee Ching
Ms Josephine Gan Ser Khoon
Associate Prof Vincent Chua

Reintegration Committee

Chairman
Mr Wan Shung Ming

Members
Mr Thomas Pek
Mr Zhulkarnain Abdul Rahim
Mr Terrence Goh Leng Chuang
Mr Lim Kok Thai
Mr Tan Aik Hock
Mr Khew Sin Khoon
Mr Anbarasu Rajendran
Mr Faiz Selamat
Mr Jabez Koh
Mr Azmi Bin Rahman
Ms Lim Chiu Loo
Mr Lim Lee Meng
Ms Hah Yanying

OUR TEAM MANAGEMENT TEAM



FROM SCORE TO YRSG – INSTITUTIONALISING THE YELLOW RIBBON PROJECT

"This is the next bound for the Yellow Ribbon cause. A society where ex-offenders are actively paying it forward and giving back to the community is a more inclusive and cohesive society. Let us strive towards that."

MR MATTHEW WEE YIK KEONG,
Chief Executive Officer of YRSG.

"The rebranding of SCORE as Yellow Ribbon Singapore will help it achieve its mission more effectively, to raise awareness, generate acceptance and inspire action for the reintegration of ex-offenders into society. For ex-offenders, what is important is not only acceptance from the community, but a sense of personal fulfillment in being able to contribute to their families' well-being, through holding down a stable job. I am thankful to employers, companies and organisations which continue to support this noble cause of giving our ex-offenders a second chance in life, and in this way contribute to a more inclusive Singapore."

MRS JOSEPHINE TEO,
Minister for Manpower and Second Minister for Home Affairs

Rebranding of SCORE as Yellow Ribbon Singapore

Yellow Ribbon Singapore (YRSG) is a statutory board under the Ministry of Home Affairs. It was established on 1 April 1976 as the Singapore Corporation of Rehabilitative Enterprises (SCORE) and rebranded as YRSG on 1 May 2020.

YRSG was established on 1 April 1976 to provide inmates with vocational and skills training, and to assist them in securing jobs after release, to aid their reintegration into society. Over the years, YRSG's role has expanded to include providing rehabilitative and aftercare support and services to inmates and ex-offenders.

YRSG collaborates closely with 7,000 partners across the private, public and people sectors to help ex-offenders rebuild their lives through training, employment assistance and engagement with the community, such as through the Yellow Ribbon Project (YRP). Since its inception, YRSG has provided training for more than 200,000 inmates, helped over 100,000 ex-offenders secure jobs, and extended assistance through reintegration programmes and social support services to over 50,000 ex-offenders and their families. Through the YRP, YRSG has also galvanised wide community support and acceptance of ex-offenders.

Yellow Ribbon sg Beyond Second Chances

Rebranding of SCORE to YRSG

The term "Yellow Ribbon" has become synonymous with second chances for reformed ex-offenders. The rebranding of SCORE to YRSG will strengthen its association in the public eye, with its mission to champion the reintegration of ex-offenders into society. With this rebranding, YRSG will adopt a new tagline – "Beyond Second Chances".

Beyond Second Chances

However, in a society without second chances, ex-offenders who leave the first physical prison will find themselves entering a second social prison.

Therefore it is not enough to give an offender a skill, he will require a job that can lead to a long-term career. It is not enough to ask an offender to renounce his gang and past, his family needs to accept him back, and the community must be ready to reintegrate him.

Ex-offenders are not mere recipients of second chances. When successfully reintegrated, they can pay it forward and actively give back to the community too. As individuals, or collectively as a community.

Individuals, organisations and employers do not just offer second chances when they can accept an ex-offender. In fact, their actions inspire others as well. Together, our collective effort can build a safer and more inclusive society.

FROM JOB PLACEMENT TO LONG-TERM CAREER DEVELOPMENT

STRENGTHEN NEXUS BETWEEN ACQUISITION AND UTILISATION OF SKILLS

Career Trial

YRSG partnered Workforce Singapore (WSG) to place offenders on Career Trial (CT) since November 2018. CT is an enhancement of the Work Trial scheme under WSG's Adapt and Grow initiative. The programme allows employers to assess jobseekers' job fit through a short-term work stint before offering them formal employment. In 2019, the programme was expanded and saw an increase in number of employers signing up for the programme.

Success Story

Here is a success story of an ex-offender who had excelled at work and benefited from the CT programme. His accomplishments would not have been possible without the unwavering support from his employer – The Privé Group.

Through YRSG's job placement service, Oliver (not his real name) was offered the opportunity to work at The Prive Group as a Service Crew in May 2019. He was amongst the first few CT candidates that The Privé Group had hired on board. Prior to his release, Oliver had undergone various WSQ certified training in prisons. This helped him to acquire the relevant skills and WSQ certifications required to perform his job. He had since successfully completed the trial and was offered a permanent position.

Within a span of 5 months, Oliver's capability and hard work was recognized by his employer; he was promoted to a Supervisor. He also received a salary increment of approximately 40%. Subsequently, he was assigned the role of a Mentor to coach new ex-offender hires, playing a key role in guiding and helping them transit into a new work environment. Oliver is currently a trainee manager undergoing an in-house barista training to deepen his skillsets and enhance his employability potential.

"At Prive, we strongly believe in inclusive hiring and providing equal opportunities to individuals ex-offenders who have met the job requirements. Everyone has a story. Regardless of background, we believe in people and their potential. We are here to give offenders the platform to discover that and grow from within themselves. Instead of being judgmental, we adopt a more personalised approach and give them a chance to be someone better. Having people from different backgrounds prompts all of us to learn from the challenges and become better. This is what keeps us going."

PRIVE SPOKESPERSON

LEVERAGE ON INDUSTRY TRANSFORMATION MAPS TO INCREASE EMPLOYMENT OPPORTUNITIES IN KEY GROWTH SECTORS

Collaboration with the Singapore Precision Engineering and Technology Association

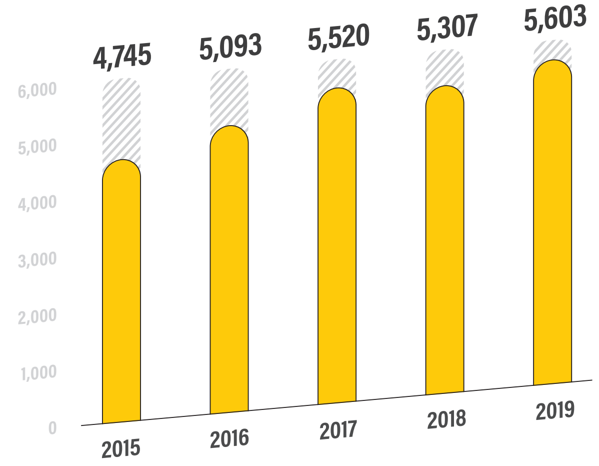
On 26 July 2019, YRSG signed a Memorandum of Understanding (MOU) with the Singapore Precision Engineering and Technology Association (SPETA). The MOU aims to boost the employability potential of inmates in the Precision Engineering industry through training and job placement. At the same time, the MOU also seeks to provide an alternative source of local manpower to SPETA member companies.

As part of the MOU, inmates will be equipped with the relevant skills and certifications to meet the demands of the Precision Engineering industry. YRSG will also facilitate their employment by companies who are members of SPETA member companies and assign Career Coaches to provide retention support for up to 12 months to ex-offenders upon employment.

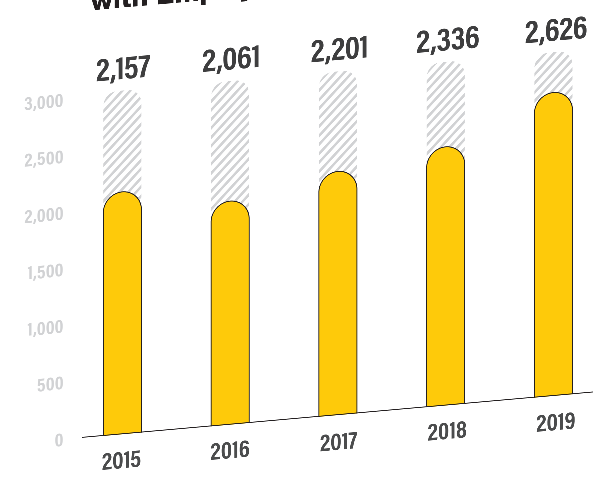
Graced by Minister for Manpower & Second Minister for Home Affair Mrs Josephine Teo, the MOU was signed by CEO YRSG Mr Matthew Wee Yik Keong and Deputy Chairman SPETA Mr Philip Kia. This MOU was facilitated by the Singapore Chinese Chamber of Commerce and Industry (SCCCI), who had been instrumental in strengthening YRSG's nexus with industry partners.

PERFORMANCE HIGHLIGHTS

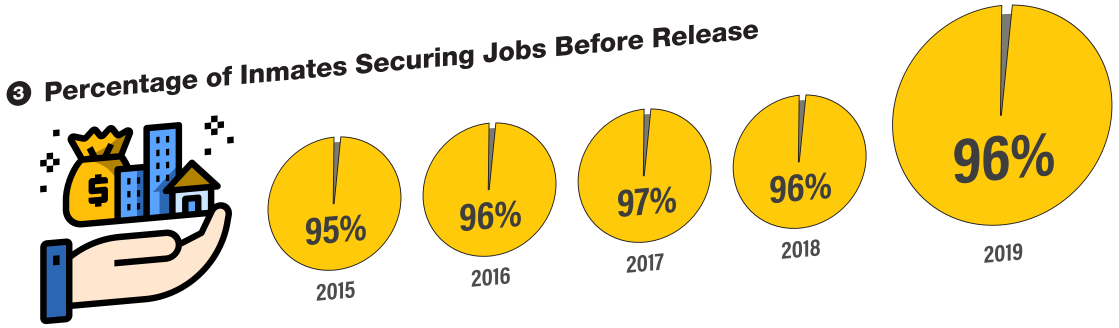
❶ Number of Employers Registered



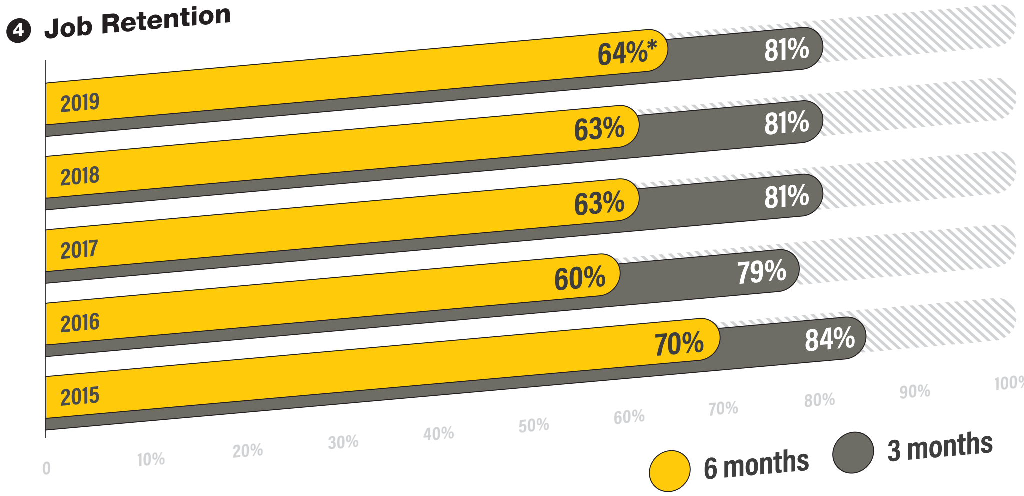
❷ Number of Inmates Assisted with Employment Before Release



❸ Percentage of Inmates Securing Jobs Before Release



❹ Job Retention



* Provisional as of April 2020

FROM TRAINING IN PRISON TO LIFELONG LEARNING AND SKILLS DEEPENING

SHAPE OFFENDERS' MINDSET AND ATTITUDE TOWARDS LIFELONG LEARNING AND CAREER AMBITION

Work Programme

Work Programme for inmates is administered through commercially-run business units within prisons. It aims to cultivate positive work ethics, impart market-relevant skills, and develop teamwork and communication skills for their eventual reintegration into the Singapore workforce as productive and contributing citizens. The work programme is implemented in two ways, namely by the private companies participating in YRSG's Private Sector Participation Scheme and through YRSG's subsidiary, YR Industries Pte Ltd.

Private Sector Participation Scheme (PPS)

YRSG 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. YRSG and Singapore Prison Service will manage the rehabilitation and discipline of inmates. Inmates gain employability skills such as teamwork, quality control and communication skills through the work programme. PPS business operations include food manufacturing, post-print production, call centre operations and secondary repackaging works.

Mr Andrew Lim, Manager of Naturepack Pte Ltd, one of YRSG's food manufacturing hub tenants, shared his views on YRSG's PPS:

"We are privileged to be part of the inmates' journey as part of the Private Sector Participation Scheme. Through the time spent working together with the inmates, we strive towards having a positive impact on their lives by equipping them with strong work ethics and necessary skill sets for the food manufacturing or related industry."

MR ANDREW LIM,
Manager of Naturepack Pte Ltd

ALIGN SKILLS TRAINING WITH NATIONAL WORKFORCE STRATEGY OF ACQUIRING AND DEEPENING SKILLSETS

Skills Training for Offenders In the Community

In 2019, YRSG expanded skills training beyond in-care by leveraging on community resources to offer WSQ certified courses in growth areas such as F&B, logistics and creative industries to inmates placed in Community-Based Programme (CBP). The CBP inmates will be provided skills training through an expanded pool of certified Continuing Education and Training (CETs) centres and Approved Training Organisations (ATOs).

The Skillsfuture For Digital Workplace module was piloted for 180 inmates on CBP in 2019. This programme generated positive feedback.

In 2020, YRSG aims to extend the programme to 720 inmates and expand the number of modules from 1 to 3.

SKILLS TRAINING FOR OFFENDERS

The courses that were provided to inmates in 2019 include:

THE WORKPLACE SKILLS (WPS) SERIES - OPERATIONS LEVEL

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

WSQ CERTIFICATE IN SERVICE EXCELLENCE

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

WSQ CERTIFIED PRODUCTIVITY AND INNOVATION SPECIALIST

- WSQ Apply Continuous Process Improvement Techniques
- WSQ Apply Basic Lean Techniques in the Workplace

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 HIGHER CERTIFICATE IN FOOD SERVICES (CULINARY ARTS)

- WSQ Follow Food & Beverage Hygiene & Safety Policies & Procedures
- WSQ Maintain Quality Control Procedures
- WSQ Maintain Food & Beverage Production Environment
- WSQ Prepare Equipment and Ingredients
- WSQ Maintain Safe and Secure Working Environment
- WSQ Demonstrate Basic Moist Heat Cooking Methods
- WSQ Demonstrate Basic Dry Heat Cooking Methods
- WSQ Prepare Basic Western Stocks and Soups
- WSQ Prepare Pasta
- WSQ Prepare Western Cold Sauces
- WSQ Prepare Vegetables, Fruits, Nuts and Mushrooms
- WSQ Prepare Fish and Seafood
- WSQ Prepare Meat and Poultry

WSQ CERTIFICATE IN GENERIC MANUFACTURING (LOGISTICS, PRECISION & INTEGRATION PATHWAYS)

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

WSQ CERTIFIED OPERATIONS SPECIALIST (COS)

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

WSQ OPERATE FORKLIFT

WSQ Operate Forklift

WSQ CERTIFICATE IN RETAIL OPERATIONS

Service Leadership
Service Excellence
Productivity Improvement
Workplace Communications
Adapt to Change
Service Challenges

WSQ CERTIFICATE IN HOTEL AND ACCOMMODATION SERVICES

Provide Bell Services
Provide Workplace Safety and Security
Project a Positive and Professional Image
Provide Reservation Services
Service Public Areas
Provide Related Housekeeping Services

COMPUTER LITERACY AND MICROSOFT OFFICE TRAINING

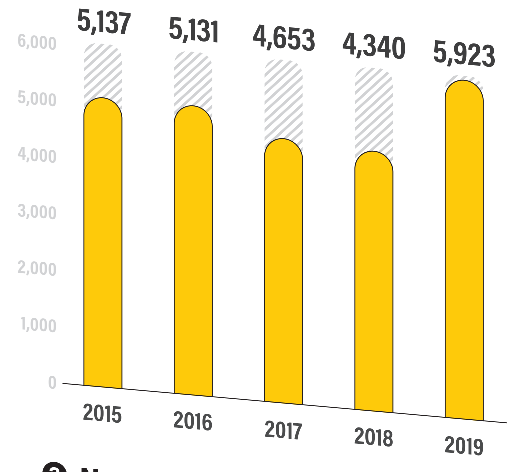
Computer Literacy
Microsoft Word
Microsoft Excel
Microsoft PowerPoint

SKILLSFUTURE SERIES

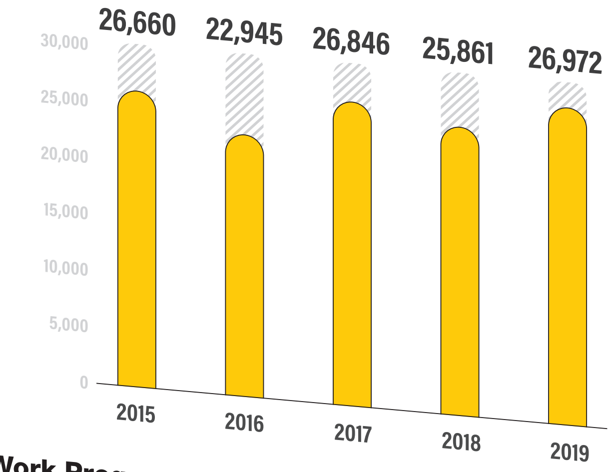
SkillsFuture For Digital Workplace

PERFORMANCE HIGHLIGHTS

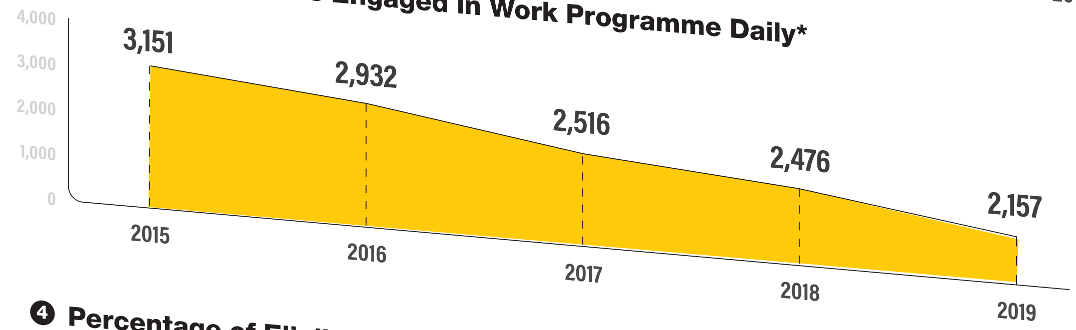
❶ Number of Inmates Trained



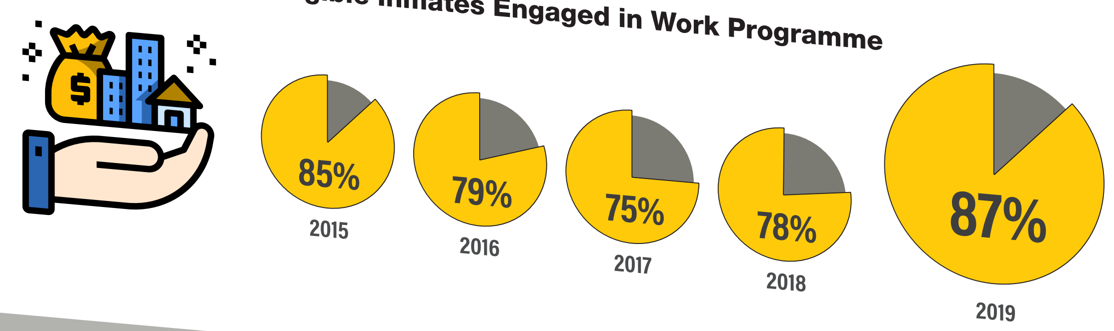
❷ Number of Training Places Taken Up by Inmates



❸ Number of Inmates Engaged in Work Programme Daily*



❹ Percentage of Eligible Inmates Engaged in Work Programme



"It was a wonderful opportunity to understand the landscape of ex-offenders and their families."

MS LILIAN ONG
Director of Social Work

FROM COMMUNITY ENGAGEMENT TO COLLECTIVE IMPACT BY WHOLE OF NATION

STRENGTHEN AFTERCARE SECTOR

CARE Network: A 20-Year Journey

The CARE Network would be celebrating its 20th anniversary in 2020. A review of CARE Network was initiated in 2019 to chart the future direction for 2020 to 2025.

More than 70 partner agencies and 350 individuals participated in this consultation exercise. CARE Network partners were forthcoming in highlighting the challenges faced, and proposed recommendations to level up competencies, and enhance operating structure and working processes. From this review, competency framework and training roadmaps for staff of Social Service Agencies (SSAs) would be developed. Professionals would be better equipped and well-placed to handhold ex-offenders and their families. Linkages between partners would also be strengthened to facilitate a seamless rehabilitation and reintegration journey. Programmes and services rendered to ex-offenders & families would be reimagined and redesigned, by adopting a person-centric perspective. This collective effort to uplift the sector would enable the CARE Network to become a tighter working outfit, as all hands are needed to come on deck to reduce the 5-year recidivism rate over the long haul.

CARE Network Seminar 2019

The CARE Network Retreat and CARE Network Seminar were organised in March 2019 and June 2019 respectively. These events were key platforms to gather views and inputs from community partners to shape and refine focal areas for the year. More than 300 aftercare professionals attended the 2 planning events. With the theme 'TransformaCN: The Future of Aftercare', the CARE Network Seminar provided opportunities for knowledge sharing on both overseas' and local's best practices. At that setting, CARE Network agencies committed to look beyond the 2-year recidivism rate and pledge to reduce the 5-year recidivism rate, which has been hovering around 40% for the past 10 years. Subsequently, the CARE Network operating structure was enhanced with the formation of three review workgroups driving sector-wide development in specific domains, namely, to professionalise the aftercare sector, improve service delivery to ex-offenders and enhance throughcare.

MOBILISE PEOPLE, PUBLIC, AND PRIVATE SECTORS FOR GREATER COLLECTIVE IMPACT

Yellow Ribbon Project

The Yellow Ribbon Project seeks to engage the community in giving ex-offenders a second chance at life. Through the various events organised in 2019, SPS Sun hopes to inspire a ripple effect of concerted community action to support ex-offenders and their families.

Key Activities and Events in 2019

YELLOW RIBBON PRISON RUN

Graced by President Halimah Yacob, the 11th edition of the Yellow Ribbon Prison Run was held on 15 September 2019. A record of 10,000 participants ran the distance to demonstrate their support for second chances.

> "To the ex-offenders standing amongst us, please know that we are on this journey with you, beyond this run. If you have the resolve to change, the community will work together with you to support your reintegration."
>
> **PRESIDENT HALIMAH YACOB**

YELLOW RIBBON COMMUNITY ART AND POETRY EXHIBITION

Jointly organised with Singapore Art Museum (SAM) and Sing Lit Station (SLS), the Yellow Ribbon Community Art & Poetry Exhibition (YRCAPE) served as a platform for inmates to reflect and showcase their talents through visual art and poetry. 2019 was the second year that poetry was included in the Exhibition. Ms Sim Ann, Senior Minister of State, Ministry of Communications and Information and Ministry of Culture, Community and Youth launched the exhibition at School of the Arts (SOTA) Gallery on 31 August 2019. The week-long exhibition displayed 23 poems and 100 art pieces crafted by inmates aligned to the theme "Moving Forward Together". 63 art pieces were adopted in 2019.

Community-Led Projects

Yellow Ribbon Project is honoured to have received support from various organisations and individuals, as we work together to help unlock the second prison. In 2019, there were two community-led projects by Julie's and Palm View Primary School, demonstrating their acceptance of ex-offenders and the creation of a more inclusive Singapore.

JULIE'S "BEST OF YOU" X YELLOW RIBBON PROJECT EXHIBITION

Julie's has been supporting the Yellow Ribbon Project since 2014. As part of their "Best of You" movement, Julie's went beyond to demonstrate their commitment in generating a more inclusive society through their first joint exhibition with Yellow Ribbon Project at Our Tampines Hub, from 19 to 22 September 2019. With the theme "A New Life Reimagined", the exhibition incorporated inspirational stories, art pieces by ex-offenders and interactive activities such as the "Colours at Play" workshop conducted by Mr Barry Yeow, an established ex-offender artist-mentor.

PALM VIEW PRIMARY SCHOOL ART EXHIBITION: "ART FROM THE HEART"

Palm View Primary School has adopted Yellow Ribbon Project as its Community Involvement Programme since 2015. Through their Artizenry Programme, they collaborate with Yellow Ribbon Project in producing paintings to raise funds for the Yellow Ribbon Fund. The Artizenry Programme is part of the school programme to develop in their students a sense of empathy through a better understanding of the Yellow Ribbon Project. As a show of support for second chances, 220 Primary 3 students worked in teams to produce paintings for display at the "Art from the Heart" Exhibition from 4 to 10 November 2019 at Buangkok Square Mall.

Yellow Ribbon Fund

The Yellow Ribbon Fund (YRF) is focused on enabling and equipping inmates and ex-offenders to reintegrate into society. Every year, about 9,000 ex-offenders are released from Singapore's Prisons and Drug Rehabilitation Centre. However, upon their discharge, a considerable number of ex-offenders who wish to turn over a new leaf face uphill challenges.

Established in June 2004, YRF funds the development and implementation of rehabilitation programmes for inmates, reintegration programmes for ex-offenders, and family support programmes for their families. In essence, YRF provides financial support for:

a. Rehabilitative and aftercare services to inmates and ex-offenders

b. Services associated with rehabilitation and reintegration for inmates and ex-offenders' families

c. Public awareness programmes aimed at creating awareness in giving second chances to ex-offenders and inspiring community action to support the rehabilitation and reintegration of ex-offenders

Key Activities and Events in 2019

DINING BEHIND BARS

Established in 2004, the Dining Behind Bars programme provides an opportunity for guests to understand the combined rehabilitation efforts from Prisons and Yellow Ribbon Singapore.

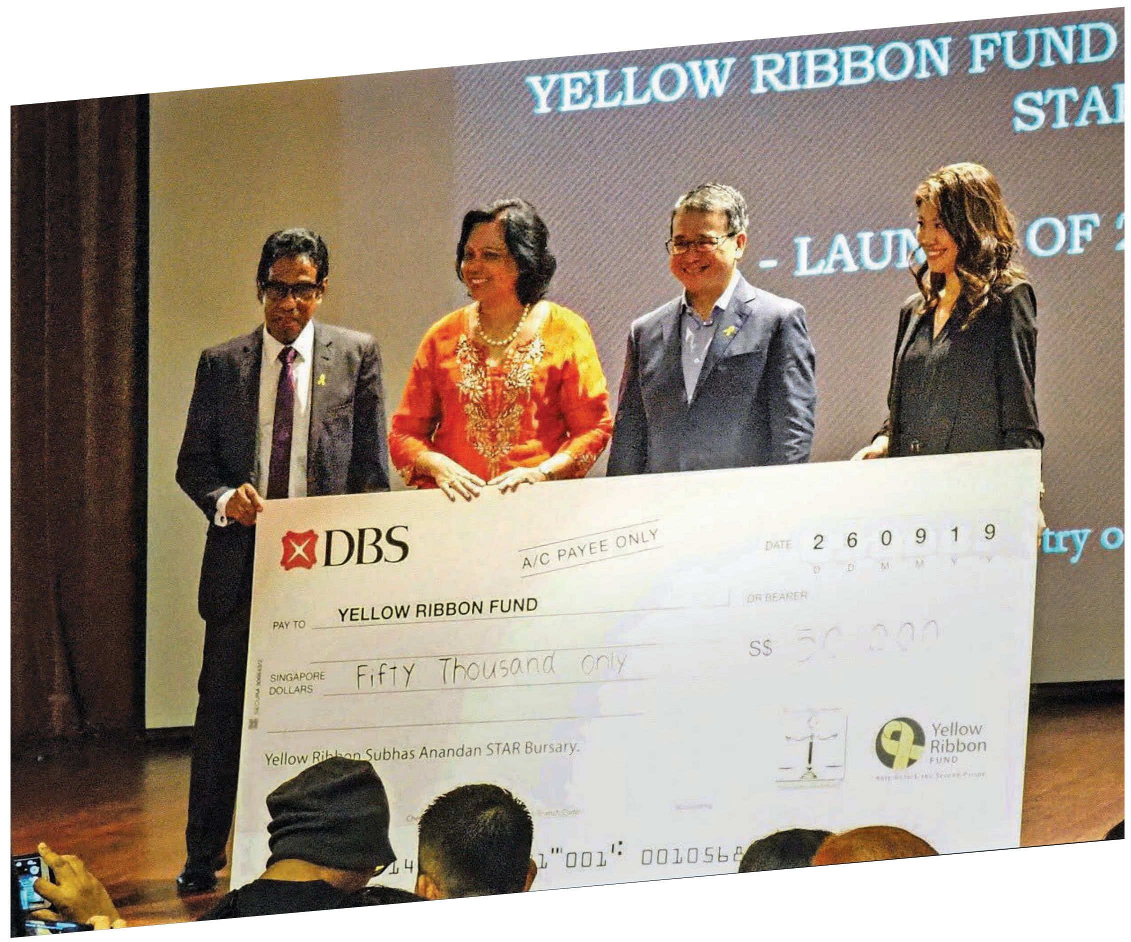
Corporate guests are presented with the special opportunity to pay a visit to the Changi Prison Complex. The visit aims to educate guests of the rehabilitative workshops in the Prison compound by including a tour of the housing units and bakery. Guests will enjoy a unique three-course western lunch specially prepared by the inmates under the tutelage of the chefs from the Singapore Chef Association.

CHIEF JUSTICE'S CUP 2019

The Chief Justice (CJ)'s cup is an annual charity futsal organised by the Singapore Academy of Law (SAL) to support the YRF-SAL STAR (Skills Training Assistance to Restart) Bursary. The event was held on the 27 June 2019 at the Kovan Sports Centre and consisted of 17 teams which included lawyers, legal service officers and halfway houses. A total of S$109,900 was raised to support the education of ex-offenders.

SUBHAS ANANDAN YELLOW RIBBON FUND STAR BURSARY AWARD – LAUNCH OF 2019 FUNDRAISING

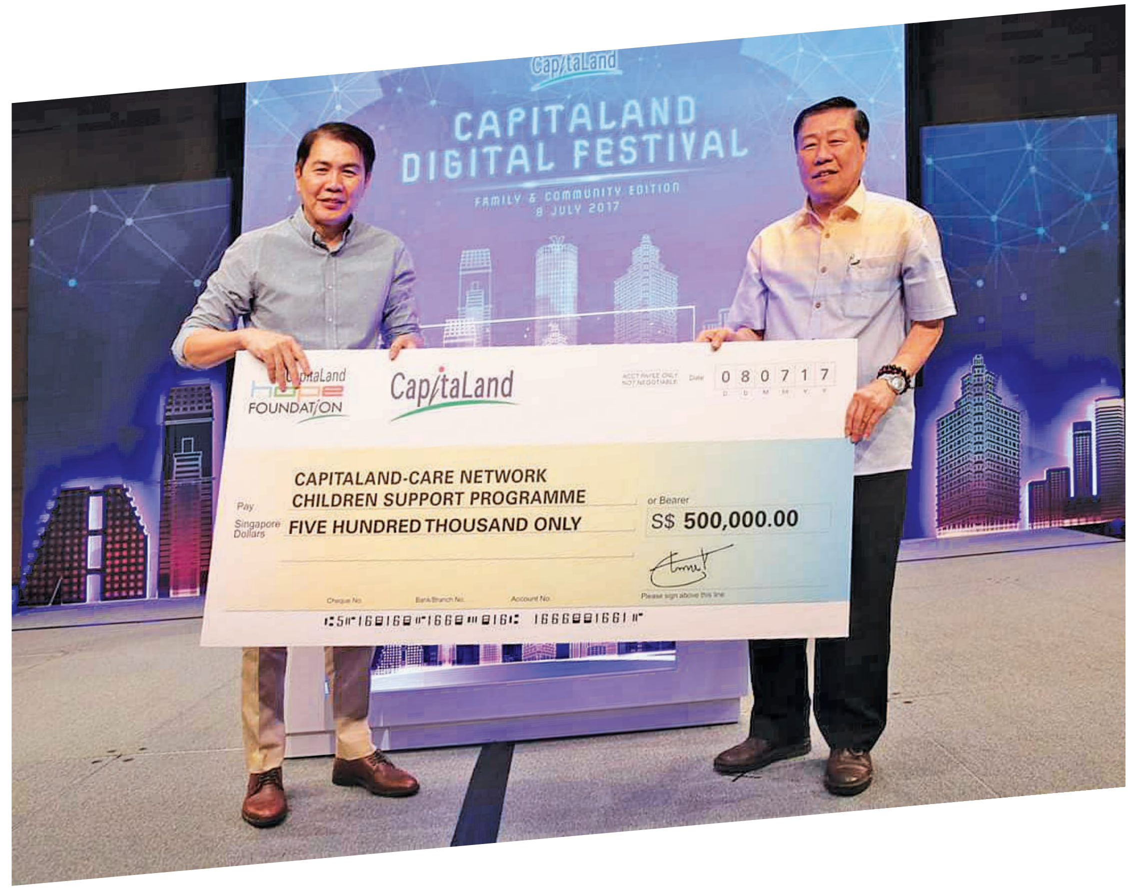
On 26 September 2019, The Association of Muslim Lawyers (AML) organised a fundraising dinner at the Ministry of National Development to launch the 2019 fundraising efforts towards the Yellow Ribbon Fund-Subhas Anandan STAR Bursary Award. The bursary was first launched in 2014 as a tribute to the late Subhas Anandan in recognition of his contributions to the legal community and his belief that ex-offenders deserve a second chance. Through the effort of the AML, a total of $90,581 was raised. The event was graced by Senior Minister of State for Law and Health, Mr Edwin Tong.



YELLOW RIBBON FUND CHARITY GALA 2019

A record high of $1.8 million was raised at the biennial Yellow Ribbon Fund Charity Gala held at The Ritz-Carlton on 17 May 2019. This was done through the sales of dinner tables, auctions and by outright cash donations. The event was graced by Mr Teo Chee Hean, Senior Minister and Coordinating Minster of National Security and was attended by 700 guests including partners, donors and media. Guests were treated to stellar performances by the Performing Arts Centre (PAC) and by talented guest performers such as Mr Richard Eu, Chairman of EU Yan Sang board and Ms Yati and Ms Jaclyn from Baker & Mckenzie Wong & Leow.

In 2019, YRF disbursed $1,875,755 to support 2,894 ex-offenders, families, and children of the incarcerated.



ENHANCED SERVICE DELIVERY AND USER EXPERIENCE

CapitaLand-YRF Children Support Programme

Based on research on the impact of parental incarceration on children and to prevent inter-generational offending, there was a need to synergise community efforts to strengthen the functioning of children and families. Launched in 2017, the CapitaLand-YRF Children Support Programme targets offenders' children aged 3-12 years to nurture the development of their cognitive and socio-emotional skills. A total of 6 Social Service Agencies (SSAs) participated in this 2-year pilot programme, benefitting 73 families and 132 children, which concluded in 2019.

FROM SUBSIDIARY BUSINESS UNIT TO STRATEGIC LEVER

STRENGTHEN YRI'S ORGANISATIONAL CAPACITY AND CAPABILITIES

Business Consolidation to YRI

In 2019, YRSG's operating model was reviewed. The review involved the consolidation of business activities involving Kitchen, Bakery and Business Outsourcing. These business activities were consolidated under YRSG's subsidiary, YR Industries (YRI) Pte Ltd with effect from 1 July 2019.

Attainment of bizSAFE Level 3

YRI is committed to creating a safer and healthier work environment for its employees. To enhance its safety and health capabilities, it applied for bizSAFE Level 3 certification and successfully attained the certification on 9 April 2019.

Operating as a wholly-owned subsidiary of YRSG, YRI occupies 18 workshops in Changi Prison Complex (CPC), namely Laundry, Kitchen, Bakery and Business Outsourcing workshops.

Kitchen

YRI manages the Central Kitchens in Cluster A and Cluster B of the Changi Prison Complex. The Central Kitchens provide meals for about 11,000 inmates and serve about 22,000 meals daily. Both Central Kitchens are certified Halal by Majlis Ugama Islam Singapura (MUIS) and are awarded Grade 'A' by the Singapore Food Agency (SFA).

Bakery

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

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

YRI Bakery has been awarded Grade "A" by the Singapore Food Agency (SFA) since 2008. It is also HACCP (Hazard Analysis Critical Control Point) certified.

Business Outsourcing

YRI also 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 YRI's workshop supervisors to ensure customers' expectations are met 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 nonfood Items

Laundry

YRI Laundry provides laundry and linen management services. There are two purpose-built healthcare plants located at Changi Prison Complex and Loyang to suit hospital customers' laundry needs. Developed as an extension to the Changi Plant, the Loyang Plant has been operational since Nov 2016. It mirrors the industry in Prisons and provides employment to ex-offenders, who make up at least 30% of the linen division's workforce.

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

Operationalisation of new facility

SHWH shifted to its new premises in Nov 2018 and in Jan 2019, it was officially launched for operations in the new facility along Upper Changi Road North.

Review of SHWH Operations

As at 31 Dec 2019, 494 offenders (456 males and 38 females) were emplaced in SHWH. 185 (168 males and 17 females) progressed to Home Supervision phase for the 2019 cohort.

The second phase of the MAS evaluation study has since been completed and the research has progressed into its third phase. SPS's research team continues to share interim feedback with SHWH, when available, to address relevant areas in its programme and practices to ensure that its programme and practices continue to adhere to evidence-based practices and standards, and to benefit residents who undergo the halfway house phase.

Relevant training from SPS has also been extended to SHWH programme staff to ensure that a throughcare approach is adopted in the case management of ex-offenders emplaced to undergo the MAS programme at SHWH.

Performance of Output-Based and Outcome-Based KPIs

To date, there is no major non-compliance surfaced from the regular audits of SHWH's compliance for output-based KPIs.

As for outcome-based KPIs, SHWH has consistently met the second tier target for accommodation[1] and the first tier target for employment[2].

FOOTNOTE 1:
At least 80% of residents with accommodation as an identified reintegration need, secure accommodation within 12 months from the start of their HWH residency.

FOOTNOTE 2:
At least 50% of residents with employment identified as a reintegration need are engaged in work, vocational training, and/or education for at least 50% of the resident's duration of stay at the HWH.

ENABLERS

PEOPLE & ORGANISATIONAL DEVELOPMENT

Appointment of YRSG CEO as YRI CEO concurrently with effect from 1 Nov 2019

Mr Matthew Wee Yik Keong, CEO YRSG, was concurrently appointed as CEO YRI with effect from 1 Nov 2019. This change facilitated the streamlining and coordination of functions, allowing for alignment of strategic directions and goals across both organisations.

Workplace Transformation

As part of YRSG's efforts to build a more informal culture to transform the organisation, small yet significant changes were made throughout the year. These included the introduction of a telecommuting policy to allow staff to better manage their personal and professional commitments, and a dress-down policy which was well-received. Staff welfare initiatives were also ramped up to include regular gatherings and festive celebrations.

Improvements to the physical workspace were made to create a more conducive and pleasant environment for staff to work in, including collaboration spaces for discussions, foosball table and piped-in music.

Consolidation of Businesses to YR Industries in 2019

To provide greater flexibility to business operations, the Food Services and Business Outsourcing business units were transferred to YRSG's wholly-owned subsidiary, YR Industries (YRI) in 2019.

YRSG had worked closely with the Amalgamated Union of Public Employees (AUPE) to ensure the smooth transition of staff under these teams by managing their movement, facilitating secondment and exit of staff who were unable to find suitable jobs following the consolidation of businesses to YRI. A farewell reception was organised to thank staff who were moving out of YRSG for their steadfast and dedicated service through the years. These staff were each presented with an appreciation letter and token of appreciation during the event.

Re-organisation of YRSG

With the consolidation of Food Services and Businesss Outsourcing units to YRI, YRSG was further re-organised to scale up capacity for employability and partnerships. As a result, the Partnership and Advocacy Division was set up to enhance support for the achievement of YRSG's mission.

Corporate Development functions were also refined and calibrated to support integrated and efficient operations, while growing new capabilities in the area of data management and digitalisation.

DIGITALISATION & TECHNOLOGY DEPLOYMENT

Scheme-Based Hiring

YRSG's recruitment strategy was reviewed to shift to scheme-based hiring. New officers would be considered for job rotation and postings after 3-4 years in the current job. Scheme-based hiring simplifies the hiring process and allows for more candidates to be considered for various job openings in YRSG as opposed to vocation-based hiring. In the longer term, the new hiring strategy will attract and retain candidates who aspire to build a career in the organisation.

Grab for Biz

YRSG embarked on Grab Corporate, a Taxi Program under DA Contract in 2019. Onboarding Grab program has centralised the mode of transport for private hires engaged by staff and vastly improved staff experience which includes the transport claim process. Staff are only required to download the Grab application in their mobile devices and select the corporate account when they make transport bookings for work purposes. The application is intuitive and convenient to use while on the go.

CELEBRATING SUCCESSES

Corporate Retreat 2019

The annual Corporate Retreat was held at the Lifelong Learning Institute where staff learned about YRSG's FY2019 achievements and work plans in the pipeline for FY2020. The range of activities planned by the organising committee kept staff engaged and energised throughout the day!

Promotion and Long Service Award Ceremony 2019

The annual Promotion and Long Service Award Ceremony was organised to facilitate the promotees and long service award recipients for their hard work, commitment and dedication to YRSG's purpose. The ceremony also included a segment to celebrate YRSG's 43rd birthday.

Staff Appreciation Night 2019

The Staff Appreciation Night (SAN) was held in Nov 2019, with the theme being SciFi/Futuristic. Staff got creative and went all out to dress up according to the theme. As a gesture of appreciation to staff, the Management served the first dish of the banquet to all tables. It was a fun-filled night!

SCORE Movie Night

Organised by the YRSG CARES Committee, staff and their family members were invited to an exclusive private screening of 'The Lion King'. The invitation was also extended to YRI colleagues, and for the very first time, the corporate movie screening was held at an external venue – the new theatre at Jewel Changi Airport. The session was a hit and it was thoroughly enjoyed by those who attended!

YRSG and YRI Get-Together 2019

A team-bonding initiative by the YRSG CARES Committee, the inaugural Annual YRSG-YRI Get Together was organised to allow staff from YRSG and YRI to come together.

AWARDS AND ACCOLADES 2019

External Awards

NATIONAL DAY AWARD

Ravi s/o Subramanian
(Public Administration Medal Silver)
Low Chen Wei John (Commendation Medal)
Sim Lai Huat Adrian (Efficiency Medal)
Foo Kok Chuen (Long Service Medal)

MINISTER FOR HOME AFFAIRS NATIONAL DAY AWARD

Nelson Ong Chee Keong

HT INNOVA (CHAMPION) - COMMENDATION

Lee Ngee Chew Kenny

HT INNOVA (PROJECT) - COMMENDATION

Goh Zhi Hui, Vannesa
Chow Mun Ting Denise

MHA STAR SERVICE AWARD

Teng Jie Hui Paul

Internal Awards

HOPE AWARD

Jin Zishen Leslie
Low Chen Wei John

SPECIAL COMMENDATION AWARD

Koh Shukai
Dawn Tan Hui Qi
Dazhini Raja Naran
Nur Ashikin Binte Abd Karim
Png Kah Yee, Gladys
Nur'ain Seri Sakinah Binte Ahmad
Grace Bernadette Vincent Suppiah
Kang Yen Thiing

LONG SERVICE AWARD

Jin Zishen Leslie
Karen Tan Mui Wah
Lim Siew Chin Serene
Mohammad Taufiq Bin Jumaat
Ng En Han, Justin
Ng Tien Pei Simon
Noor Aieni Binte Tohari
Salleh Bin Baba
Seah Liwei, Angel
Siti Raihanah Binte Ahmad
Tai Junni
Tan Kee Chong Norvin
Tan Mei Yung Lisa
Leow Yen Fern Karen
Low Chen Wei John
Low Chen Xiang Freddy
R Vijayan
Tan Eng Lee
Teo Buck Leng Anthony
Yusri Bin Ariffin
Adam Bin Ahmad
Goh Sok Meng Alvin
Chang Kwang Poon David
Sekher s/o Balakrishnan
Chin Foo Khuin
Teng Ah Lan
Loo Guat Sim

RETIREMENT AWARD

Loo Guat Sim
Roger Michael Boon
Grace Bernadette Vincent Suppiah

SPECIAL APPRECIATION AWARD

Tay Bong Sia

ESPRIT DE CORP

SPETA-SCORE MOU
Signing Ceremony

Yellow Ribbon Singapore and its subsidiary
(Established in Singapore. Unique Entity Number: T08GB0049F)
For the year ended 31 December 2019

BEYOND SECOND CHANCES

FINANCIAL STATEMENTS

CORPORATION INFORMATION

Unique Entity number (UEN)	T08GB0049F
Registered office	980 Upper Changi Road North Singapore 507708
Board members	Chng Hwee Hong (Chairman) Puah Kok Keong (Deputy Chairman) Desmond Chin Kim Tham (Member) Abdul Rohim Bin Sarip (Member) Sharon Ang Ee Hsien (Member) David Toh Seng Hong (Member) Jason Leow Juan Thong (Member) Kee Kirk Chin (Dr) (Member) Mable Chan (Member) Peter Ong (Member) Thiagarajan s/o Subramaniam (Member) Thomas Pek (Member) Wan Shung Ming (Member) Yeo Meng Hin (Member) Zhulkarnain Abdul Rahim (Member)
Bankers	DBS Bank Limited The Hongkong and Shanghai Banking Corporation Limited
Independent auditor	Foo Kon Tan LLP Public Accountants and Chartered Accountants 24 Raffles Place, #07-03 Clifford Centre Singapore 048621

CONTENTS

STATEMENT BY THE BOARD

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

In our opinion,

(a) the accompanying consolidated financial statements of the Singapore Corporation of Rehabilitative Enterprises (the "Corporation") and its subsidiary (collectively known as the "Group"), which comprise the statements of financial position of the Group and the Corporation as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the year then ended, together with the notes thereon, are drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018, Act of 5 of 2018 (the Public Sector (Governance) Act), the Singapore Corporation of Rehabilitative Enterprises Act, Chapter 298 (the "Act") and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group and the Corporation as at 31 December 2019 and of the results, change in equity and cash flows of the Group for the year ended on that date;

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

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

(d) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Corporation during the financial year have been in accordance with the provisions of the Public Sector (Governance) Act, the Singapore Corporation of Rehabilitative Enterprises Act and the requirements of any other written law applicable to moneys of or managed by the Corporation.

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

On behalf of the Board

....
CHNG HWEE HONG
Chairman

....
KEE KIRK CHIN (DR)
Chairperson
Audit & Risk Management Committee

Dated: 19 May 2020

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Singapore Corporation of Rehabilitative Enterprises (the "Corporation") and its subsidiary (the "Group"), which comprise the statements of financial position of the Group and the Corporation as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018, Act of 5 of 2018 (the Public Sector (Governance) Act), the Singapore Corporation of Rehabilitative Enterprises Act, Chapter 298 (the "Act") and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the financial position of the Group and the Corporation as at 31 December 2019 and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Basis for Opinion

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

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

Other information

Management is responsible for the other information. The other information comprises the Annual Report and Statement by the Board but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available, 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. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Public Sector (Governance) Act, the Act and Statutory Board Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

A statutory board is constituted based on its Act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation's financial reporting process.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

- 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 those charged with governance 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.

Other Matters

The financial statements for the financial year ended 31 December 2018 were audited by another firm of auditors whose report dated 16 April 2019 expressed an unmodified opinion on those financial statements.

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 Public Sector (Governance) Act, the Act and the requirement of any other written law applicable to moneys of or managed by the Corporation; and

(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.

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

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 Corporation 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

The Corporation's 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 Public Sector (Governance) Act, the Act and the requirement of any other written law applicable to moneys of or managed by Corporation. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the requirements.

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 Public Sector (Governance) Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Corporation.

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.

Foo Kon Tan LLP

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Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
Singapore,

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2019

	Note	The Group			The Corporation	
		31 December 2019 $	31 December 2018 $ (restated)	1 January 2018 $ (restated)	**31 December 2019 $**	31 December 2018 $
ASSETS						
Non-Current						
Property, plant and equipment	3	**19,452,122**	27,747,832	27,533,790	**10,777,235**	11,467,345
Right-of-use assets	4	**10,715,209**	-	-	**3,707,877**	-
Quoted financial assets	5	**1,000,000**	4,761,924	8,852,885	**1,000,000**	4,761,924
Investment in a subsidiary	6	**-**	-	-	**20,789,813**	20,600,307
		31,167,331	32,509,756	36,386,675	**36,274,925**	36,829,576
Current Assets						
Inventories	7	**251,134**	416,599	390,418	**-**	-
Quoted financial assets	5	**3,754,965**	1,010,503	2,015,130	**3,754,965**	1,010,503
Trade and other receivables	8	**18,272,702**	14,822,710	20,012,939	**18,444,654**	11,864,637
Cash and cash equivalents	10	**14,554,863**	13,728,653	5,967,548	**6,744,857**	9,647,446
		36,833,664	29,978,465	28,386,035	**28,944,476**	22,522,586
Total assets		**68,000,995**	62,488,221	64,772,710	**65,219,401**	59,352,162

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2019

	Note	The Group			The Corporation	
		31 December 2019 $	31 December 2018 $ (restated)	1 January 2018 $ (restated)	**31 December 2019 $**	31 December 2018 $
EQUITY AND LIABILITIES						
Capital and Reserves						
Capital account	11	**1,662,262**	1,662,262	1,662,262	**1,662,262**	1,662,262
Fair value reserve	12	**-**	-	17,240	**-**	-
Accumulated surplus		**36,682,692**	35,990,556	38,185,117	**42,761,796**	42,741,699
Total equity		**38,344,954**	37,652,818	39,864,619	**44,424,058**	44,403,961
Non-Current Liabilities						
Term loan	13	**5,745,433**	6,177,883	6,521,562	**5,745,433**	6,177,883
Lease liabilities (2018: finance lease)	14	**7,613,009**	5,381,227	6,419,548	**3,212,555**	-
		13,358,442	11,559,110	12,941,110	**8,957,988**	6,177,883
Current Liabilities						
Term loan	13	**399,585**	365,059	387,663	**399,585**	365,059
Lease liabilities (2018: finance lease)	14	**1,605,597**	1,038,321	1,038,321	**540,688**	-
Trade and other payables	15	**14,185,320**	11,687,885	9,791,706	**10,897,082**	8,405,259
Provisions	16	**107,097**	185,028	749,291	**-**	-
		16,297,599	13,276,293	11,966,981	**11,837,355**	8,770,318
Total liabilities		**29,656,041**	24,835,403	24,908,091	**20,795,343**	14,948,201
Total equity and liabilities		**68,000,995**	62,488,221	64,772,710	**65,219,401**	59,352,162
Net assets of the Yellow Ribbon Fund	17	**6,427,696**	6,376,003	5,010,169	**6,427,696**	6,376,003

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2019

	Note	**31 December 2019 $**	31 December 2018 $ (restated)
Operating income	18	**58,559,246**	56,316,790
Other income	19	**464,098**	500,585
Expenses:			
- Depreciation of property, plant and equipment	3	**(2,264,369)**	(2,643,663)
- Depreciation of right-of-use assets	4	**(1,141,772)**	-
- Distribution costs		**(2,767,934)**	(6,032,814)
- Finance costs	20	**(388,085)**	(362,611)
- General office expenses		**(3,678,414)**	(4,521,156)
- Inmates earnings		**(1,905,464)**	(1,904,101)
- Inmates training costs		**(3,966,753)**	(3,440,628)
- Maintenance of equipment and premises		**(1,767,865)**	(1,508,010)
- Manpower costs	21	**(21,992,145)**	(20,975,203)
- Material/production costs		**(18,368,953)**	(17,016,206)
- Operating lease expenses under SB-FRS 17		**-**	(428,346)
- Utilities		**(4,048,430)**	(3,954,821)
- Others		**(3,220,985)**	(3,997,423)
Total expenses		**(65,511,169)**	(66,784,982)
Deficit before government grants		**(6,487,825)**	(9,967,607)
Government operating grants	9	**7,179,961**	7,773,046
Surplus/ (deficit) before taxation		**692,136**	(2,194,561)
Taxation	22	**-**	-
Net surplus/ (deficit) for the year		**692,136**	(2,194,561)
Other comprehensive loss after tax:			
Items that will not be reclassified subsequently to profit or loss:			
Disposal of quoted equity investments at FVOCI, at nil tax		**-**	(17,240)
Total other comprehensive loss		**-**	(17,240)
Total comprehensive income/ (loss) for the year		**692,136**	(2,211,801)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2019

The Group	**Capital account $**	**Fair value reserve $**	**Accumulated surplus $**	**Total equity $**
At 1 January 2018, as reported	1,662,262	17,240	38,514,321	40,193,823
Prior year adjustments (Note 28)	-	-	(329,204)	(329,204)
At 1 January 2018, as restated	1,662,262	17,240	38,185,117	39,864,619
Deficit for the year, as reported	-	-	(2,119,135)	(2,119,135)
Prior year adjustments (Note 28)	-	-	(75,426)	(75,426)
Deficit for the year, as restated			(2,194,561)	(2,194,561)
Other comprehensive loss for the year	-	(17,240)	-	(17,240)
Total comprehensive loss for the year	-	(17,240)	(2,194,561)	(2,211,801)
At 31 December 2018	1,662,262	-	35,990,556	37,652,818
Surplus for the year	-	-	**692,136**	**692,136**
At 31 December 2019	**1,662,262**	**-**	**36,682,692**	**38,344,954**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2019

	Note	**31 December 2019 $**	31 December 2018 $ (restated)
Cash Flows from Operating Activities			
Deficit before government grants		**(6,487,825)**	(9,967,607)
Adjustments for:			
Amortisation charge/ (write back) on quoted financial asset, net	5	**17,462**	(32,153)
Bad debts written off		**7,451**	12,616
Depreciation of property, plant and equipment	3	**2,264,369**	2,643,663
Depreciation of right-of-use assets	4	**1,141,772**	-
Dividend income from quoted financial assets at FVOCI	19	**-**	(80,633)
Finance costs	20	**388,085**	362,611
Interest income from quoted financial assets	19	**(194,843)**	(249,204)
Interest income from bank deposits	19	**(191,311)**	(170,066)
Loss on call back of quoted equity investments		**-**	110,500
Loss on disposal of property, plant and equipment		**15,788**	27,350
Provision made/(reversed), net	16	**(77,931)**	(564,263)
Operating deficit before working capital changes		**(3,116,983)**	(7,907,186)
Changes in trade and other receivables		**(4,105,254)**	5,089,847
Changes in inventories		**165,465**	(26,180)
Changes in trade and other payables		**606,878**	1,480,909
Cash flows used in operations		**(6,449,894)**	(1,362,610)
Government grants received	9	**9,769,078**	8,286,277
Net cash generated from operating activities		**3,319,184**	6,923,667

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2019

	Note	**31 December 2019 $**	31 December 2018 $ (restated)
Cash Flows from Investing Activities			
Dividend income from quoted financial assets at FVOCI		**-**	80,633
Interest income received		**335,405**	409,075
Proceeds received upon maturity/ call back of quoted financial assets		**1,000,000**	5,000,000
Proceeds from disposal of property, plant and equipment		**-**	10,000
Purchase of property, plant and equipment	4	**(1,499,728)**	(2,895,055)
Net (used in)/ generated from investing activities		**(164,323)**	2,604,653
Cash Flows from Financing Activities			
Interest paid		**(388,085)**	(362,611)
Repayment of lease liability (2018: finance leases)		**(1,542,642)**	(1,038,321)
Repayment of term loan		**(397,924)**	(366,283)
Net cash used in financing activities		**(2,328,651)**	(1,767,215)
Net increase in cash and cash equivalents		**826,210**	7,761,105
Cash and cash equivalents at the beginning of the year		**13,728,653**	5,967,548
Cash and cash equivalents at the end of the year	10	**14,554,863**	13,728,653

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2019

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Term loan $ (Note 13)	Lease liabilities (2018: finance leases) $ (Note 14)	Total $
At 1 January 2018	6,909,225	7,457,869	14,367,094
Cash flows:			
- Repayment of term loans	(366,283)	-	(366,283)
- Interest paid	(239,692)	(122,919)	(362,611)
- Repayment of finance leases	-	(1,038,321)	(1,038,321)
	(605,975)	(1,161,240)	(1,767,215)
Non-cash changes:			
- Interest expense (Note 20)	239,692	122,919	362,611
At 31 December 2018	6,542,942	6,419,548	12,962,490
Cash flows:			
- Repayment of term loans	**(397,924)**	**-**	**(397,924)**
- Interest paid	**(159,466)**	**(228,619)**	**(388,085)**
- Repayment of lease liabilities	**-**	**(1,542,642)**	**(1,542,642)**
	(557,390)	**(1,771,261)**	**(2,328,651)**
Non-cash changes:			
- Adoption of SB-FRS 116	**-**	**4,287,496**	**4,287,496**
- New leases (Note 4)	**-**	**54,204**	**54,204**
- Interest expense (Note 20)	**159,466**	**228,619**	**388,085**
	159,466	**4,570,319**	**4,729,785**
At 31 December 2019	**6,145,018**	**9,218,606**	**15,363,624**

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

1 General information

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

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

The principal activity of the Corporation is to rehabilitate and help reintegrate offenders to become responsible and contributing members of society.

The principal activities of the subsidiary is disclosed in Note 6 to the financial statements.

The financial statements of the Group and of the Corporation for the year ended 31 December 2019 were authorised for the issue in accordance with a resolution of the Board on the date of the Statement by Board.

2(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Public Sector (Governance) Act, Singapore Corporation of Rehabilitative Enterprises Act (Chapter 298) and Statutory Board Financial Reporting Standards ("SB-FRS"), including Interpretations of SB-FRS ("INT SB-FRS") and 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 have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The accounting policies used by the Group and the Corporation have been applied consistently to all periods presented in the financial statements.

The financial statements are presented in Singapore dollars ("SGD") which is the Corporation's functional currency. All financial information is presented in Singapore dollars, unless otherwise stated.

The preparation of the financial statements in conformity with SB-FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

Significant accounting estimates and judgements

In the process of applying the Group's and the Corporation's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Significant judgement made in applying accounting policies

(i) Determination of cash generating unit ("CGU")

Assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups thereof. A CGU is identified consistently from period to period for the same type of assets, unless a change is justified. The identification of CGUs requires significant judgement and can be one of the most difficult areas of impairment accounting. Other than identification of independent cash inflows, management also takes into account other factors such as revenue or asset separation, i.e. whether the streams of revenue derived from the groups of assets are independent of one another or whether assets that operated together to such an extent that they do not generate independent revenue streams.

(ii) Impairment of property, plant and equipment and right-of-use assets (Notes 3 and 4)

In view of the recurring losses in the Group's laundry services division, management performed an impairment assessment of its laundry-related property, plant and equipment and right-of-use assets. Other than the Group's leasehold building, the estimated recoverable amounts of the Group's other laundry-related plant and equipment and right-of-use assets are based on valuation reports obtained from an independent professional valuer, having appropriate recognised professional qualifications and experience in the assets being valued. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The recoverable amounts could change significantly as a result of changes in market conditions and the assumptions used in determining the market value.

(iii) Determination of the lease term of right-of-use assets (Note 4)

The Group and the Corporation lease land, office premises and plant and machinery from government agencies and third parties to operate its business. In determining the lease term of right-of-use assets, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group and the Corporation become obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

For leases of land, office premises and plant and machinery, the following factors are normally the most relevant:

(a) If there are significant penalties to terminate (or not extend), the Group and the Corporation are typically reasonably to certain to extend (or not terminate);

(b) If the leasehold land and office premises are expected to have significant remaining values, the Group and the Corporation are typically reasonably certain to extend (or not to terminate);

(c) Otherwise, the Group and the Corporation consider other factors including historical lease durations and the costs and business disruption required to replace the leased assets.

(iv) Classification of quoted financial assets measured at amortised cost

Management has designated its quoted investments in corporate bonds as quoted financial assets measured at amortised cost as the business model of the Group and the Corporation are to hold these quoted financial assets and to collect contractual cash flows and not to hold them for trading. The carrying amounts of these quoted financial assets at the end of the reporting period are disclosed in Note 5 to the financial statements.

(v) Impairment assessment of quoted financial assets measured at amortised cost

Under the expected credit loss model for impairment of quoted financial assets under SB-FRS 109, management recognises the expected credit losses at all times and updates the amount of expected credit losses, recognised at each reporting date to reflect changes in the credit risk on the financial instruments. In circumstances where the credit risk on a financial instrument has increased significantly since initial recognition, management measures the loss allowance at an amount equal to the lifetime expected credit losses or if the credit risk on a financial instrument has not increased significantly since initial recognition, management measures the loss allowance at an amount equal to the 12-month expected credit losses.

In assessing whether the credit risk on the financial instrument has increased significantly since initial recognition, management has considered reasonable and supportable information (past, present and future) that is available without undue cost and effort such as (i) existing or expected significant adverse change in the regulatory, economic or technological environment, (ii) actual or expected significant adverse change in the financial assets' external credit rating, or (iii) existing or expected significant change in business, financial or economic conditions. Management has also assumed that the credit risks on its quoted debt instruments issued by government-linked corporations have not increased significantly since initial recognition as they are determined to have low credit risk at the balance sheet date as the issuers have strong capacity to meet the contractual cash flow obligations.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

(vi) Impairment of investment in a subsidiary

The carrying value of the investment in a subsidiary is reviewed for impairment whenever there is any indication that the investment is impaired. If an indication of impairment exists, the investment's recoverable amount is estimated in accordance with the accounting policy described in Note 2(d). This determination requires significant judgement. The Corporation evaluates, amongst other factors, the future profitability of the subsidiary, the financial health and the near-term business outlook including factors such as industry performance and operational and financing cash flows. The recoverable amount of the investment could change significantly as a result of changes in market conditions and assumptions used in determining the recoverable amount.

(vii) Control over the Yellow Ribbon Fund

The Yellow Ribbon Fund (the "Fund") was established by the Corporation in June 2004 and is management by the Main Committee, comprising volunteers and ex-officio appointments from the Ministry of Home Affairs ("MHA"), Singapore Prison Service and the Corporation, appointed by the MHA.

In assessing whether the Corporation is acting as a custodian or agent but does not exercise control over the Fund, management has considered the following:

1. The Fund is held in trust and/or managed by the Corporation as an agent;
2. The Corporation does not bear/ enjoy majority of the risks and rewards incidental to the activities of the Fund;
3. The Fund can only be used for specified purposes determined by MHA; and
4. The Corporation does not have the right to decided how the residual amounts in the Fund are to be used after the closure of the Fund.

Accordingly, such Fund is not included in the primary statements of the Corporation. Instead, the net assets of the Fund are presented at the bottom of the statement of financial position with disclosures in the notes to the financial statements in accordance with SB-FRS Guidance Note 3 Accounting and Disclosure for Trust Funds. (See Note 17 for more details)

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group and the Corporation based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future development, however, may change due to market changes or circumstances arising beyond the control of the Group and the Corporation. Such changes are reflected in the assumption when they occur.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

(i) Depreciation of property, plant and equipment and right-of-use assets (Notes 3 and 4)

The costs of property, plant and equipment and right-of-use assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment and right-of-use assets to be ranging (a) from 3 years to 20.5 years, and (b) from 6 to 16 years, respectively. Management reviews annually the estimated useful lives of property, plant and equipment and right-of-use assets based on factors that include asset utilisation, internal technical evaluation, technological changes and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

A decrease/increase in the estimated useful lives of property, plant and equipment and right-of-use assets would increase/decrease the depreciation expense of property, plant and equipment and right-of-use assets by $399,000 and $166,000 and $164,000 and $120,000, respectively.

(ii) Estimation of the incremental borrowing rate ("IBR") (Notes 4 and 14)

For the purpose of calculating the right-of-use assets and its related lease liabilities, the Group and the Corporation apply the interest rate implicit in the lease ("IRIIL") and, if the IRIIL is not readily determinable, the entity shall use its IBR applicable to the lease assets. The IBR is the rate of interest that the Group and the Corporation would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

For most of the leases whereby the Group and the Corporation are the lessees, the IRIIL is not readily determinable. Therefore, the Group and the Corporation estimate the IBR relevant to each lease asset by using observable inputs (such as market interest rate and asset yield) when available, and then making certain lessee specific adjustments (such as the Group's credit rating). The carrying amount of the Group's and the Corporation's right-of-use assets and lease liabilities are disclosed in Notes 4 and 14, respectively.

An increase/decrease of 100 basis points in the estimated IBR does not have a material impact on the Group's and the Corporation's right-of-use assets and lease liabilities as at the balance sheet date.

(iii) Deferred tax effects on adoption of SB-FRS 116

Tax deductions are available only for those lease payments as they are paid, and no tax deduction is allowed for the leased asset depreciation or finance cost. On 1 January 2019, these tax circumstances give rise to the temporary differences on initial recognition of both the right-of-use assets and lease liabilities. Management has assessed the impact of deferred tax on adoption of SB-FRS 116 and concluded that it is not significant to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

(iv) Estimation of variable consideration for laundry sales (Note 16)

The contracts for the laundry sale include gas rebates and liquidated damages on loss/ damaged linen that give rise to variable considerations. These variable considerations are determined under the sales agreement.

Estimation of gas rebate and liquidated damages are sensitive to changes in circumstances and the Group's past experiences regarding the gas rebate and liquidated damages on loss/ damaged linen may not be representative of customer's actual claimed. As at 31 December 2019, the provision of gas rebate and linen loss was $107,097 (2018: $185,028).

(v) Income tax (Note 22)

Significant judgement is involved in determining the provision for income tax in respect of its subsidiary. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2(b) New standards/ interpretations and amendments to published standards effective in 2019

On 1 January 2019, the Group and the Corporation adopted all the new and revised SB-FRS and SB-FRS Interpretations ("INT SB-FRS"), effective for the current financial year that are relevant to them. The adoption of these new and revised SB-FRS pronouncements does not result in significant changes to the Group's and the Corporation's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods, except as discussed below:

Reference	Description	Effective date (Annual periods beginning on or after)
SB-FRS 116	Leases	1 January 2019
INT SB-FRS 123	Uncertainty over Income Tax Treatments	1 January 2019

SB-FRS 116 *Leases*

SB-FRS 116 Leases supersedes SB-FRS 17 Leases, INT SB-FRS 104 Determining whether an Arrangement contains a Lease, INT SB-FRS 15 Operating Leases - Incentives and INT SB-FRS 27 Evaluating the Substance of Transactions involving the Legal Form of a Lease and pronounces new or amended requirements with respect to lease accounting. For lessee accounting, SB-FRS 116 introduces significant changes by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low-value assets when such recognition exemptions are adopted. For lessor accounting, the requirements have remained largely unchanged. The impact of the adoption of SB-FRS 116 on the Group's and the Corporation's financial statements are discussed below.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

The date of initial application of SB-FRS 116 for the Group and the Corporation is 1 January 2019. The Group and the Corporation have elected to transition to SB-FRS 116 using the modified retrospective approach which requires the Group and the Corporation to recognise the cumulative effect of initially applying SB-FRS 116 as an adjustment to the opening balance of accumulated surplus at the date of initial application, without restatement of comparatives under SB-FRS 17.

(a) Definition of a lease

The new definition of a lease under SB-FRS 116 mainly relates to the concept of "control" that determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration, which is in contrast to the concept of "risks and rewards" under SB-FRS 17.
The Group and the Corporation have elected to apply the practical expedient available on transition to SB-FRS 116 not to reassess whether a contract is, or contains, a lease. Accordingly, the superseded definition of a lease under SB-FRS 17 continues to be applied to those leases entered into, or modified, before 1 January 2019, and the Group and the Corporation apply the new definition of a lease and related guidance set out in SB-FRS 116 only to those lease contracts entered into, or modified, on or after 1 January 2019. After the transition to SB-FRS 116, the Group and the Corporation shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

The new requirements for identifying a lease under SB-FRS 116 do not change significantly the scope of contracts that will meet the definition of a lease for the Group and the Corporation.

(b) Lessee accounting

Former operating leases

Before the adoption of SB-FRS 116, the Group's and the Corporation's non-cancellable operating lease payments in future reporting periods for the leasehold land, office premises and plant and equipment, were not recognised as liabilities in the statement of financial position but were disclosed as operating lease commitments in the notes to the financial statements, and these lease payments were reported as operating lease expenses in the statement of comprehensive income over the lease term on a straight-line basis and presented under "operating activities" in the statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

(b) Lessee accounting (cont'd)

Former operating leases (cont'd)

Under SB-FRS 116, the Group and the Corporation recognise a right-of-use asset and lease liability in the statement of financial position for these outstanding lease payments, reports depreciation of right-of-use assets and interest expense on lease liabilities in the statements of comprehensive income, and presents these lease payments as principal repayment and interest paid separately under "financing activities" in the statement of cash flows.

Under SB-FRS 116, lease incentives are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SB-FRS 17, they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expenses on a straight-line basis.

The Group and the Corporation have elected, as a practical expedient of SB-FRS 116, not to separate non-lease components from lease components for all classes of underlying assets and instead account for each lease component and any associated non-lease components as a single lease component, except if the non-lease component is an embedded derivative according to SB-FRS 109 Financial Instruments.
For short-term leases and leases of low-value assets, the Group and the Corporation have elected for exemption under SB-FRS 116 from recognising their right-of-use assets and lease liabilities, and to report their lease expenses in the statement of comprehensive income on a straight-line basis.

On 1 January 2019, the Group and the Corporation have applied the following SB-FRS 116 transition provisions under the modified retrospective approach for each lease, or each portfolio of leases with reasonably similar characteristics, formerly classified as operating lease under SB-FRS 17:

- recognises a lease liability at the present value of the remaining lease payments using the lessee's incremental borrowing rate for the underlying lease asset;
- recognises a right-of-use asset for the leasehold land, office premises and certain plant and equipment at the carrying amount as if SB-FRS 116 had been applied since the lease commencement date, but discounted using the lessee's incremental borrowing rate for the underlying lease asset instead of the interest rate implicit in the lease;
- applies SB-FRS 36 Impairment of Assets to perform an impairment review of the right-of-use asset; and
- adjusts any difference between the carrying amounts of the right-of-use asset and the lease liability to the opening balance of retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

The Group and the Corporation have adopted the following SB-FRS 116 practical expedients when applying the modified retrospective transition approach to leases formerly classified as operating lease under SB-FRS 17:

- applies a single discount rate to a portfolio of leases with reasonably similar characteristics;
- adjusts the right-of-use assets at the date of initial application by the amount of provision for onerous leases recognised under SB-FRS 37 Provisions, Contingent Liabilities and Contingent Assets in the statement of financial position immediately before the date of initial application, as an alternative to performing an impairment review under SB-FRS 36;
- elects not to recognise the right-of-use asset and lease liability for a lease with lease term ending within twelve months of the date of initial application;
- excludes initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- uses hindsight for determining the lease term when the contract contains options to extend or terminate the lease.

On 1 January 2019, with regards to the Group's and the Corporation's leases of certain plant and equipment that were formerly classified as finance lease under SB-FRS 17, the carrying amounts of the leased assets and finance leases immediately before the date of initial application become respectively the opening balance of the carrying amounts of right-of-use assets and lease liabilities under SB-FRS 116. Subsequently, the Group and the Corporation account for these right-of-use assets and lease liabilities in accordance with SB-FRS 116.

(c) Lessor accounting

SB-FRS 116 has not changed substantially how the Group and the Corporation as lessors, accounts for leases, except when it is the intermediate lessor of sublease. Under SB-FRS 116, the Group and the Corporation continue to classify leases, where it is the lessor, as either finance lease or operating lease and to account for the two types of leases differently. However, SB-FRS 116 changes and expands the disclosures required, in particular, regarding how the Group and the Corporation as lessor manages the risks arising from its residual interest in leased assets.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

(d) Financial impact on the initial application of SB-FRS 116

The Group's and the Corporation's IBR applied to measure its lease liability recognised in the statements of financial position on 1 January 2019 was 3.2%.

A reconciliation of the differences between the Group's and the Corporation's operating lease commitments previously disclosed in the financial statements as at 31 December 2018 and its lease liability recognised in the statement of financial position on 1 January 2019 is as follows:

	The Group $	The Corporation $
Operating lease commitments disclosed as at 31 December 2018	1,393,851	1,326,438
Discounted using the incremental borrowing rate of 3.2%	3,111,376	3,095,338
Short-term leases exempted from recognition	(217,731)	(180,018)
Finance leases at 31 December 2018 reclassified to lease liabilities	6,419,548	-
Lease liabilities recognised as at 1 January 2019	10,707,044	4,241,758

The effects of adoption of SB-FRS 116 on the Group's and the Corporation's financial statements as at 1 January 2019 are as follows:

	Increase/ (decrease)	
	The Group $	The Corporation $
Assets		
Property, plant and equipment (Note 3)	(7,515,281)	-
Right-of-use assets (Note 4)	11,802,777	4,241,758
	4,287,496	4,241,758
Liabilities		
Finance leases (Note 14)	(6,419,548)	-
Lease liabilities (Note 14)	10,707,044	4,241,758
	4,287,496	4,241,758

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

INT SB-FRS 123 *Uncertainty over Income Tax Treatments*

The Group has adopted INT SB-FRS 123 for the first time in the current financial year. INT SB-FRS 123 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments.

The interpretations require the Group to:

- determine whether uncertain tax positions are assessed separately; and
- assess whether it is probable that a tax authority will accept on uncertain tax treatment used or planned to be used in its income tax filings as follows:
  - If yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings; or
  - If no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either most likely amount or the expected value method.

There is no material impact to the Group's financial statements.

2(c) Standards issued but not yet effective

At the date of authorisation of these financial statements, the Group and the Corporation have not adopted the new and revised SB-FRS, INT SB-FRS and amendments to SB-FRS that have been issued but are not yet effective to them. Management anticipates that the adoption of these new and revised SB-FRS pronouncements in future periods will not have a material impact on the Group's and the Corporation's financial statements in the period of their initial application, as discussed below:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SB-FRS 1 and SB-FRS 8	Definition of Material	1 January 2020

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

2(c) Standards issued but not yet effective (Cont'd)

Amendments to SB-FRS 1 and SB-FRS 8: Definition of Material

The amendments are intended to make the definition of 'material' in SB-FRS 1 easier to understand and are not intended to alter the underlying concept of materiality in SB-FRS. The concept of "obscuring" material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from "could influence" to "could reasonably be expected to influence". The definition of "materiality" in SB-FRS 8 has been replaced by a reference to the definition of "material" in SB-FRS 8. In addition, the other SB-FRS and the Conceptual Framework, which contain a definition of 'material' or refer to the term 'material', have been updated to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

There is no material impact expected to the Group's and the Corporation's financial statements on initial application.

2(d) Summary of significant accounting policies

Consolidation

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries 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.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Subsidiary

A subsidiary is an investee that is controlled by the Corporation. The Corporation 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

Thus, the Corporation controls an investee if, and only if, the Corporation has all of the following:

(i) power over the investee;

(ii) exposure, or rights or variable returns from its involvement with the investee; and

(iii) the ability to use its power over the investee to affect its returns

The Corporation reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The Corporation considers all relevant facts and circumstances in assessing whether the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of the voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant authorities at the time that decisions need to be made including voting patterns at previous shareholders' meetings.

Loss of control

When the Corporation loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Corporation had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SB-FRSs).

The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under SB-FRS 109 or the cost on initial recognition of an investment in an associate or a joint venture, when applicable.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

Property, plant and equipment and depreciation

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses, if any.

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

	Useful lives
Leasehold building	Over the remaining lease term of 15.5 years
Plant, equipment and machinery	3 - 15 years
Furniture, fixture and fittings	8 years
Renovation	10 years

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits in excess of the standard of performance of the asset before that expenditure was made will flow to the Group and the Corporation and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisition and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal, respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the statement of comprehensive income.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

Leases (from 1 January 2019)

The Group and the Corporation as lessees

The Group and the Corporation assess whether a contract is or contains a lease at inception of the contract. The Group and the Corporation recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets.

For these leases, the Group and the Corporation recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(a) Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Corporation use the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group and the Corporation shall recognise those lease payments in the consolidated statement of comprehensive income in the periods that trigger those lease payments.

For all contracts that contain both lease and non-lease components, the Group and the Corporation have elected to not separate lease and non-lease components and account these as one single lease component. The lease liabilities are presented as a separate line item in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group and the Corporation remeasure the lease liability (with a corresponding adjustment to the related right-of-use asset or to the statement of comprehensive income if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

(b) Right-of-use assets

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group and the Corporation incur an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SB-FRS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Leasehold land:	Over the remaining lease term of 15.5 years
Office premises:	Over the remaining lease term of 4.25 years
Plant and machinery:	Over the lease term of 3 to 5.5 years

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Corporation expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line item in the statement of financial position.

The Group and the Corporation apply SB-FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

The Group and the Corporation as lessors

Generally, the accounting policies applicable to the Group and the Corporation as a lessor in the comparative period were not different from SB-FRS 116.

When the Group and the Corporation act as a lessor, they determine at lease inception whether each lease is a finance or an operating lease.

To classify each lease, the Group and the Corporation make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group and the Corporation consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

At inception or on modification of a contract that contains a lease component, the Group and the Corporation allocate the consideration in the contract to each lease component on the basis of their relative stand-alone prices. If an arrangement contains lease and non-lease components, then the Group and the Corporation apply SB-FRS 115 to allocate the consideration in the contract.

The Group and the Corporation apply the derecognition and impairment requirements in SB-FRS 109 to the net investment in the lease. The Group and the Corporation further regularly review estimated unguaranteed residual values used in calculating the gross investment in the lease.

Leases (before 1 January 2019)

The Group and the Corporation as lessees

(a) Operating lease

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in the statement of comprehensive income on a straight-line basis over the period of the lease. Contingent rents are recognised as an expense in the statement of comprehensive income when incurred.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

The Group and the Corporation as lessees (cont'd)

(b) Finance lease

Leases where the Group and the Corporation assume substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases. The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statements of financial position as plant and equipment and finance leases respectively, at the inception of the lease, based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the interest expense and the reduction of the outstanding lease liability. The interest expense is recognised within "finance costs" in the statement of comprehensive income on a basis that reflects a constant periodic rate of interest on the finance lease liability.

The Group and Corporation as lessors

Operating lease

Leases where the Group and the Corporation retain substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in statement of comprehensive income on a straight-line basis over the lease term.

Initial direct costs incurred by the Group and the Corporation in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in the statement of comprehensive income over the lease term on the same basis as the lease income. Contingent rents are recognised as income in the statement of comprehensive income when earned.

Investment in a subsidiary

In the Corporation's separate financial statements, the investment in a subsidiary is carried at cost less accumulated impairment losses.

Impairment of non-financial assets

As at each reporting date, the Group and the Corporation review the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Corporation estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Linen inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs in bringing the inventories to their present location and condition. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

Financial instruments

Financial instruments carried on the statements of financial position include financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. These are recognised on the Group's and the Corporation's statement of financial position when the Group and the Corporation become a party to the contractual provisions of the instrument. Disclosures of the Group's and the Corporation's financial risk management objectives and policies are provided in Note 24.

Financial assets and finance liabilities are offset and the net amount presented on the statement of financial position when, and only when, the Group and the Corporation currently has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

The Group's and the Corporations' financial assets at amortised cost comprise quoted financial assets, trade and other receivables and cash and cash equivalents.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Corporation's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Corporation have applied the practical expedient, the Group and the Corporation initially measure a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs.

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

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are "solely payments of principal and interest" ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Corporation's business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- Financial assets at FVTPL

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Corporation's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVPL"). The Group and the Corporation only have debt instruments measured at amortised cost.

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

Derecognition

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

Impairment of financial assets

The Group and the Corporation assess on a forward-looking basis, the expected credit losses ("ECLs") associated with its debt instrument assets carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Corporation expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables, the Group and the Corporation measure the loss allowance at an amount equal to lifetime ECLs. Therefore, the Group and the Corporation do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each reporting period. The Group and the Corporation have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

Investments in debt instruments (cont'd)

For all other receivables, the Group and the Corporation recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Corporation measure the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

The Group and the Corporation consider a financial asset to be in default when internal or external information indicates that the Group and the Corporation are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Corporation.

At the end of each reporting period, the Group and the Corporation assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group and the Corporation on terms that the Group and the Corporation would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and fixed deposits and are subject to an insignificant risk of changes in value. For purpose of presentation in the statement of cash flows, cash and cash equivalents include cash at bank and deposits held with Accountant-General's Department.

Financial liabilities

The Group's and the Corporation's financial liabilities include borrowings and trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

Financial liabilities (cont'd)

Initial recognition and measurement

The Group and the Corporation determine the classification of its financial liabilities at initial recognition.

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

Borrowings to be settled within the Group's and the Corporation's normal operating cycle are considered as "current". Other borrowings due to be settled more than 12 months after the reporting date are included in "non-current" borrowings in the statement of financial position. Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the statement of comprehensive income over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of borrowing using the effective interest method.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVTPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Capital account

The Corporation's capital account represents capital injections by the Ministry for Finance, a body corporate incorporated by the Minister for Finance (Incorporation) Act (Cap 183), in its capacity as a shareholder under the debt-equity framework for statutory boards implemented with effect from 1 September 2004. Under this framework, capital projects will be partially funded by the Minister for Finance as equity injection and remaining through general funds of the Corporation.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

Provisions

Provisions are recognised when the Group and the Corporation have 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 a reliable estimate can be made of the amount of the obligation.

Management reviews the provisions annually and where in his opinion, the provision is inadequate or excessive, due adjustment is made.

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. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

Trust fund

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

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

Employee benefits

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 under short-term cash bonus if the Group and the Corporation have 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.

Pension obligations

The Group and the Corporation contribute to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees.

The Group's and the Corporation's contributions to CPF are charged to the statement of comprehensive income in the year to which the contributions relate.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

Employee benefits (cont'd)

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting year.

Revenue

Revenue is recognised when the Group and the Corporation satisfy a performance obligation by transferring a promised good or extending a service to the customer, which is when the customer obtains control of the good or derive benefits from the usage of the service. A performance obligation may be satisfied at a point in time or over time. If a performance obligation is satisfied over time, the revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that performance obligation. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

(a) Leasing income

The Group provides Industrial Space Leasing which includes (i) a fixed monthly management fee for the use of industrial space under the Private Sector Participation Scheme; (ii) utilisation fees arising from inmate services rendered to third parties: and (iii) utility charges. Revenue from management fee is recognised over time, whilst revenue from utilisation fees and utility charges are recognised upon the satisfaction of the performance obligations at a point in time.

(b) Business outsourcing

The Group provides labour intensive service to multinational corporation as well as small and medium enterprises.

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

(c) Rendering of services

The Group sells standard kitchen meals, bread and catering services, and provides laundry, dry cleaning services and other residential care services.

(d) Halfway house management fee

Pursuant to the Memorandum of Understanding dated 2 June 2014, the Singapore Prison Service ("SPS") and the Corporation entered into an Implementation Agreement for the Group to manage and provide rehabilitative and aftercare services to the residents, residing at Selarang Halfway House before and after discharge from custody from 1 December 2016 to 31 December 2021, with a 2-year renewal option period.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

Revenue (Cont'd)

The management fee includes (i) a pre-agreed Furniture and Equipment Fee received annually; (ii) 92% Per Capita Fee and (iii) the remaining 8% Per Capita Fee annually, payable when the agreed key performance indicators are met.

Management fee income on Furniture and Equipment Fee and the 92% Per Capita Fee are recognised over time, whilst the 8% Per Capita Fee is recognised upon the satisfaction of key performance indicators, i.e. at a point in time.

(e) Interest income

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

Government grants

Government grants received in advance are recognised on the Group's and the Corporation's statement of financial position upon receipt of the grant funds from the Government.

Grants from the Government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group and the Corporation will comply with all attached conditions. Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Government grants relating to assets are deducted against the carrying amount of the assets.

Related parties

The Corporation is established as a statutory board and is an entity related to the Government of Singapore. The Group's and the Corporation's related parties refer to Government-related entities including Ministries, Organs of State and other Statutory Boards. The Group and the Corporation apply the exemption in Paragraph 25 of SB-FRS 24 Related Party Disclosures such that required disclosures are limited to the following information to enable users of the Group's and the Corporation's financial statements to understand the effect of related party transactions on the financial statements:

(a) the nature and amount of each individually significant transaction with Ministries, Organs of State and other Statutory Boards; and

(b) for other transactions with Ministries, Organs of State and other Statutory Boards that are collectively but not individually significant, a qualitative or quantitative indication of their extent.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

Related parties (cont'd)

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors and senior management officers are considered key management personnel.

Income taxes

The Corporation is a tax-exempted institution under the provisions of the Income Tax Act (Chapter 134, 2008 Revised Edition). The subsidiary of the Corporation is subject to local income tax legislation.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

Functional currencies

Functional and presentation currency

Items included in the financial statements of the Group and the Corporation are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Corporation are presented in Singapore Dollar, which is also the functional currency of the Group and the Corporation.

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within "other expenses". Foreign currency gains and losses are reported on a net basis as either other income or other operating expense depending on whether foreign currency movements are in a net gain or net loss position. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

3 Property, plant and equipment

The Group	Leasehold building $	Plant, equipment and machinery $	Furniture,fixtures and fittings $	Renovation $	Total $
Cost					
At 1 January 2018	11,839,600	30,566,459	3,156,879	4,499,337	50,062,275
Additions	-	2,657,552	99,303	138,200	2,895,055
Disposal/ written-off	-	(510,335)	(264,265)	-	(774,600)
At 31 December 2018, as reported	11,839,600	32,713,676	2,991,917	4,637,537	52,182,730
Adoption of SB-FRS 116:					
Reclassification to “right-of-use-assets” (Note 4)	-	(8,750,451)	-	-	(8,750,451)
At 1 January 2019, as adjusted	11,839,600	23,963,225	2,991,917	4,637,537	43,432,279
Additions	**-**	**1,495,768**	**3,960**	**-**	**1,499,728**
Disposal/written off	**-**	**(60,734)**	**(281,885)**	**-**	**(342,619)**
At 31 December 2019	**11,839,600**	**25,398,259**	**2,713,992**	**4,637,537**	**44,589,388**
Accumulated depreciation					
At 1 January 2018	1,790,042	17,336,792	2,863,754	537,897	22,528,485
Depreciation for the year	574,036	1,563,714	61,718	444,195	2,643,663
Disposal/written off	-	(511,613)	(225,637)	-	(737,250)
At 31 December 2018	2,364,078	18,388,893	2,699,835	982,092	24,434,898
Adoption of SB-FRS 116:					
Reclassification to “right-of-use-assets” (Note 4)	-	(1,235,170)	-	-	(1,235,170)
At 1 January 2019, as adjusted	2,364,078	17,153,723	2,699,835	982,092	23,199,728
Depreciation for the year	**574,036**	**1,182,048**	**54,583**	**453,702**	**2,264,369**
Disposal/written off	**-**	**(49,517)**	**(277,314)**	**-**	**(326,831)**
At 31 December 2019	**2,938,114**	**18,286,254**	**2,477,104**	**1,435,794**	**25,137,266**
Net carrying amount					
At 31 December 2019	8,901,486	7,112,005	236,888	3,201,743	19,452,122
At 31 December 2018	9,475,522	14,324,783	292,082	3,655,445	27,747,832

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

The Corporation	Leasehold building $	Plant, equipment and machinery $	Furniture,fixtures and fittings $	Total $
Cost				
At 1 January 2018	11,839,600	5,020,089	1,542,612	18,402,301
Additions	-	1,563,103	4,803	1,567,906
Disposal/ written-off	-	(509,947)	(264,265)	(774,212)
At 31 December 2018	11,839,600	6,073,245	1,283,150	19,195,995
Additions	**-**	**679,275**	**-**	**679,275**
Transfer to a subsidiary	**-**	**(3,311,809)**	**(770,337)**	**(4,082,146)**
Disposal/ written-off	**-**	**(43,788)**	**(272,981)**	**(316,769)**
At 31 December 2019	**11,839,600**	**3,396,923**	**239,832**	**15,476,355**
Accumulated depreciation				
At 1 January 2018	1,790,042	4,262,205	1,339,282	7,391,529
Depreciation for the year	574,036	464,487	35,460	1,073,983
Disposal/ written-off	-	(511,225)	(225,637)	(736,862)
At 31 December 2018	2,364,078	4,215,467	1,149,105	7,728,650
Depreciation for the year	**574,036**	**580,437**	**25,070**	**1,179,543**
Transfer to a subsidiary	**-**	**(3,122,534)**	**(770,106)**	**(3,892,640)**
Disposal/ written-off	**-**	**(43,416)**	**(273,017)**	**(316,433)**
At 31 December 2019	**2,938,114**	**1,629,954**	**131,052**	**4,699,120**
Net carrying amount				
At 31 December 2019	**8,901,486**	**1,766,969**	**108,780**	**10,777,235**
At 31 December 2018	9,475,522	1,857,778	134,045	11,467,345

On 1 January 2019, the Group reclassified the carrying amount of certain plant and machinery acquired under finance leases carried at $7,515,281 to “right-of use assets” in accordance with SB-FRS 116.

In the current financial year, the Corporation disposed of certain plant and equipment carried at $189,506 (2018 – Nil) to its subsidiary. The consideration was settled via the issuance of 189,506 new ordinary shares at $1 each in the share capital of the subsidiary (refer to Note 6).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

3 Property, plant and equipment (cont'd)

The Group's and the Corporation's leasehold building with a carrying amount of $8,901,486 (2018 - $9,475,522) is mortgaged to a financial institution to secure the Group's and the Corporation's term loan as disclosed in Note 13 to the financial statements.

4 Right-of-use assets

The Group	Leasehold land $	Office premises $	Plant and equipment $	Total $
Cost				
Adoption of SB-FRS 116:				
- Initial recognition	1,779,486	2,508,010	-	4,287,496
- Reclassification from "property, plant and equipment (Note 3)	-	-	8,750,451	8,750,451
At 1 January 2019	1,779,486	2,508,010	8,750,451	13,037,947
Additions	**-**	**54,204**	**-**	**54,204**
At 31 December 2019	**1,779,486**	**2,562,214**	**8,750,451**	**13,092,151**
Accumulated depreciation				
Adoption of FRS 116:				
- Reclassification from "property, plant and equipment (Note 3)	-	-	1,235,170	1,235,170
At 1 January 2019	-	-	1,235,170	1,235,170
Depreciation for the year	64,877	485,680	591,215	1,141,772
At 31 December 2019	64,877	485,680	1,826,385	2,376,942
Carrying amount				
At 31 December 2019	1,714,609	2,076,534	6,924,066	10,715,209
At 1 January 2019	1,779,486	2,508,010	7,515,281	11,802,777

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

The Corporation	Leasehold land $	Office premises $	Total $
Cost			
Adoption of FRS 116:			
- Initial recognition	1,779,486	2,462,272	4,241,758
At 1 January and 31 December 2019	**1,779,486**	**2,462,272**	**4,241,758**
Accumulated depreciation			
Adoption of FRS 116:			
At 1 January 2019	-	-	-
Depreciation for the year	**64,877**	**469,004**	**533,881**
At 31 December 2019	**64,877**	**469,004**	**533,881**
Carrying amount			
At 31 December 2019	**1,714,609**	**1,993,268**	**3,707,877**
At 1 January 2019	1,779,486	2,462,272	4,241,758

The consolidated statement of comprehensive income shows the following amounts relating to leases:

The Group	**2019 $**
Interest expense on lease liabilities (Note 20)	**228,619**
Rental expense of plant and equipment on short-term leases	**268,090**

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

5 Quoted financial assets

The Group and the Corporation	2019 $	2018 $
Quoted debt instruments at amortised cost		
At 1 January	**5,772,427**	7,740,274
Redemption	**(1,000,000)**	(2,000,000)
Amortisation charge	**(17,462)**	(34,123)
Reversal of over-amortisation in respect of prior years	**-**	66,276
Amortisation (charge)/ written back, net	**(17,462)**	32,153
At 31 December	**4,754,965**	5,772,427
Non-current	**1,000,000**	4,761,924
Current	**3,754,965**	1,010,503
	4,754,965	5,772,427

The table below sets out the details of the financial assets measured at amortised cost:

	2019		2018	
	Interest rates	Maturity dates	Interest rates	Maturity dates
Listed securities: - Bonds - Singapore	**3.14% - 3.52%**	**February 2020 - March 2021**	2.94% – 3.42%	October 2019 - March 2021

During the current financial year, the Group and the Corporation received $1,000,000 (2018 - $2,000,000) upon the maturity of debt instruments.

In the previous financial year, the Group and the Corporation also received proceeds of $3,000,000 from the call back of its quoted equity investments measured at FVOCI, amounting to $3,127,740 by the issuers.

Arising from the call back, $17,240 was transferred from the fair value reserve to accumulated surplus (refer to Note 12); and $110,500 was recognised in the consolidated statement of comprehensive income as “loss on call back of quoted equity financial assets at FVOCI”.

All the bonds carry a fixed coupon rate and are denominated in Singapore dollars. At the balance sheet date, the fair values of the bonds amounted to $4,833,850 (2018 - $5,845,525) and are within Level 1 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

6 Investment in subsidiary

The Corporation	2019 $	2018 $
Unquoted equity shares, at cost:		
At 1 January	**20,600,307**	17,100,307
Additions	**189,506**	3,500,000
At 31 December	**20,789,813**	20,600,307

On 21 November 2019, 189,506 new ordinary shares at $1 each in the share capital of the subsidiary were issued to the Corporation for the transfer of plant and equipment with a net carrying amount of $189,506 (Note 3).

On 1 May and 3 December 2018, 3.5 million new ordinary shares at $1 each in the share capital of the subsidiary were issued to the Corporation for (i) cash of $1.3 million; and (ii) $2.2 million were set-off against amounts due from the subsidiary respectively.

Details of the subsidiary are as follows:

Name of subsidiary	Country of incorporation/ principal place of business	Proportion of ownership interest 2019	2018	Principal activities
YR Industries Pte. Ltd.(“YRI”) [(1)]	Singapore	**100%**	100%	Laundry & dry cleaning services except self-operated laundries and residential care services for ex-offenders, cooked food, manufacturing of bakeryproducts and management of a halfway house.

[(1)] Audited by Foo Kon Tan LLP.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

7 Inventories

The Group	31 December 2019 $	31 December 2018 $ (restated)	1 January 2018 $ (restated)
Finished goods, at cost	**251,134**	416,599	390,418

Changes in inventories recognised in cost of sales in the statement of comprehensive income amounted to $7,953,876 (2018 - $1,030,885).

8 Trade and other receivables

	The Group		The Corporation	
	2019 $	2018 $	**2019 $**	2018 $
Trade receivables	**6,355,017**	3,951,224	**4,021,666**	1,422,135
Amount due from subsidiary (trade)	**-**	-	**5,578,972**	2,118,174
Accrued receivables	**7,289,554**	5,562,752	**4,975,092**	3,158,665
Interest receivable	**191,829**	141,080	**164,311**	141,080
Grants receivables (Note 9)	**1,873,574**	2,572,134	**1,873,574**	2,572,134
Other recoverable	**564,931**	81,575	**209,267**	439,208
Refundable deposits	**1,466,734**	1,858,040	**1,432,754**	1,775,641
Financial assets at amortised cost	**17,741,639**	14,166,805	**18,255,636**	11,627,037
Prepayments	**531,063**	655,905	**189,018**	237,600
	18,272,702	14,822,710	**18,444,654**	11,864,637

Trade receivables are interest bearing and are generally on 30 to 60 days' terms. (2018 - 30 to 60 days).

Trade and other receivables are denominated in Singapore Dollar.

The Group's exposure to credit risk is disclosed in Note 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

9 Grants receivable/ (Grants received in advance)

The Group and the Corporation	**2019 $**	2018 $
At 1 January	**2,156,864**	2,670,095
Grants received in respect of the previous financial year	**(2,305,316)**	(3,104,992)
Grants received in respect of the current financial year	**(7,463,762)**	(5,181,285)
	(9,769,078)	(8,286,277)
Government grant recognised as income in the consolidated statement of comprehensive income	**7,179,961**	7,773,046
At 31 December	**(432,253)**	2,156,864
Comprises:		
Grants receivable (Note 8)	**1,873,574**	2,572,134
Grants received in advance (Note 15)	**(2,305,827)**	(415,270)
	(432,253)	2,156,864

10 Cash and cash equivalents

	The Group		The Corporation	
	2019 $	2018 $	**2019 $**	2018 $
Cash maintained with the Accountant-General's Department ("AGD")	**11,054,863**	12,728,653	**5,744,857**	8,647,446
Fixed deposits	**3,500,000**	1,000,000	**1,000,000**	1,000,000
	14,554,863	13,728,653	**6,744,857**	9,647,446

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

Cash maintained with the AGD are centrally managed under the Centralised Liquidity Management Framework ("CLM") based on the directive set out in the Accountant-General Circular's No. 4/2009. These are short-term deposits earning interest ranging from 1.86% to 2.13% (2018 - 1.40% to 2.19%) per annum.

As at 31 December 2019, the Group and the Corporation's fixed deposits bear interest at 1.82% to 1.99% (2018 – 1.82%) per annum and will mature in February and June 2020 (2018 – February 2020), respectively.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

11 Capital account

The Corporation	2019 $	2018 $
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

As at 31 December 2019, the Corporation's share capital comprises fully paid-up 1,000 ordinary shares. The shares represent the capital injections by the Minister for Finance, a body corporate incorporated by the Minister for Finance (Incorporation) Act (Cap 183), in its capacity as a shareholder under the debt-equity framework for statutory boards implemented with effect from 1 September 2004. Under this framework, capital projects will be partially funded by the Minister of Finance as equity injection and remaining through general funds of the Corporation.

The Ministry of Finance is entitled to receive dividends annually, computed based on the cost of equity applied to the Corporation's equity base and it is capped at the statutory board's annual accounting surplus.

12 Fair value reserve

The Group and The Corporation	2018 $
At beginning of the year	17,240
Disposal of quoted equity measured at FVOCI	(17,240)
At end of the year	-

The fair value reserve records the cumulative fair value changes of quoted equity securities measured at FVOCI until they are derecognised or impaired.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

13 Term loan

The Group and the Corporation	2019 $	2018 $
Within one year	**399,585**	365,059
Later than one year but not later than five years	**1,642,190**	1,669,591
Later than five years	**4,103,243**	4,508,292
	5,745,433	6,177,883
	6,145,018	6,542,942

Term loan is secured by a legal mortgaged over the Group's and the Corporation's leasehold building with net carrying value of S$8,901,486 (2018 - S$9,475,522) (Note 3).

The details of the term loan are as follows:

Term loan	Principal sum $	Effective interest rate % p.a.	Repayment terms
Term loan #1	6,574,712	3.25% p.a. below the prevailing Enterprise Base Rate for the first year 3.15% p.a. below the prevailing Enterprise Base Rate for the second year 2% p.a. below the prevailing Enterprise Base Rate for the third year 1.4% p.a. below the prevailing Enterprise Base Rate thereafter	Monthly instalment shall be computed based on the principal loan outstanding and remaining loan period as at the date of conversion and is subject to variation in accordance with the interest rate.

Term loan is denominated in Singapore Dollar.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

14 Lease liabilities (2018: finance leases)

	The Group		The Corporation	
	2019	2018	2019	2018
	$	$	$	$
Undiscounted lease payments due:				
Due not later than one year	**1,841,394**	1,161,240	**651,294**	-
Due later than one year but not later than five years	**7,035,621**	4,644,960	**2,364,809**	-
Due later than five years	**1,581,122**	1,373,313	**1,335,036**	-
	10,458,137	7,179,513	**4,351,139**	-
Less: Unearned interest cost	**(1,239,531)**	(759,965)	**(597,896)**	-
Present value of minimum lease payments	**9,218,606**	6,419,548	**3,753,243**	-
Presented as:				
Non-current	**7,613,009**	5,381,227	**3,212,555**	-
Current	**1,605,597**	1,038,321	**540,688**	-
	9,218,606	6,419,548	**3,753,243**	-

Interest expense on lease liabilities amounting to $228,619 (refer to Note 20). Total cashflows for all leases in the current financial year amounting to $1,771,261.

As at 31 December 2019, the Group and the Corporation's short-term commitments as at the reporting date are not substantially dissimilar to those giving rise to the Group and the Corporation's short-term lease expense for the financial year.

The lease liabilities are secured by the Group's and the Corporation's title to right-of-use assets (Note 4).

Lease liabilities are denominated in Singapore Dollar.

As at 31 December 2018, the Group purchased certain plant and equipment under finance lease arrangements. There were no restrictions placed upon the Group by entering into these leases. The effective interest rate was 0.24% per month.

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

Finance leases were reclassified to "lease liabilities" on 1 January 2019 arising from the adoption of SB-FRS 116. The impact of the adoption is disclosed in Note 2(b).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

15 Trade and other payables

	The Group		The Corporation	
	2019	2018	**2019**	2018
	$	$	**$**	$
Trade payables	**4,298,655**	4,121,095	**676,757**	3,039,815
Amounts due to subsidiary (trade)	**-**	-	**19,284**	5,934
Accrued Food and Business Solutions cost	**363,388**	349,487	**3,552,409**	349,487
Accrued bonuses, manpower and related costs	**3,403,061**	3,112,215	**1,577,190**	1,921,251
Accrued utilities	**314,473**	390,114	**-**	-
Accrued expenses	**2,256,854**	2,336,750	**1,770,212**	2,163,553
Other payables	**923,367**	626,098	**621,937**	299,592
Financial liabilities at amortised cost	**11,559,798**	10,935,759	**8,217,789**	7,779,632
Grants received in advance (Note 9)	**2,305,827**	415,270	**2,305,827**	415,270
Output GST payables, net	**319,695**	336,856	**373,466**	210,357
	14,185,320	11,687,885	**10,897,082**	8,405,259

Trade payables are non-interest bearing and are generally on 30-90 days terms (2018 - 30-90 days).

Trade and other payables are denominated in Singapore Dollar.

16 Provisions

	Linen loss	Gas rebate	Total
	$	$	$
The Group			
At 1 January 2018	219,291	530,000	749,291
Provision made during the year	89,000	185,341	274,341
Utilisation	(170,250)	(393,225)	(563,475)
Over-provision in respect of prior year	(137,013)	(138,116)	(275,129)
	(218,263)	(346,000)	(564,263)
At 31 December 2018	1,028	184,000	185,028

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

16 Provisions (Cont'd)

The Group	Linen loss $	Gas rebate $	Total $
At 31 December 2018	1,028	184,000	185,028
Provision made during the year	**150,996**	**46,000**	**196,996**
Utilisation	**(121,688)**	**(153,239)**	**(274,927)**
	29,308	**(107,239)**	**(77,931)**
At 31 December 2019	**30,336**	**76,761**	**107,097**

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

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

17 Net assets of the Yellow Ribbon Fund

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

17 Net assets of the Yellow Ribbon Fund (cont'd)

The statement of financial activities of the fund are as follows:

	2019 $	2018 $
Income		
Donation income	**521,636**	966,277
Donation in kind	**-**	30,000
Events income	**1,437,800**	945,608
Grants and bursary	**1,160,329**	1,836,738
Sales of items	**-**	1,400
Miscellaneous income	**-**	114,840
Total income	**3,119,765**	3,894,863
Less: General expenditure		
Audit fees	**46,149**	13,952
Accounting fee	**35,400**	9,300
Bank charges	**4,021**	2,119
Depreciation expense	**6,017**	18,047
Fund raising expenses	**212,247**	123,216
General and miscellaneous expenses	**9,481**	110,718
Manpower cost	**455,761**	358,821
Other event expenses	**13,974**	69,128
Printing and stationery	**5,870**	3,160
Transport	**4,426**	7,548
Yellow Brick Road programme expenses	**(17,103)**	64,602
Total general expenditure	**776,243**	780,611
Operating surplus for the year	**2,343,522**	3,114,252

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

17 Net assets of the Yellow Ribbon Fund (Cont'd)

The statement of financial activities of the fund are as follows (Cont'd):

	2019 $	2018 $
Operating surplus for the year	**2,343,522**	3,114,252
Add/(less): Other income/(expenditure)		
Disbursement of funds	**(2,336,330)**	(1,766,457)
Interest income	**44,501**	18,039
	(2,291,829)	(1,748,418)
Surplus for the year	**51,693**	1,365,834

The statement of financial position of the Fund are as follows:

	2019 $	2018 $
Represented by:		
Non-current assets:		
Equipment	**-**	6,017
Other receivables	**9,350**	9,350
	9,350	15,367
Current assets:		
Other receivables	**425,105**	282,568
Prepayments	**-**	6,954
Fixed deposits	**4,521,347**	1,349,786
Cash and bank balances	**1,766,562**	5,319,731
	6,713,014	6,959,039
Total assets	**6,722,364**	6,974,406
Current liabilities:		
Other payables	**294,668**	598,403
Net assets	**6,427,696**	6,376,003

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

18 Operating income

The Group	2019 $	2018 $
Business outsourcing, at a point in time	**1,991,386**	2,040,943
Halfway house management fee:		
- At a point in time	**243,421**	298,143
- Over time	**5,921,520**	4,510,458
	6,164,941	4,808,601
Leasing income:		
- At a point in time	**2,481,906**	2,404,521
- Over time	**728,766**	818,784
	3,210,672	3,223,305
Rendering of services, at a point in time	**47,190,725**	45,796,578
Other miscellaneous income, at a point in time	**1,522**	447,363
	58,559,246	56,316,790

19 Other income

The Group	2019 $	2018 $
Dividend income from quoted equity investments at FVOCI	**-**	80,633
Interest income from quoted debt investments at amortised cost	**194,843**	249,204
Interest income from bank deposits	**191,311**	170,066
Others	**77,944**	682
	464,098	500,585

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

20 Finance costs

The Group	2019 $	2018 $
Interest expenses on:		
- Term loan	**159,466**	239,692
- Lease liabilities (2018: finance leases)	**228,619**	122,919
	388,085	362,611

21 Manpower costs

The Group	2019 $	2018 $
Salaries and related costs	**19,263,011**	18,222,990
Contributions to Central Provident Fund	**2,144,775**	2,470,134
	21,407,786	20,693,124
Seconded staff	**584,359**	282,079
	21,992,145	20,975,203

Compensation of key management personnel

The key management personnel compensation comprises:

The Group	2019 $	2018 $
Board members' allowance	**163,125**	159,375
Directors' fees of a subsidiary	**41,255**	45,000
Other key management members' remuneration:		
- Short-term employee benefits	**1,415,911**	1,398,669
- contribution to defined contribution plans	**130,565**	127,595
	1,546,476	1,526,264
	1,750,856	1,730,639

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

22 Taxation

The Group	2019 $	2018 $
Current taxation	**-**	-

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the applicable tax rate on the Group's profit/(loss) before tax as a result of the following:

The Group	2019 $	2018 $
Surplus/ (deficit) before taxation	**692,136**	(2,194,561)
Tax at statutory rate of 17%	**117,663**	(373,076)
Tax effect on the Corporation's surplus not subject to tax	**(3,416)**	(18,210)
Tax effect on non-taxable income	**(27,108)**	(1,700)
Tax effect on non-deductible expenses	**291,176**	310,195
Utilisation of deferred tax assets not recognised	**(378,315)**	-
Deferred tax assets not recognised	**-**	82,791
	-	-

Non-deductible expenses mainly comprise non-capitalised assets, depreciation charge and provisions made for the financial year.

At the reporting date, the Group has unutilised tax losses of $417,000 (2018 - $2,642,000) and unutilised donations of $2,000 (2018 - $2,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

23 Contingent liabilities

Performance guarantees

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

The Group	31 December 2019 $	31 December 2018 $
Bankers' guarantees issued on behalf of third parties	**95,328**	239,654

24 Financial risk management objectives and policies

The Group and the Corporation maintain documented financial risk management policies. These policies set out the Group's and the Corporation's overall business strategies and its risk management philosophy. The Group and the Corporation are exposed to similar financial risks arising from its operations and the use of financial instruments. The key financial risks included credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Group's and the Corporation's overall risk management programme focus on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's and the Corporation's financial performance.

The Group and the Corporation does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

Credit risk

Credit risk is the risk of financial loss to the Group and the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's and the Corporation's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

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

The Group and the Corporation have determined the default event on a financial asset to be when internal and/ or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments.

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

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

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 to 60 days past due in making contractual payment.

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

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

The Group and the Corporation categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 180 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

24 Financial risk management objectives and policies (Cont'd)

Credit risk (Cont'd)

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

Credit risk concentration profile

The Group and the Corporation determine 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 and the Corporation's trade receivables by business segments at the reporting date is as follows:

	The Group		The Corporation	
By business segments:	**2019 $**	2018 $	**2019 $**	2018 $
Industrial Space Leasing	**431,307**	406,199	**431,308**	458,999
Business Outsourcing	**289,807**	337,881	**-**	337,882
Bakery	**293,303**	369,983	**-**	369,983
Central Kitchens	**7,152,601**	2,267,263	**6,965,228**	2,277,285
Laundry	**3,852,081**	4,933,176	**-**	-
Logistics Management and Planning	**-**	915,873	**-**	915,873
Others	**1,625,473**	283,601	**7,179,195**	2,338,952
	13,644,572	9,513,976	**14,575,731**	6,698,974

Trade receivables

For trade receivables, the Group and the Corporation have applied the simplified approach in SB-FRS 109 to measure the loss allowance at lifetime ECL. The Group and the Corporation determine the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

As at the end of the reporting period, the age analysis of trade receivables past due but not impaired was as follows:

	2019 $	2018 $
Past due less than 1 month	**12,607,100**	8,306,426
Past due 1 to 2 months	**857,965**	955,337
Past due over 2 to 3 months	**139,569**	110,187
Past due over 3 months	**39,937**	142,026

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

24 Financial risk management objectives and policies (Cont'd)

Credit risk (Cont'd)

Excessive risk concentration

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

Exposure to credit risk

As at 31 December 2019, the Group and the Corporation have significant concentration in credit risk from a government agency. The Group and the Corporation have credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Other receivables

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

Market risk

Price risk

The Group and the Corporation do not have any exposure to debt price risk on its debt securities as the Group and the Corporation will not sell the quoted debt financial instruments before the maturity date irrespective of changes in market prices or the issuers' financial position or performance. The investment in quoted debt instruments is managed by the Corporation's Investment and Finance Committee.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

Interest rate risk

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

Sensitivity analysis for interest rate risk
A 1% change in interest rate on the term loan with a financial institution would not have a material impact on the Group's and the Corporation's net profit/(loss) for the financial year ended 31 December 2019 and 31 December 2018.

Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's and the Corporation's reputation. The Corporation regularly reviews its liquidity reserves, comprising cash flows from its operations and government grants, to ensure sufficient liquidity is maintained at all times.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

Contractual maturity analysis

The following are the contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude impact of netting agreements:

The Group	Carrying amount $	Contractual undiscounted cash flows Total $	Less than 1 year $	Between 2 and 5 years $	Over 5 years $
As at 31 December 2019					
Financial liabilities					
Term loan (Note 13)	**6,145,018**	**7,895,426**	**565,682**	**2,497,888**	**4,831,856**
Lease liabilities (Note 14)	**9,218,606**	**10,458,137**	**1,841,394**	**7,035,621**	**1,581,122**
Trade and other payables (Note 15)	**11,559,798**	**11,559,798**	**11,559,798**	**-**	**-**
	26,923,422	**29,913,361**	**13,966,874**	**9,533,509**	**6,412,978**
As at 31 December 2018					
Financial liabilities					
Term loan (Note 13)	6,542,942	8,143,564	589,972	2,381,832	5,171,760
Finance leases (Note 14)	6,419,548	7,179,513	1,161,240	4,644,960	1,373,313
Trade and other payables (Note 15)	10,935,759	10,935,759	10,935,759	-	-
	23,898,249	26,258,836	12,686,971	7,026,792	6,545,073

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

The Corporation	Carrying amount $	Contractual undiscounted cash flows Total $	Less than 1 year $	Between 2 and 5 years $	Over 5 years $
As at 31 December 2019					
Financial liabilities					
Term loan (Note 13)	**6,145,018**	**7,895,426**	**565,682**	**2,497,888**	**4,831,856**
Lease liabilities (Note 14)	**3,753,243**	**4,351,139**	**651,294**	**2,364,809**	**1,335,036**
Trade and other payables (Note 15)	**8,217,789**	**8,217,789**	**8,217,789**	**-**	**-**
	18,116,050	**20,464,354**	**9,434,765**	**4,862,697**	**6,166,892**
As at 31 December 2018					
Financial liabilities					
Term loan (Note 13)	6,542,942	8,143,564	589,972	2,381,832	5,171,760
Trade and other payables (Note 15)	7,779,632	7,779,632	7,779,632	-	-
	14,322,574	15,923,196	8,369,604	2,381,832	5,171,760

25 Financial instruments

Fair values

The carrying amounts of the financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

However, the Group and the Corporation does not anticipate that the carrying amounts recorded at end of the reporting year would be significantly different from the values that would eventually be received or settled.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

25 Financial instruments (Cont'd)

Accounting classification of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities at the reporting date by categories are as follows:

	The Group		The Corporation	
	2019 $	2018 $	**2019 $**	2018 $
Financial assets measured at amortised cost				
Quoted financial assets (Note 5)	**4,754,965**	5,772,427	**4,754,965**	5,772,427
Trade and other receivables (Note 8)	**17,741,639**	14,166,805	**18,255,636**	11,627,037
Cash and bank balances (Note 10)	**14,554,863**	13,728,653	**6,744,857**	9,647,446
	37,051,467	33,667,885	**29,755,458**	27,046,910
Financial liabilities measured at amortised cost				
Term loan (Note 13)	**6,145,018**	6,542,942	**6,145,018**	6,542,942
Lease liabilities (2018: finance leases) (Note 14)	**9,218,606**	6,419,548	**3,753,243**	-
Trade and other payables (Note 15)	**11,559,798**	10,935,759	**8,217,789**	7,779,632
	26,923,422	23,898,249	**18,116,050**	14,322,574

26 Capital management

The Group and the Corporation define "capital" to include capital account and reserves. The Group's and the Corporation'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 and the Corporation are not subject to externally imposed capital requirements and there were no changes to the Group's and the Corporation's approach to capital management during the finance year.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

27 Fair value measurement

Definition of fair value

SB-FRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1—those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2—those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices)
- Level 3—those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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.

Fair value measurement of financial assets

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

	(Level 1) $	**(Level 2) $**	**(Level 3) $**
2019			
Financial assets:			
Quoted financial assets (Note 5)	**4,754,965**	**-**	**-**
2018			
Financial assets:			
Quoted financial assets (Note 5)	5,772,427	-	-

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for the financial year ended 31 December 2019

Fair value measurement of financial assets (cont'd)

The carrying amounts of the Group's and the Corporations' other financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

However, the Group and the Corporation does not anticipate that the carrying amounts recorded at end of the reporting year would be significantly different from the values that would eventually be received or settled.

28 Prior year adjustments and reclassifications

Change in accounting policy

Included in the Group's inventories as at 31 December 2017 and 2018 comprised linen in circulation of the subsidiary to generate linen-leasing income which is recorded as part of "rendering of services" as disclosed in Note 18 to the financial statements.

During the current financial year ended 31 December 2019, the management of the subsidiary reviewed the accounting treatment for linen in circulation and changed its accounting policy by recognising the costs of purchase of such linen in circulation in the statement of comprehensive income immediately upon issuance to the customers since these linen in circulation had been used in the production process for such leasing income earned and the accounting treatment for such linen in circulation was not in accordance with SB-FRS 2 Inventories.

Management accounted for the abovementioned change in accounting policy by restating the comparative amounts for the prior periods' financial positions and financial performance in accordance with SB-FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Certain reclassifications to the financial statement captions in the consolidated statement of comprehensive income for the previous financial year were also made to conform to current year's presentation.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2019

The prior year adjustments and reclassifications, to the extent that they are applied retrospectively, have the following impact:

	As previously reported $	Prior year adjustments $	Reclassifications $	As restated $
The Group				
Statement of financial position At 1 January 2018				
Inventories (Note 7)	719,622	(329,204)	-	390,418
Accumulated surplus	38,514,321	(329,204)	-	38,185,117
Statement of financial position At 31 December 2018				
Inventories (Note 7)	821,229	(404,630)	-	416,599
Accumulated surplus	36,395,186	(404,630)	-	35,990,556
Statement of comprehensive income Year ended 31 December 2018				
Operating income (Note 18)	7,829,896	-	(7,773,046)	56,850
Government operating grants	-	-	7,773,046	7,773,046
Material/ production costs	(16,940,780)	(75,426)	-	(17,016,206)

29 Subsequent events

With effect from 1 May 2020, the Corporation has been rebranded as Yellow Ribbon Singapore (YRSG). The rebranding of the Corporation to YRSG will pave the way for the next phase of its mission as it takes the lead in championing acceptance of ex-offenders and their successful reintegration into society. It will also allow existing Yellow Ribbon initiatives, such as the Yellow Ribbon Project and the Yellow Ribbon Fund, to be consolidated under the new YRSG.

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