

The Hut Limited
(Company Registration Number: 202007365W)

(Registered under the Companies Act, Chapter 50 and Charities Act, Chapter 37)

AUDITED FINANCIAL STATEMENTS
For the Financial Period from 04 March 2020
(Date of incorporation) to 31 December 2020



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The Hut Limited

**AUDITED FINANCIAL STATEMENTS
For the Financial Period from 04 March 2020
(Date of incorporation) to 31 December 2020**

Contents	Page
Directors' Statement	1
Independent Auditor's Report	2 - 4
Balance Sheet	5
Statement of Financial Activities	6 - 9
Statement of Cash Flows	10
Notes to the Financial Statements	11 - 21

The Hut Limited

DIRECTORS' STATEMENT For the Financial Period from 04 March 2020 (Date of incorporation) to 31 December 2020

The directors present their statement to the members together with the audited financial statements of The Hut Limited (the "Company") for the financial period from 04 March 2020 to 31 December 2020.

In the opinion of the directors

- (a) the financial statements of the Company together with the notes thereto are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 and the Charities Act, Chapter 37 and other relevant regulations, and the Charities Accounting Standards in Singapore ("CASs") so as to present fairly, in all material respects, the state of affairs of the Company as at 31 December 2020, and the results, and cash flows of the Company for the financial year ended on that date;
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due; and
- (c) there was no fund-raising appeal held by the Company during the financial year.

DIRECTORS

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

Wong Wei Jie Derrick	(Appointed on 04.03.2020)
Quah Suat Lay Nancy	(Appointed on 04.03.2020)
Noriman Ali Salam	(Appointed on 04.03.2020)
Justina Jo-Ann Veronica Quek	(Appointed on 04.03.2020)
Glara Yi Young Eun	(Appointed on 04.03.2020)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

The Company has no share capital and its liability is limited by guarantee, the liability of each member of the Company is limited to an amount as may be required but not exceeding \$1.

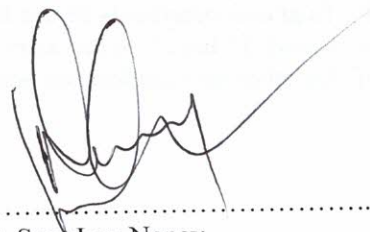
INDEPENDENT AUDITOR

The independent auditor, Tan, Chan & Partners, have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors:



.....
Noriman Ali Salam
Director
Singapore



.....
Quah Suat Lay Nancy
Director

Date: 08 April 2021

INDEPENDENT AUDITOR'S REPORT

**To the Members of
The Hut Limited
For the Financial Period from 04 March 2020
(Date of incorporation) to 31 December 2020**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Hut Limited (the "Company"), which comprise the balance sheet of the Company as at 31 December 2020, the statement of financial activities, and statement of cash flows of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Companies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations"), and Charities Accounting Standards in Singapore ("CASs") so as to give a true and fair view of the financial position of the Company as at 31 December 2020, and of the financial performance, and cash flows of the Company for the financial period ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprise the Directors' Statement, but does not include financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

**To the Members of
The Hut Limited
For the Financial Period from 04 March 2020
(Date of incorporation) to 31 December 2020**

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

**To the Members of
The Hut Limited
For the Financial Period from 04 March 2020
(Date of incorporation) to 31 December 2020**

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

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

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


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

Report on other legal and regulatory requirements

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

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

- (a) the Company has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Company has not complied with the requirement of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.


Tan, Chan & Partners
*Public Accountants and
Chartered Accountants*

Singapore
Date: 08 April 2021

The Hut Limited
BALANCE SHEET
As at 31 December 2020

	Note	31.12.2020 \$
Funds		
<u>Unrestricted</u>		
Accumulated Fund:		<u>26,908</u>
<u>Designated</u>		
Deferred Capital Fund	4	71,358
Renovation and Infrastructure Fund	5	53,142
Playpod Fund	6	10,000
Youth Development Fund	7	30,000
		<u>164,500</u>
Total funds	8	<u><u>191,408</u></u>
Non-current asset		
Plant and equipment	9	<u>61,658</u>
Current assets		
Other receivables	10	14,090
Cash and bank balances	11	134,050
		<u>148,140</u>
Current liabilities		
Other payables	12	16,570
Income tax payable	13	1,820
		<u>18,390</u>
Net current assets		<u>129,750</u>
Net assets		<u><u>191,408</u></u>

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

The Hut Limited

STATEMENT OF FINANCIAL ACTIVITIES

For the Financial Period from 04 March 2020

(Date of incorporation) to 31 December 2020

	Note	Unrestricted Fund	Designated Fund	Total Funds
		04.03.2020	04.03.2020	04.03.2020
		to	to	to
		31.12.2020	31.12.2020	31.12.2020
		\$	\$	\$
Income from generated funds				
Voluntary income:				
Tax deductible donations received		96,561	-	96,561
Non-tax deductible donations received		175	114,500	114,675
		96,736	114,500	211,236
Less: Cost of charitable activities				
Condolences and Congratulatories		61	-	61
Programme expenses		2,411	-	2,411
CPF contribution		875	-	875
Rental of premise		1,800	-	1,800
Salaries		5,143	-	5,143
SDL		11	-	11
		10,301	-	10,301
Less: Governance and administrative costs				
Auditor's remuneration		2,000	-	2,000
Accounting fees		800	-	800
Administrative expenses		480	-	480
Bank charges		2	-	2
Corporate secretarial services		100	-	100
Repair and maintenance		400	-	400
Utilities		262	-	262
		4,044	-	4,044
Surplus before taxation		82,391	114,500	196,891
Less: Taxation				
Income tax expense	13	5,483	-	5,483
Net surplus for the financial period		76,908	114,500	191,408
Gross transfers between funds				
Gross transfer from funds		(50,000)	-	(50,000)
Gross transfer to funds		121,358	(71,358)	50,000
		71,358	(71,358)	-
Net surplus after funds transfer, representing total funds carried forward		148,266	43,142	191,408

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

The Hut Limited
STATEMENT OF CASH FLOWS
For the Financial Period from 04 March 2020
(Date of incorporation) to 31 December 2020

	Note	04.03.2020 to 31.12.2020 \$
Operating activities		
Surplus before taxation		<u>196,891</u>
Operating cash flows before working capital changes		196,891
<u>Adjustments for changes in working capital:</u>		
Other receivables		(14,090)
Other payables		<u>16,570</u>
Cash flows from operations		199,371
Income tax paid	13	<u>(3,663)</u>
Net cash flows generated from operating activities		<u>195,708</u>
 Investing activity		
Acquisition of plant and equipment	9	<u>(61,658)</u>
Net cash flow used in investing activity		<u>(61,658)</u>
 Net changes in cash and cash equivalents		134,050
 Cash and cash equivalents at date of incorporation		<u>-</u>
 Cash and cash equivalents at end of financial period	11	<u><u>134,050</u></u>

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

The Hut Limited

NOTES TO THE FINANCIAL STATEMENTS For the Financial Period from 04 March 2020 (Date of incorporation) to 31 December 2020

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

1. GENERAL INFORMATION

The Hut Limited (the “Company”) is incorporated and domiciled in Singapore, limited by guarantee, and not having a share capital.

The Company is registered as a charity under the Charities Act, Chapter 37 and is an approved Institution of Public Character (IPC) from 13 July 2020 to 12 July 2021.

The registered office and principal place of operation of the Company is located at 35 Marine Crescent, #01-63/65, Marine Crescent Ville, Singapore 440035.

The principal activities of the Company are:

- (a) to provide comprehensive preventive, development, and remedial services and opportunities for children.
- (b) to provide guidance and assistance to children and youths in the areas of education and life skills development; and
- (c) to provide a platform for children and youths from varying backgrounds to build positive relationships with each other.

The financial statements of the Company for the financial year ended 31 December 2020 were authorised for issue by the board of directors on the date of Directors’ Statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with the provision of the Companies Act, Chapter 50, the Charities Act, Chapter 37 and Charities Accounting Standards in Singapore (“CASs”). The accounting policies of the Company are consistent with the requirements of the CASs and are applied consistently to similar transactions, other events and conditions. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of the financial statements in conformity with CASs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The Hut Limited

NOTES TO THE FINANCIAL STATEMENTS For the Financial Period from 04 March 2020 (Date of incorporation) to 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (cont'd)

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

2.2 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements of the Company are presented in Singapore Dollars (“\$”) which is the Company’s functional currency.

2.3 Offsetting of financial assets and liabilities

The Company shall not offset assets and liabilities, or income and expenditure, unless required or permitted by the CAS.

2.4 Plant and equipment

Plant and equipment are initially stated at cost. Subsequently, plant and equipment are stated at cost less accumulated depreciation. The cost of an item of plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The initial estimate of the costs of dismantlement, removal or restoration is also included as part of the cost of plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Plant and equipment shall not be revalued and are not required to be assessed for impairment.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The cost of day-to-day servicing of an item of plant and equipment are recognised as expenditure in the statements of financial activities in the period in which the costs are incurred.

Gains or losses arising from the retirement or disposal of plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in statement of financial activities on the date of retirement or disposal.

The Hut Limited

NOTES TO THE FINANCIAL STATEMENTS For the Financial Period from 04 March 2020 (Date of incorporation) to 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 Plant and equipment (cont'd)

Depreciation is computed on the straight-line method to write-off the cost of the plant and equipment over its estimated useful life. The estimated useful lives of the plant and equipment are as follows:

	<u>Useful lives</u>
Furniture and fitting	3 years
Renovation	3 years

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The residual value, estimated useful life and depreciation method are reviewed at each reporting date and adjusted prospectively, if appropriate.

2.5 Financial assets

The Company has its financial assets in the following categories: cash and cash equivalents and other receivables. The classification depends on the purpose for which the assets were acquired.

Receivables

Receivables are presented as current assets, except those maturing later than twelve months after the balance sheet date which are classified as non-current assets.

Receivables (excluding prepayments) are recognised at their transaction price excluding transaction costs, if any. Transaction costs are recognised as expenditure in the statement of financial activities as incurred. Prepayments are initially recognised at the amount paid in advance for the economic resources expected to be received in the future.

After initial recognition, other receivables are subsequently measured at cost less any accumulated impairment losses. Prepayments are subsequently measured at the amount paid less the economic resources received or consumed during the financial year.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in statements of financial activities. The amount of the allowance is the difference between the asset's carrying amount and the undiscounted future cash flows, excluding unearned interest of interest-bearing assets that the Company expects to receive from the assets. The amount of the allowance for impairment is recognised in the statement of financial activities.

The Hut Limited

NOTES TO THE FINANCIAL STATEMENTS For the Financial Period from 04 March 2020 (Date of incorporation) to 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.6 Impairment of financial assets

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

If there is objective evidence that a receivable is impaired, the carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the statement of financial activities.

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

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank that is subject to an insignificant risk of changes in value.

2.8 Financial liabilities

Financial liabilities are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognised when, and only when, the obligations under the liabilities are discharged, cancelled or they expired.

Payable excluding accruals are recognised at their transactions price, excluding transaction costs, if any, both at initial recognition and at subsequent measurement. Transactions costs are recognised as expenditure in the statement of financial activities as incurred. Accruals shall be recognised as the best estimates of the amount payable.

2.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits in settlement will be required and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, any adjustment to the amounts previously recognised shall be recognised as expenditure in the statement of financial activities unless the provision was originally recognised as part of the cost of an asset.

2.10 Key management personnel

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

The Hut Limited

NOTES TO THE FINANCIAL STATEMENTS For the Financial Period from 04 March 2020 (Date of incorporation) to 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.11 Related parties

CAS defines a related party as a person or entity that is related to the Company and it includes a person or a close member of that person's family if that person:

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

For the purpose of the financial statements related parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or exercise significant influence over the party in making financial and operating decisions or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties include related corporations, associates, joint control entities, joint ventures and individuals who are key management personnel or close member of their families.

Included under related parties are the key management personnel. The directors are considered as key management personnel of the Company.

2.12 Taxation

These accounting policies are applicable for the Company before obtaining Charity status:

(a) *Current income tax*

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

(b) *Deferred tax*

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

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The Hut Limited

NOTES TO THE FINANCIAL STATEMENTS For the Financial Period from 04 March 2020 (Date of incorporation) to 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.12 Taxation (cont'd)

These accounting policies are applicable for the Company before obtaining Charity status:
(cont'd)

(b) *Deferred tax (cont'd)*

Deferred tax is calculated at the tax rate that is expected to apply in the period when liability is settled or the asset realised, based on the tax rate (and the tax laws) that have been enacted or substantively enacted by the end of the reporting date.

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

These accounting policies are applicable for the Company after obtaining Charity status:

(a) *Tax exemption*

As the Company is registered under Charity, the income is exempted from tax under section 13(1) (zm) of the Singapore Income Tax Act.

2.13 Revenue recognition

Income is recognised in the statement of financial activities when the effect of a transaction or other event results in an increase in the Company's net assets. Income is recognised when the following three factors are met:

(i) Entitlement

The Company has control over the rights or other access to the resource, enabling the Company to determine its future application;

(ii) Certainty

It is probable that the income will be received; and

(iii) Measurement

The amount of the income can be measured by the Company with sufficient reliability.

The following specific recognition criteria must also be met before income is recognised:

Voluntary income

Voluntary income refers to donations received are recognised upon receipt.

The Hut Limited

NOTES TO THE FINANCIAL STATEMENTS For the Financial Period from 04 March 2020 (Date of incorporation) to 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.14 Recognition of expenditures

Expenditures are recognised in the statement of financial activities once the goods or services have been received unless the expenditure qualifies for capitalisation as assets such as inventory and property, plant and equipment. Expenditure on performance-related grants are recognised to the extent the specified service or goods have been provided. Expenditures in the statement of financial activities are classified under the cost of generating funds, cost of charitable activities and governance costs.

Cost of generating funds

All cost associated with generating income from all sources other than from undertaking charitable activities are included under cost of generating funds.

Cost of charitable activities

All resources applied in undertaking activities to meet the Company's charitable objectives are classified under cost of charitable activities.

Governance costs

This includes costs of governance arrangements that relate to the general running of the Company as opposed to the direct management functions inherent in generating funds, service delivery and programme or project work. These activities provide the governance infrastructure, which allows the charity to operate, and to generate the information required for public accountability. They include the strategic planning processes that contribute to future development of the Company.

Allocation of costs

Where appropriate, expenditures that are specifically identifiable to each cost classification are allocated directly to the type of costs incurred. Where apportionment between each costs classification is necessary, the following apportionment bases are applied:

- Usage;
- Head count i.e. on the number of people employed within an activity;
- Floor area occupied by an activity;
- On time basis; and
- Expenditure total.

2.15 Grants and donations

The recognition of a promised grant or donation is evidence of entitlement which normally exists when the grant is formally expressed in writing. Where the entitlement is demonstrable, and no conditions are attached, such promises are recognised as income once the criteria of certainty and measurability are met. When conditions are attached, they must be fulfilled before the Company has unconditional entitlement to the income. The income is deferred as a liability where uncertainty exists as to whether the Company can meet the conditions and are recognised as income when there is sufficient evidence that the conditions imposed can be met.

The Hut Limited

NOTES TO THE FINANCIAL STATEMENTS For the Financial Period from 04 March 2020 (Date of incorporation) to 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.16 Employee benefits

Defined contribution plan

The Company makes contributions to the Central Provident Fund in Singapore. Contributions to the defined contribution plan are recognised as an expense in the period in which the related service is performed.

Short-term benefits

All short-term benefits including accumulating compensated absences are recognised in the statement of financial activities in the period in which the employees rendered their services to the Company.

2.17 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured within sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised on the balance sheet of the Company.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

No significant judgements were made by the management in the process of applying the Company's accounting policies nor were there key sources of estimation uncertainty that have significant effect on the amounts recognised in the financial statements.

The Hut Limited

**NOTES TO THE FINANCIAL STATEMENTS
For the Financial Period from 04 March 2020
(Date of incorporation) to 31 December 2020**

4. DEFERRED CAPITAL FUND

Deferred Capital Fund was set up to maintain and monitor those funds used to purchase plant and equipment. Depreciation charged on the related assets are accounted in this fund.

Movement during the financial year:

	Note	31.12.2020 \$
At the beginning of the financial period		-
Transfer from Renovation and Infrastructure Fund	5	71,358
At the end of the financial period		<u>71,358</u>

5. RENOVATION AND INFRASTRUCTURE FUND

The Renovation and Infrastructure Fund is set up to provide for the renovations, maintenance, and furnishings of the Company's premise.

Movement during the financial year:

	Note	31.12.2020 \$
At the beginning of the financial period		-
Income received during the financial period		114,500
Transfer to Deferred Capital Fund	4	(71,358)
Transfer from Accumulated Fund		10,000
At the end of the financial period		<u>53,142</u>

6. PLAYPOD FUND

The PlayPod Fund was established to support the running of the PlayPods. This includes but is not limited to the costs related to workshops, materials, and facilitation.

Movement during the financial period:

	31.12.2020 \$
At the beginning of the financial period	-
Transfer from Accumulated Fund	10,000
At the end of the financial period	<u>10,000</u>

The Hut Limited

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Period from 04 March 2020
(Date of incorporation) to 31 December 2020

7. YOUTH DEVELOPMENT FUND

The Youth Development Fund was established to support the youths. This includes but is not limited to the running and organising of youth-led projects, leadership development training programmes, and group work.

Movement during the financial period:

	31.12.2020
	\$
At the beginning of the financial period	-
Transfer from Accumulated Fund	<u>30,000</u>
At the end of the financial period	<u><u>30,000</u></u>

8. FUNDS

	Unrestricted funds					Total funds
	Non-designated	Designated funds				
	Accumulated Fund	Renovation and Deferred Capital Fund	Infrastructure Fund	Playpod Fund	Youth Development Fund	
	\$	\$	\$	\$	\$	\$
As at 04 March 2020 (Date of incorporation)	-	-	-	-	-	-
Surplus for the financial period	76,908	-	114,500	-	-	191,408
Transfer of Funds	(50,000)	71,358	(61,358)	10,000	30,000	-
As at 31 December 2020	26,908	71,358	53,142	10,000	30,000	191,408

9. PLANT AND EQUIPMENT

	Furniture and fittings \$	Renovation in progress \$	Total \$
Cost			
As at 04 March 2020 (Date of incorporation)	-	-	-
Additions	1,155	60,503	61,658
As at 31 December 2020	<u>1,155</u>	<u>60,503</u>	<u>61,658</u>

The Hut Limited

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Period from 04 March 2020
(Date of incorporation) to 31 December 2020

9. PLANT AND EQUIPMENT (Cont'd)

	Furniture and fittings \$	Renovation in progress \$	Total \$
<u>Accumulated depreciation</u>			
As at 04 March 2020 (Date of incorporation)	-	-	-
Depreciation	-	-	-
As at 31 December 2020	-	-	-
<u>Net carrying amount</u>			
As at 31 December 2020	1,155	60,503	61,658

10. OTHER RECEIVABLES

	31.12.2020
	\$
Deposits	12,200
Prepayments	1,890
	14,090

11. BANK BALANCE

	31.12.2020
	\$
Cash at bank	134,050

Cash at bank earns interest at prevailing bank interest rate.

12. OTHER PAYABLES

	31.12.2020
	\$
Accrued operating expenses	9,029
Amount due to a director	2,461
Sundry creditors	5,080
	16,570

Amount due to a director is non-trade, unsecured, interest free, repayable on demand and to be settled in cash.

The Hut Limited

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Period from 04 March 2020
(Date of incorporation) to 31 December 2020

13. INCOME TAX

04.03.2020
to
31.12.2020
\$

Major components of income tax expense
Current financial period

5,483

The reconciliation between tax expense and the product of accounting profit multiplied by applicable corporate tax rate is as follows:

04.03.2020
to
31.12.2020
\$

Assessable income

114,500

Tax calculated at statutory tax rate of 17%

19,465

Adjustments:

Effect of partial tax exemptions

(13,982)

5,483

31.12.2020
\$

Movement of income tax payable

At date of incorporation

-

Current financial period

5,483

Income tax paid

(3,663)

At end of financial period

1,820

The Company has been assessed for tax obligations of \$5,483 from the date of incorporation up to date of charity status obtained on 1st June 2020. While the Company is in the midst of appealing to recover the tax being assessed and paid under the Income Tax Act, such recovery is considered as contingent asset which is not recognised in the financial statements until the appeal is materialised.

The Hut Limited

**NOTES TO THE FINANCIAL STATEMENTS
For the Financial Period from 04 March 2020
(Date of incorporation) to 31 December 2020**

14. STAFF COSTS/ KEY MANAGEMENT PERSONNEL

	04.03.2020 to 31.12.2020 \$
CPF contribution	875
Salaries	5,143
SDL	11
	6,029

None of the Company's top three highest paid staff received more than \$100,000 in annual remuneration and no board member received remuneration for their board services. The remuneration paid out to the board member was for his/her capacity as an employee.

The above staff costs amounted to \$6,029 represented compensation paid to a key management personnel in the capacity as director.

15. CAPITAL COMMITMENT

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements:

	<u>31.12.2020</u>	Progress billing to date	Commitments as at period end
	Contracted sum \$	\$	\$
Renovation work in progress	97,000	58,200	38,800

16. MEMBERS' GUARANTEE

The liability of each member is limited to \$1 while he is a member, or within one year after he ceases to be a member.

As at the end of the reporting period, the Company has 3 members.

17. FUNDS MANAGEMENT

The primary objective of the Company's funds management is to ensure that the fundings from members and other sources are properly managed and used to support its operations.

The Company manages its funds structure and makes adjustments to it, in light of changes in economic conditions. No changes were made to the objectives, policies or processes during the financial period from 04 March 2020 to 31 December 2020.

The Company is not subjected to externally imposed capital requirements.

The Hut Limited

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Period from 04 March 2020
(Date of incorporation) to 31 December 2020

18. COMPARATIVE INFORMATION

The financial statements cover the period since date of incorporation on 04 March 2020 to 31 December 2020. These being the first set of accounts, there are no comparative figures.

19. EVENTS AFTER REPORTING DATE

On 19 January 2021, the Company and Marine Parade Leadership Foundation (“MPLF”) signed a Memorandum of Agreement (“MOA”) with regards to the transfer of EduGrow Fund amounting to \$1,384,115.61 to be managed by the Company. EduGrow is a program under MPLF with the objective to help underprivileged children break out of low-income trap through mentoring and education support.

